

The cement industry goes to Madrid

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Many of the protagonists in the European cement industry are in Madrid where the COP 25 gathering is happening. It would be interesting to know how the industry will approach the various discussions that might unfold during this meeting.



We believe that all the facts regarding the carbon issue should be put on the table from our industry representatives. We must be upfront in informing the gathering that the industry has not managed to achieve the EU ETS targets and had a minimal impact on carbon reduction per tonne of clinker during the period of the Scheme. Perhaps, the industry must convey to the other participants that the EU ETS might have had the opposite effect of that intended and it requires clear thinking in developing the implementation of Phase IV.

There are also some very clear, albeit controversial or unpleasant some might say economic facts, that the industry might wish to convey to the gathering. For e.g., we must explain to the powers that be that reducing clinker production (by replacing it with substitutes) might have a significant impact on the capacity utilisation of the industry's assets? Why would anyone willingly replace the product of their expensive asset base with by-products from other industries, upon which they have no strategic control? It is estimated that there are over 2,500 cement plants around the world with an average capacity of 1.5 million tonnes per annum. At a conservative estimate this asset base has a replacement value of US\$ 0.4 – 0.6 trillion.



A universal replacement of clinker by say 30% (with what you may be able to substitute this clinker is a moot point, as both fly ash and slag volumes globally are not adequate to substitute such high clinker volumes), will wipe out a significant part of the asset base of the industry, an estimate suggests anything between US\$ 80 to 120 billion. Who is going to foot this bill? Should the industry representatives make this simple point clear in Madrid?

It is very well to portray the industry as a strong proponent of climate change initiatives by referring to new low carbon cements or better put “cementitious” materials, nascent carbon capture technologies, carbon devouring concrete and reassuring promises about the industry’s willingness to do more. But hard facts and economic norms must be the basis of this dialogue. Very expensive and dazzling marketing campaigns should not be a substitute for fundamental economic and technological reality.