



**To: Members of the Expert Group on Climate Change Policy,
European Commission, DG CLIMA B.2**

Subject: Feedback on Free Allocation Rules for cement

Dear Members of the Expert Group on Climate Change Policy,

European cements are among the most carbon intensive in the world, without clear signs of improvement. This is concerning, as cement – together with concrete – is and will remain the most consumed material in Europe. Clinker is the main cause of cement emissions, accounting for over 90% of the sector's carbon footprint. The share of clinker in cement remained high and stable in Europe over the last decade (c. 75%), sitting well above the global average (c. 63%). **As safe, scalable, and cost-effective low to zero clinker cements exist today, policies urgently need to incentivise low and zero carbon and pollution substitute technologies which replace and reduce the volume of clinker in cement.**

The ongoing review of the allocation rules of free emissions under the ETS is a key opportunity for driving this change. **As pointed out in our joint statement from July 2023, the ALCCC is strongly in favour of updating the existing benchmark as the current benchmark, based on clinker (option A) has and will not incentivise clinker substitution.** While the ALCCC still favours a more thorough analysis of options B and C moving forward, motivated by the fact that they are more straightforward to implement, we do acknowledge that also option D has the potential to deliver on decarbonisation when done properly.

Unfortunately, the current proposal will not deliver upon this promise as only a very restrictive set of clinker alternatives are brought within the scope of option D – hydraulic binders which are not by-products of other production processes, therefore, calcined clays are effectively the only clinker alternative within the scope. This is problematic for two important reasons:

- According to the revised ETS, the objective of the FAR is to adopt benchmarks which are *“independent of the feedstock or the type of production process”* (recital 10). While calcined clays will play an important role in the decarbonisation of cement in the future, numerous other Supplementary Cementitious Materials (SCMs) will do the same (e.g. uncalcined clays, unburned limestone, slags, biochar, silica fume, pozzolans, recycled concrete fines...) which are excluded from the scope. **Incentivising the use of only one particular type of SCM will create market distortions and disincentivise investment and innovation in other clinker substitutes (SCMs).**
- The European Green Deal aims to boost the efficient use of resources, including water. This is a timely effort against the background of water scarcity in a growing number of European regions. While hydraulic binders today constitute the majority of SCMs, non-hydraulic and latent



hydraulic SCMs and binders exist, while others are in full development including CO₂ curing technologies. **Broadening the scope to also include non-hydraulic binders will contribute to a more resource efficient building sector.**

- While Europe has an urgent need for immediate carbon emission reductions for cement in order to meet its 2030 climate objectives, and has signed up to achieve the zero pollution ambition within the EU Green Deal, calcined clays are still in their infancy with the first integrated European plant only recently starting up activities. In contrast, various other SCMs are today already deployed at scale, while others demonstrate significant potential to deliver scalable low-cost decarbonisation. **Broadening the scope to all SCMs will result in substantial emission reductions in the short term, as well as further strengthen circularity in the construction value chain.**

As a way forward we still regard options B and C as the preferred ones from a mitigation and implementation point of view. As a fallback– and assuming option D is maintained as the leading option – we suggest remedying the above flaws by:

- 1) **widening the scope to all clinker substitutes and SCMs that currently qualify for CE marking and thus placement on the European market, in other words those currently being recognised by the European Organisation for Technical Approval (EOTA) or the EN197 series of cement standards.**
- 2) **Explicitly cover both hydraulic and non-hydraulic alternative binders within the scope of the grey cement binder benchmark**

The Alliance for Low-Carbon Cement and Concrete (ALCCC - <https://alliancelccc.com/>) represents leading innovators and voices in the European cement, concrete and construction value chain. We are committed to make Europe's most consumed material greener, targeting a net-zero value chain by 2040.