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EU ETS & Cement – Enter the Phase IV

The European cement industry is facing heightened carbon costs to 2025 and beyond due to the EU ETS Phase IV. Several strategic questions must be addressed by the industry to maintain its profitability going forward.

According to an extensive report on the hitherto performance of the European cement industry and the impact of the Phase IV of the EU ETS (started 1st of January 2021), the industry may be facing some significant costs related to carbon emissions.

The report analysed the performance of each individual clinker producing plant in the scheme (including the UK) and has compared the end of Phase III with the beginning of Phase IV. It has also detailed the level of free allowances for part 1 of Phase IV and undertaken several analytical scenarios. The key findings of the report are as follows:

- The European cement industry has reduced its carbon emissions per tonne of clinker by a mere **0.4% CAGR** to the end of Phase III
- Part 1 (2021 – 2025) of Phase IV allowances for the whole scheme (incl. the UK) are around **13%** lower than the 2020 level
- Part 1 of Phase IV allowances remain unchanged for the 2021 – 2025 period, unless changes are introduced via its Adjustments system
- If the European cement industry continues to operate at the end of Phase III level, the resultant carbon related costs will be more than **€ 1.3 billion** in 2022
- Not all member countries are in the same position vis-à-vis Phase IV. There are some that look comfortable whereas others appear exposed.
- Not all plants are in the same position vis-à-vis Phase IV, even within the same market. There is a wide range of vulnerability with regards to carbon among the 201 operational clinker producing plants.

About the report:

The report provides data, analysis, and insights that will shine a light on the carbon situation of every single member country of the EU ETS and every single plant within the scheme. Indicatively it includes:

EU ETS to the end of Phase III

Phase IV – details and data

Carbon pricing and CBAM

Country by country data and analysis

Plant by plant data and analysis

The report will be published in February 2022. It contains more than 150 pages, and it addresses 31 countries and 201 operational plants.

<https://cembrgroup.com/product/eu-ets-cement-enter-the-phase-iv/>

The ultimate “intelligence” provider in the global cement sector