

Splitting industry in the context of the ETS reform

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Step 1: showing the financial gains of multinationals



Stop subsidising pollution
Phase-out free ETS allowances



*Lafarge (2013) "Lafarge answer to the public consultation on a 2030 framework for climate and energy policies"
**Lafarge's Annual Reports 2010-2014, gains from selling excess carbon credits

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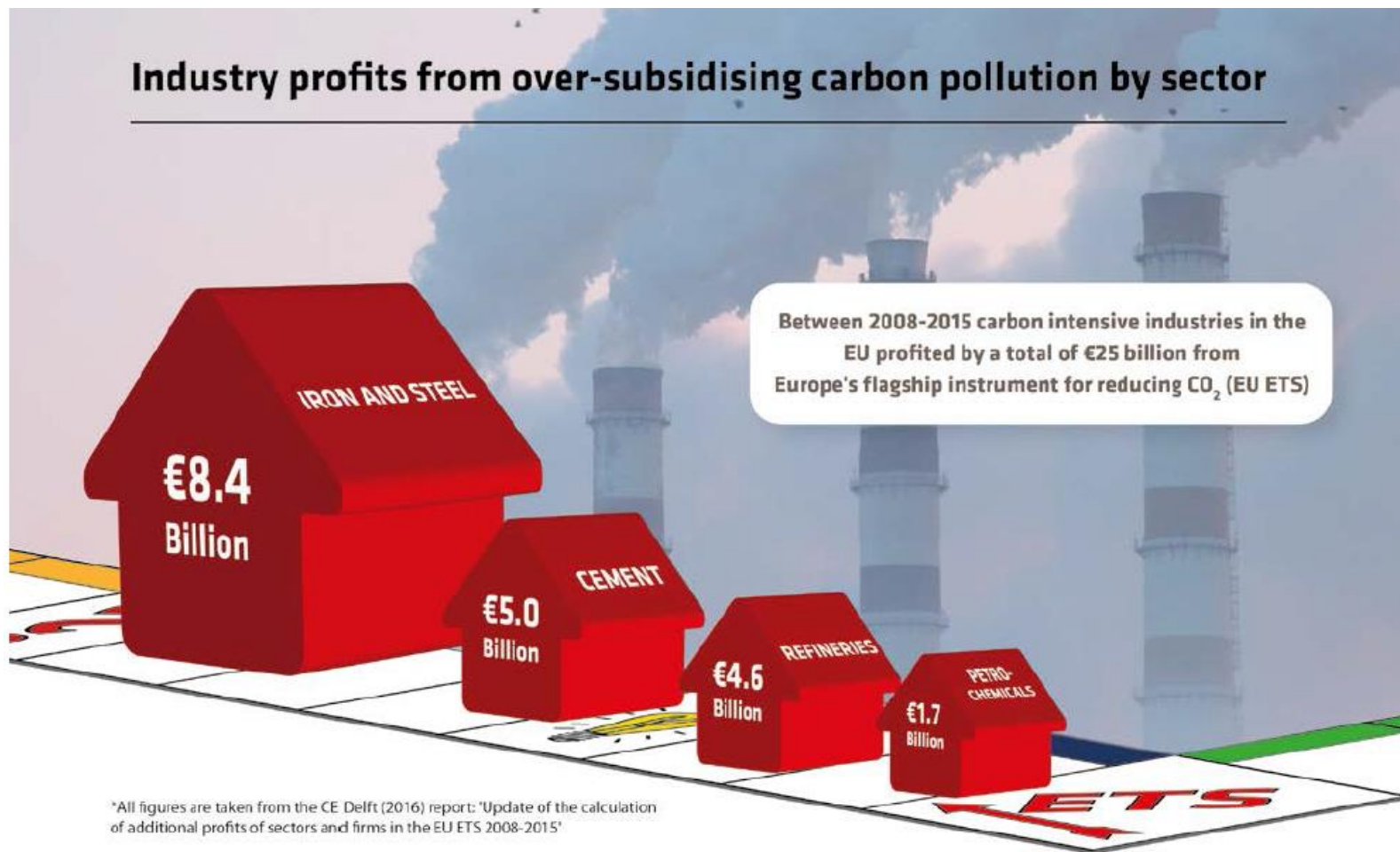
Stop subsidising pollution
Phase-out free ETS allowances



*FT (20/10/2014) "Rewrite energy policy and re-industrialise Europe"
**ArcelorMittal's Annual Reports 2010-2014, gains from selling excess carbon permits

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Step 2: showing the industry profits from the EU ETS by sector



Carbon leakage myth buster

Carbon Market Watch Policy Briefing
October 2015



THE EU EMISSIONS TRADING SYSTEM (ETS)

Supporting the fight against climate change

Cefic Mythbuster

The EU Emissions Trading System (ETS) was designed to promote reductions in industrial greenhouse gas emissions and help solve climate change. Europe's chemical industry is fully engaged in reducing emissions and innovating solutions to help other industries be more efficient. We bring the solutions to support the fight against climate change while also driving a competitive, innovative, low carbon Europe!



MYTH: That global competition does not matter.

FACT: ETS is unique to Europe. To compensate for the differences in costs around the globe, industries receive part of the carbon credits they need to emit for free. The goal is to avoid carbon or investment leakage, where investments move abroad due to higher EU costs. Studies that argue that there is no evidence of carbon leakage look at the period before 2012, when carbon allowances were being allocated for free. It will only be possible to prove carbon leakage when investment levels are down and it is too late. Capital investment by the EU chemical industry has been overtaken by the US and China, which ranks top in worldwide chemicals sales, a position once held by Europe. This is not only because of ETS - it is, however, a clear sign to support EU industry with free allocation.

MYTH: That free allocation of carbon allowances must be reduced in order to cut carbon emissions

FACT: The only way to cut carbon emissions is to ensure industry has the means to invest in research and development and innovate new technologies to reduce greenhouse gases. Free allocation of carbon allowances will help to achieve this. Companies that invest in low carbon technology to cut their emissions should not face extra carbon costs. Using more recent industrial production data will help to design an ETS where jobs in all manufacturing sectors are equally valued.



MYTH: That companies profited because of surplus allowances.

FACT: The free allocation of carbon allowances was set up based on historical industrial activity levels before the global recession when industry production was high. Production slowed during the recession and some companies therefore got more free allowances than they needed. Some had to sell allowances to cope with the crisis. Others saved them and are now using them as they catch up on lost production due to increasing global demand for chemicals.

MYTH: That the best way to stop climate change is regulation.

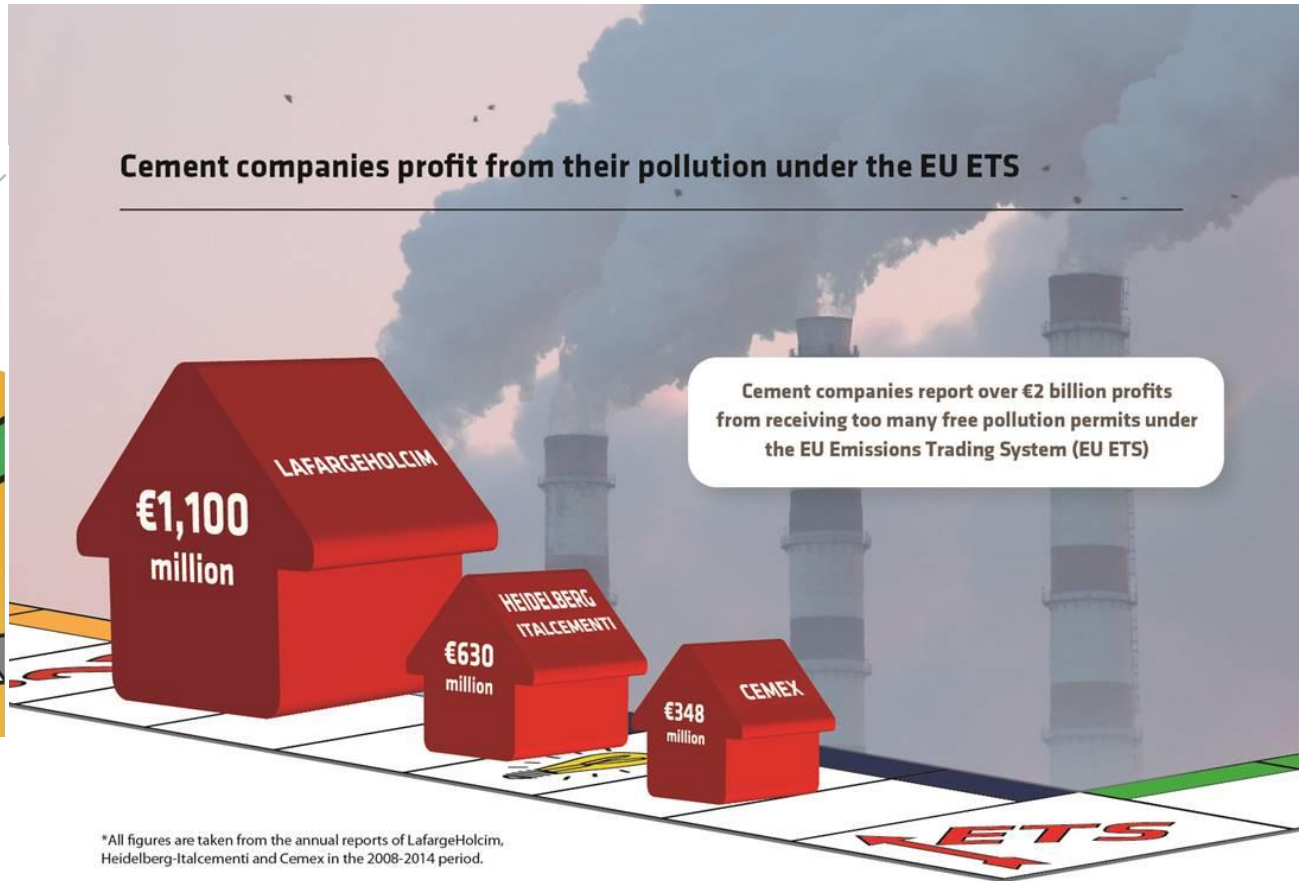
FACT: The only way to address climate change is by innovating the low carbon energy solutions of the future and deploying them on an industrial scale. Strong regulations are essential to give the framework to protect our planet and for a stable, predictable economy, but won't deliver innovation. Europe's chemical industry is a high-tech industry with a strong track record on innovations that benefit society.

Step 3: pick out a sector as the scapegoat - cement



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Convenient economic scapegoat: [#cement](#) [#industry](#) seen as easy target. Working together will get us closer to finding solutions! [#euets](#)



Step 4: find allies beyond NGOs

EU ETS VOTE 14 FEBRUARY

CEMENTING EUROPE'S LOW-CARBON FUTURE

On 14 February, MEPs have an important opportunity to usher in a new low-carbon, competitive era for the European cement sector. The EU's Emissions Trading System in its current form, does not incentivise low-carbon innovative technologies that would greatly enable the sector to move forward.

THE UPCOMING VOTE ON EU ETS CAN CHANGE THIS BY ADOPTING THE REPORT OF THE ENVI COMMITTEE



There is a continued need for cement products but, despite its achievements to date, the cement sector faces a huge challenge on the road to net zero emissions. Our research shows that the sector's current level of innovation is insufficient to meet this challenge and the EU ETS does not yet incentivise, and may even undermine, the sector's innovation potential.

Paul Simpson,
CEO, CDP



The cement industry has a carbon emission problem and innovation is the only solution. Right now the economic drivers overwhelmingly favour the status quo. A carbon price on cement changes everything: new technologies become competitive and the industry must innovate to survive. We need action now to have any chance of moving forward in time for compliance with Paris.

Donal O'Riain,
Founder of Ecocem



The environment committee's vote for full carbon price pass through is a big step forward for Europe. It allows all actors producing, using, and re-using basic materials in Europe to benefit from climate friendly choices. Implementing this principle for basic materials like cement, steel and aluminum creates opportunities for innovation and investment and will move the world closer to reaching the Paris climate objectives.

Karsten Neuhoff,
Professor, Technical University Berlin

"LET'S MAKE THE EU'S CEMENT SECTOR A WORLD LEADER IN LOW-CARBON TECHNOLOGY"



Split cement lobby forces MEPs to choose ahead of climate emissions vote

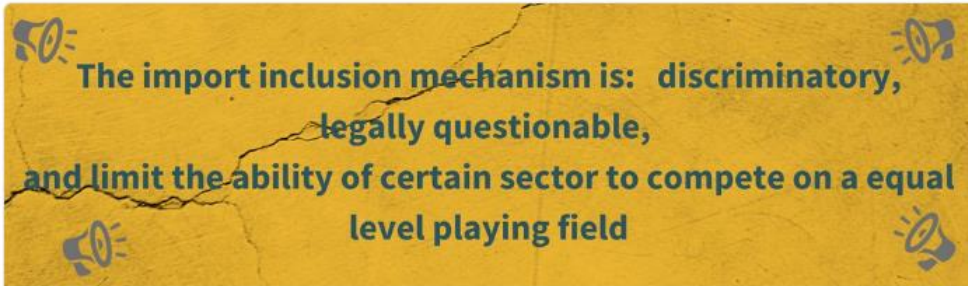
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calls for not jeopardizing the compromise
focusing on one particular sector



Alliance for a #FAIREUETS



Split industry: steel versus the rest

FINANCIAL TIMES

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Climate change

Add to myFT

A carbon border tax is the best answer on climate change

The aim should be both to reduce emissions from Europe's production and consumption

Lakshmi Mittal

Thank you!



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