Cement Europe

Press Release

EU COMMISSION PUBLISHES ETS REVIEW AND ELECTRIFICATION PLAN
KEY BUILDING BLOCKS FOR LONG-TERM INDUSTRIAL INVESTMENT

Brussels, 17/07/2026 - Today, the European Commission published its proposal for the review of the EU Emissions Trading System (ETS) and the Electrification Action Plan. Cement Europe reiterates its support for a stable and transparent ETS that should provide long-term investment certainty, complemented by a strong competitiveness agenda and a fully effective Carbon Border Adjustment Mechanism (CBAM).

Today's proposal includes several important elements that, if properly designed and implemented, can help create a solid basis for continued investment and decarbonisation in the European Union.

Cement Europe notes in particular:

- The acknowledgement of the need to maintain sufficient liquidity in the carbon market beyond 2040 through a combination of a modified Linear Reduction Factor (LRF) and the creation of emissions space through the integration of carbon removals and international credits. These measures, if designed with a clear view on market stability, will bring predictability and visibility for capital-intensive sectors with long-term investment cycles.

- The proposed mobilisation of ETS revenues to priority areas linked to the ETS operators paying into the system is welcomed and can contribute to the funding architecture underpinning the Industrial Decarbonisation Bank. We strongly call on the co-legislators to endorse and execute this initiative to scale up industrial decarbonisation, ensuring that all sectors benefit from a robust financing in proportion to their contributions.

- The inclusion of CO_2 transport infrastructure within the definition of ETS “installation” and de-risking instruments such as Carbon Contracts for Difference will facilitate the deep decarbonisation of hard-to-abate sectors.

- The inclusion of municipal waste incineration in the EU ETS responds to the need for a level playing field for all EU ETS operators (incl. co-incinerators of waste). However, Cement Europe expresses concern about the complexities of the relevant clauses.

- We do welcome the recognition that CO_2 use needs to be accounted for at the point of release or, in case of synthetic fuels, at mid-point. This addresses the legal uncertainty surrounding the accounting treatment of non-permanent carbon use. This clarification, that now needs to be followed by a revision of the RFNBO sunset clause, can support the development of new value chains that utilize captured CO_2 as a feedstock and unlock investment opportunities for hard-to-abate sectors.

Cement Europe reiterates that the EU ETS review is only one piece of the policy framework required to support industrial transformation in Europe. We have supported the phase out of free allowances for CBAM sectors provided there is an effective and watertight CBAM that ensures the level playing field for carbon costs, both for imports and exports. Effective CBAM implementation will require strong enforcement at all levels of government, not least by national customs authorities. With this conditionality in place, we do not support a slower phase out of the free allowances for CBAM sectors, as envisaged within the ETS proposal.

At the same time, electricity prices remain structurally higher in the European Union than in many competing regions from which cement and clinker are imported. As pointed out by the Electrification Action Plan, closing this competitiveness gap requires robust and immediate, effective measures to address the price gap between electricity and fossil fuels. Cement Europe therefore looks forward to further initiatives that address the lowering of electricity taxes (allowed under the Energy Taxation Directive for energy intensive sectors) and levies (often unrelated to electricity) and encourage Member States to increase investments in grid infrastructure and interconnection.

Europe's industrial competitiveness also depends on a regulatory framework that is proportionate, coherent, and investment friendly. A focused simplification agenda should ensure that regulatory intervention remains targeted, effective, and proportionate to the objectives pursued.

The combined delivery of these policy levers must enable a competitive industry that continues to invest, innovate, and scale in Europe.

Cement Europe Chief Executive Koen Coppenholle added: *"The ETS review is an important step in shaping the investment framework for Europe's industrial transition. For hard-to-abate sectors such as cement, long-term investment certainty, a fully effective CBAM, affordable energy and access to financing must go hand in hand. We look forward to continuing our constructive dialogue with the European institutions in a shared commitment to deliver Europe's climate ambition while preserving industrial competitiveness, sustainable growth and employment".*

NOTES FOR EDITORS

Cement Europe is the voice of the cement industry in Europe. Based in Brussels, we represent national cement associations and companies across the European Union (except Malta), as well as Norway, Switzerland and the United Kingdom. Serbia is an Associate Member, and we cooperate closely with partners in Cyprus and Ukraine.

Please click to view the Cement Europe's Net Zero Roadmap, the Cement Action Plan and the map of innovation projects.

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