



World Business Council for
Sustainable Development

The Cement Sustainability Initiative

A Sectoral Approach for the Cement Sector

IEA – IETA – EPRI

8-9 October 2007



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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.



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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.



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Key Elements

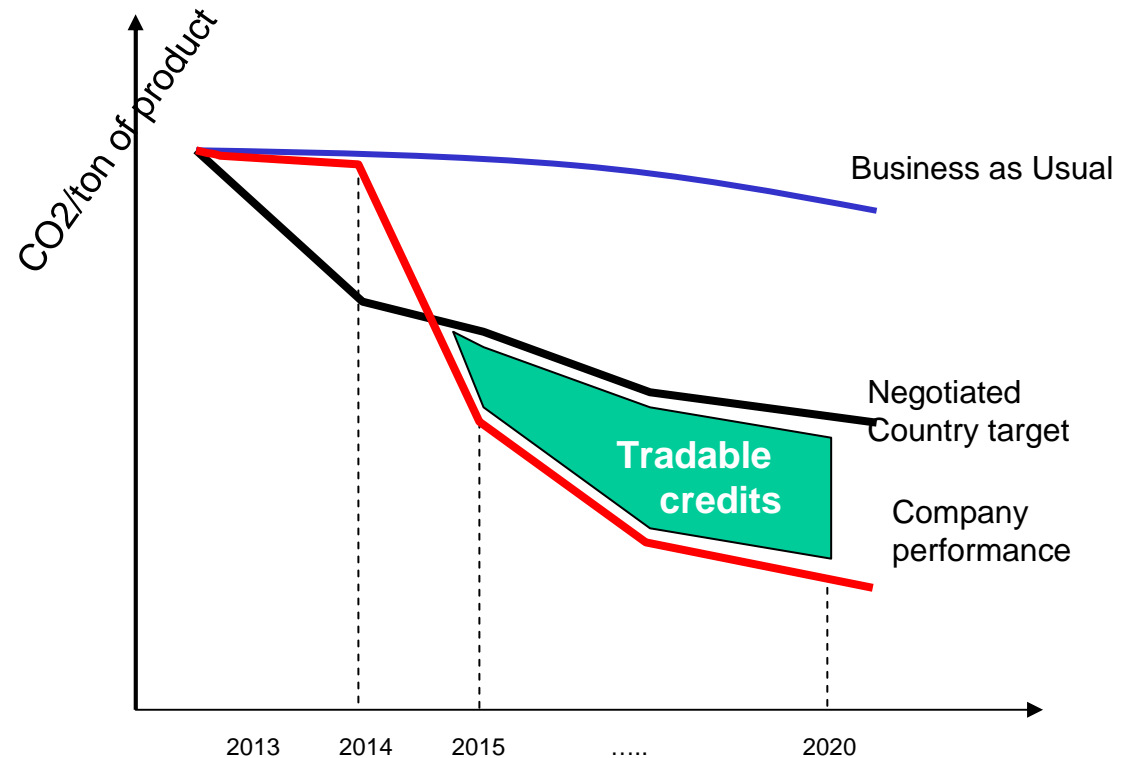
- **Intensity-based**
 - Improve CO₂ emissions intensity using benchmarks.
 - Differentiated benchmarks to change over time.
- **Metrics**
 - Based on the WBCSD/WRI CO₂ protocol.
 - Simple CO₂ intensity metrics: t CO₂ / t product.
- **Market credits to be fungible with other systems**
 - CDM/JI
 - ETS Cap & Trade allowances based on intensity targets.
 - Base for incentives for developing countries.
- **Technology development & transfer**



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Practical Design

- ❑ 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.





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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..
- Getting the Numbers Right with analysis of 1990, 2000, 2005 data.
 - 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.



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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.



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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