The Cement Sustainability Initiative

A Sectoral Approach for the Cement Sector

IEA – IETA – EPRI 8-9 October 2007
Context

- Cement demand and associated CO₂ emissions ↑
- Demand growing most in developing countries.
  - IEA forecast doubling of production by 2050
- Kyoto targets ➔ 2012; afterwards? An early global agreement is uncertain.
- The CSI is a voluntary SD initiative by leading cement companies since 2000.
Key Success Factors

The CSI is willing to address the climate change challenge towards a less carbon intensive global cement industry. A successful approach must include:

- **Mitigation**
  - Sectoral Approach must deliver tangible verifiable reductions in intensity based emissions.

- **Acceptance**
  - Sectoral Approach must be accepted by Policy Makers. The approach would require governments and industry to define sectoral targets and related implementation mechanisms.

- **Global**
  - Major emerging markets must participate.
Key Elements

- **Intensity-based**
  - Improve CO₂ emissions intensity using benchmarks.
  - Differentiated benchmarks to change over time.

- **Metrics**
  - Based on the WBCSD/WRI CO₂ protocol.
  - Simple CO₂ intensity metrics: t CO₂ / t product.

- **Market credits to be fungible with other systems**
  - CDM/JI
  - ETS Cap & Trade allowances based on intensity targets.
  - Base for incentives for developing countries.

- **Technology development & transfer**
Global/regional/country targets negotiated between sector and appropriate government entity.

Outperforming the target gives access to credits tradable in the carbon market.

No penalty for non-attainment of target by companies in non Annex 1 countries (No-Lose).

Possible 15 to 20 year operational lifetime.
Current Supporting Actions – four areas

1. Policy Development
   – Stakeholder policy dialogues ongoing in EU and Japan with respective trade associations.
   – Other dialogues foreseen in 2008 in India, USA and East Asia.
   – Trade associations to lead country negotiations.

2. Data Collection
   – Common WBCSD/WRI CO2 Protocol.
     – t CO2 / t product and energy efficiencies.
     – Open platform so other organizations are welcome to join; e.g. CEMBUREAU, PCA.
   – Basis for defining global/national/regional benchmarks.
Current Supporting Actions – four areas

Cont’d

3. Capacity building
   – Training and workshop sessions in China and India on use of Protocol.
   – Development of CSI in India.

4. Technology Development and Transfer
   – Process research with institutions and organizations.
   – Public-Private-Partnerships on fuel substitution (China).
   – Support the AP6 program eg Chinese Center of Excellence.
Major Challenges and Opportunities

- ‘No-Lose’ in China and India at least.
- Who will set and update the benchmarks and stretch/motivating targets?
- Verification.
- Engagement of trade associations.
  ✓ Transparent base for defining benchmarks.
  ✓ Fungibility with existing and future systems.
  ✓ Place at the policy discussion table.
  ✓ Promotion of improved CDM approaches.
Advocacy Road Map Milestones: 2007-2008

- IEA/IETA/EPRI session on sectoral approaches, Paris 8-9 October
- EU HLG closing conference session on SA, Brussels 27 November
- COP 13/MOP 3, Bali December 2007: EU & CEPS side events on SA
- AP6 Cement Sector Task Force, chaired by Japan, conclusions in 2008
- Globe G8+5 Legislators’ Forum, Brazil February 2008
- Globe G8+5 Legislators’ Forum, Tokyo June 2008, with input to the G8 Japan Presidency for the G8+5 meeting in Hokkaido, June 2008
- UNFCCC COP /MOP meetings, Warsaw December 2008; Copenhagen, 2009