



IETA / IEA / EPRI Workshop on GHG Trading

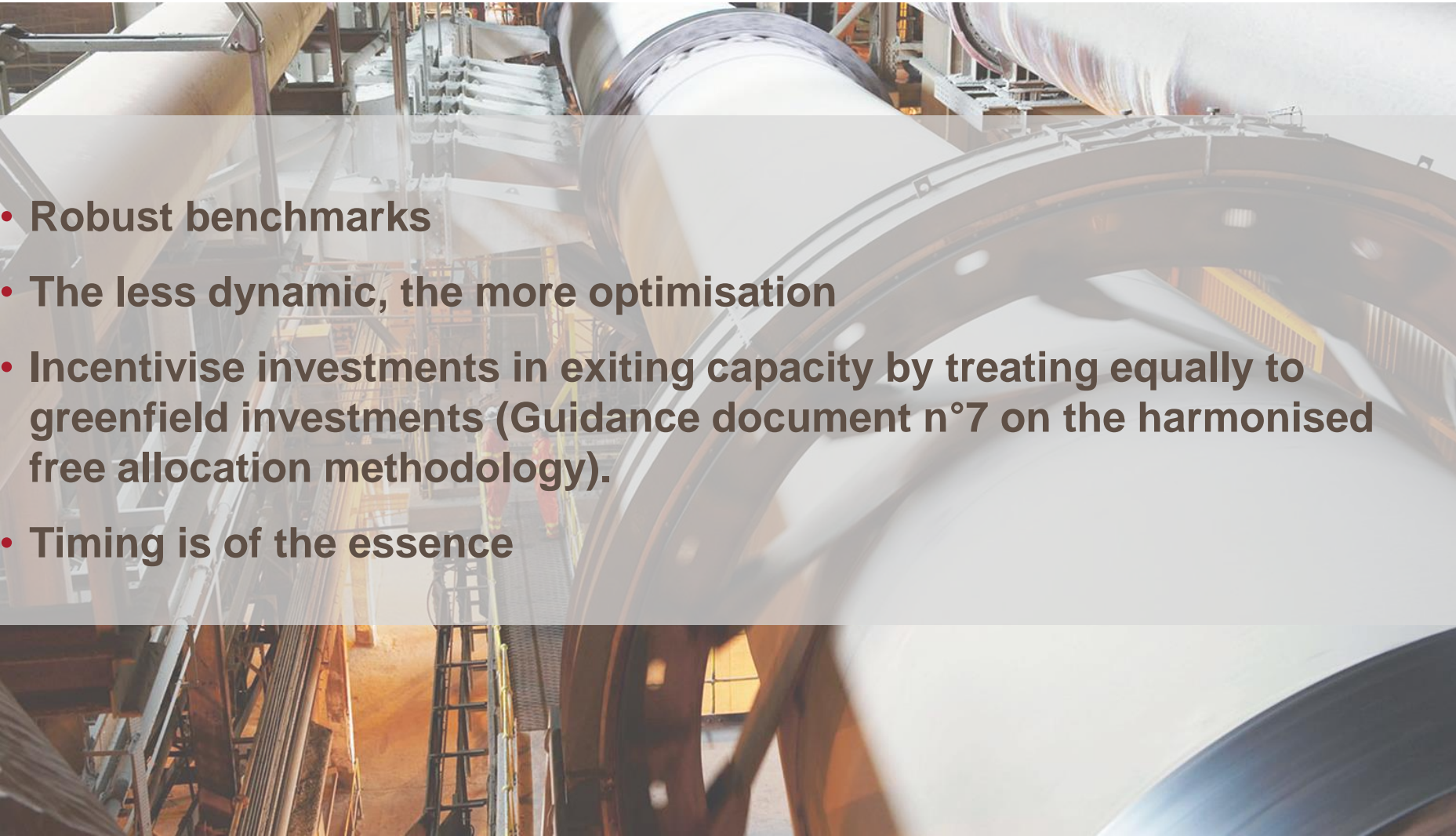
Perspectives from LafargeHolcim

Friday 4th October



LafargeHolcim

EU ETS Phase 4: incentivise investments

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- **Robust benchmarks**
 - **The less dynamic, the more optimisation**
 - **Incentivise investments in exiting capacity by treating equally to greenfield investments (Guidance document n°7 on the harmonised free allocation methodology).**
 - **Timing is of the essence**

Ensuring a Level Playing Field

New business models based on carbon imports are starting to appear today

The **EU ETS** must be complemented by a **carbon-import protection mechanism** (e.g. an inclusion mechanism or a carbon border adjustment)

Such instruments must

- Initially be phased-in in parallel with the EU ETS;
- target all ETS sectors competing in downstream market in order to avoid the creation of a distortive environment;
- be compatible with trade agreements.

In the longer-term: address both supply and demand

Carbon pricing mechanisms must reward carbon-efficient solutions, create market acceptance & drive demand for carbon-efficient solutions

1. Respond dynamically to unforeseen macro-economic evolutions
2. Ensure a level playing field across regions and industries
3. Integrate entire value chains by tackling both supply and demand sides
4. Create the necessary incentives, and thus demand, for an accelerated use of carbon-efficient materials and solutions.