

PRESS RELEASE

PUBLICATION OF THE FIT FOR 55 PACKAGE

14 July 2021, Brussels - Cerame-Unie supports the EU's objective under the European Green Deal to become carbon neutral by 2050. Contributing to this objective will require decarbonised energy and long-term investments. The new ETS review proposal under the FitFor55 package falls short of promoting such investments in industrial SMEs from heterogeneous sectors such as ceramics as a result of unjustified decreases in carbon leakage protection proposed for these sectors.

Following the assessment of the package Cerame-Unie would like to highlight a few key aspects particularly relevant to the ceramic industry.

Firstly, **Cerame-Unie welcomes the CBAM proposal** and the fact that ceramic sectors have not been included, as they are too heterogeneous. However, there is concern that the question of export adjustments is not included in the European Commission's proposal. This would need to be addressed if ceramics were to be eventually included, due to their strong export-oriented sectors.

Secondly, as regards the ETS review, Cerame-Unie believes that higher climate ambition and increased carbon price require strengthened and not weaker carbon leakage protection for EU industries and value chains. **An effective carbon leakage protection, and hence unchanged carbon leakage provisions, will be essential to enable investments in fuel substitution and new technologies.** Therefore, Cerame-Unie does not support the proposed changes to the ETS benchmarking provisions. If the proposal is implemented, it would endanger many of the 200 000 direct jobs that are provided by predominantly small and medium sized companies. Cerame-Unie believes that since the ETS Directive has just been reviewed in 2018, stability and predictability of the ETS system is needed for the ceramic industry to continue investing in Europe while being burdened with free allocations already decreased by at least 24% as of 2021, even for the best performing companies, and the recent increase of carbon price. The proposed benchmark reduction is perceived as particularly unfair to industrial SMEs in heterogeneous sectors because in the absence of product benchmarks, they receive their allocations on the basis of a cross-sectoral "fuel" benchmark with a proposed reduction by 50% in 2026. This reduction rate is far from being representative of the real fuel emissions reduction rate in ceramic installations.

Cerame-Unie takes note of the **proposal to make free allocation conditional on energy audits** for installations for which such audits are mandatory under the Energy Efficiency Directive (EED). Considering that the EED review proposal no longer exempts SMEs as such from this obligation, **the feasibility of this new requirement has to be properly assessed in the context of ceramics.**

In line with its 2012 Roadmap to 2050, **the whole ceramic industry is fully engaged in efforts to decarbonise its processes.** Moreover, it is currently in the process of reviewing its Roadmap in the light of the increased ambitions. The new roadmap will notably identify which technologies, investments and what amount of carbon free energies are required for ceramics to decarbonise.

In order to support this constructive and positive dynamic towards transformation in the ceramic industry, *"there is a strong need for fairness, predictability and good framework conditions in the Fit For 55 Package"* concludes Cerame-Unie President Alain Delcourt, where there is fair burden sharing, strengthened carbon leakage protection, cost efficient emission reductions and funding support to industrial decarbonisation, also for heterogeneous sectors and industrial SMEs.

The European ceramic industry covers a wide range of products including abrasives, bricks & roof tiles, clay pipes, wall & floor tiles, refractories, sanitaryware, table- & ornamentalware, technical ceramics, expanded clay and flower pots. The industry generates over 200,000 direct jobs and a production value of €31 billion in the EU.

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