CEMENT INDUSTRY FEDERATION

Carbon Pollution Reduction Scheme and the Cement Industry

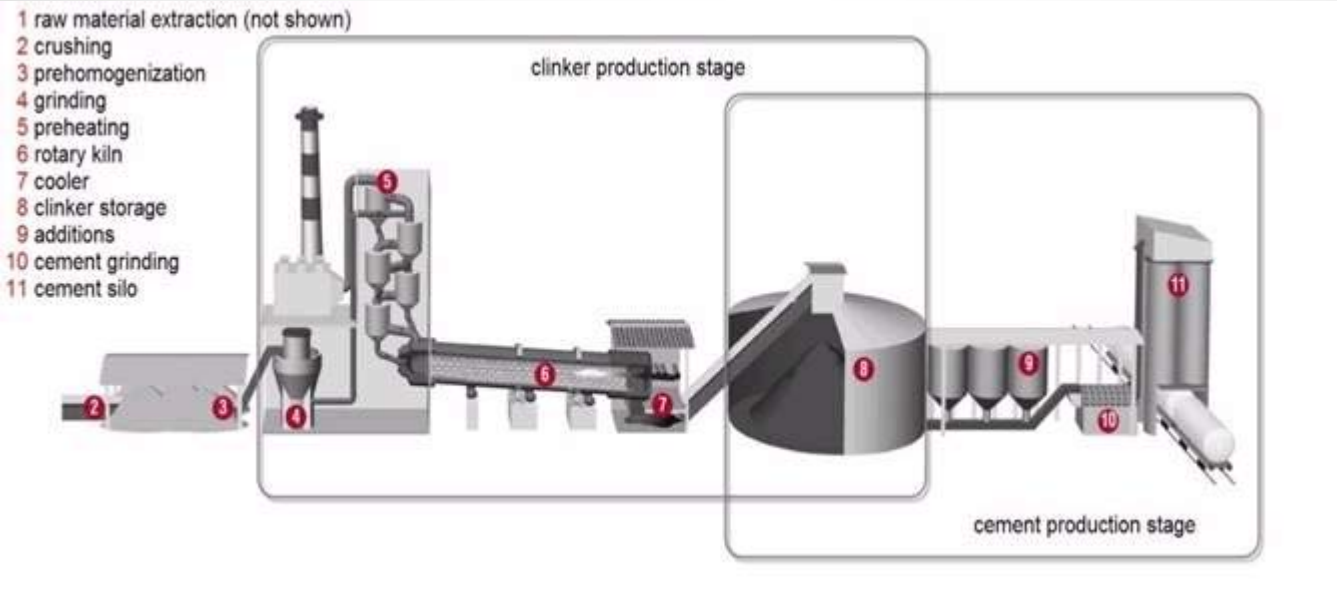
Robyn Bain
CEO of the Cement Industry Federation

"A Rudd Government will

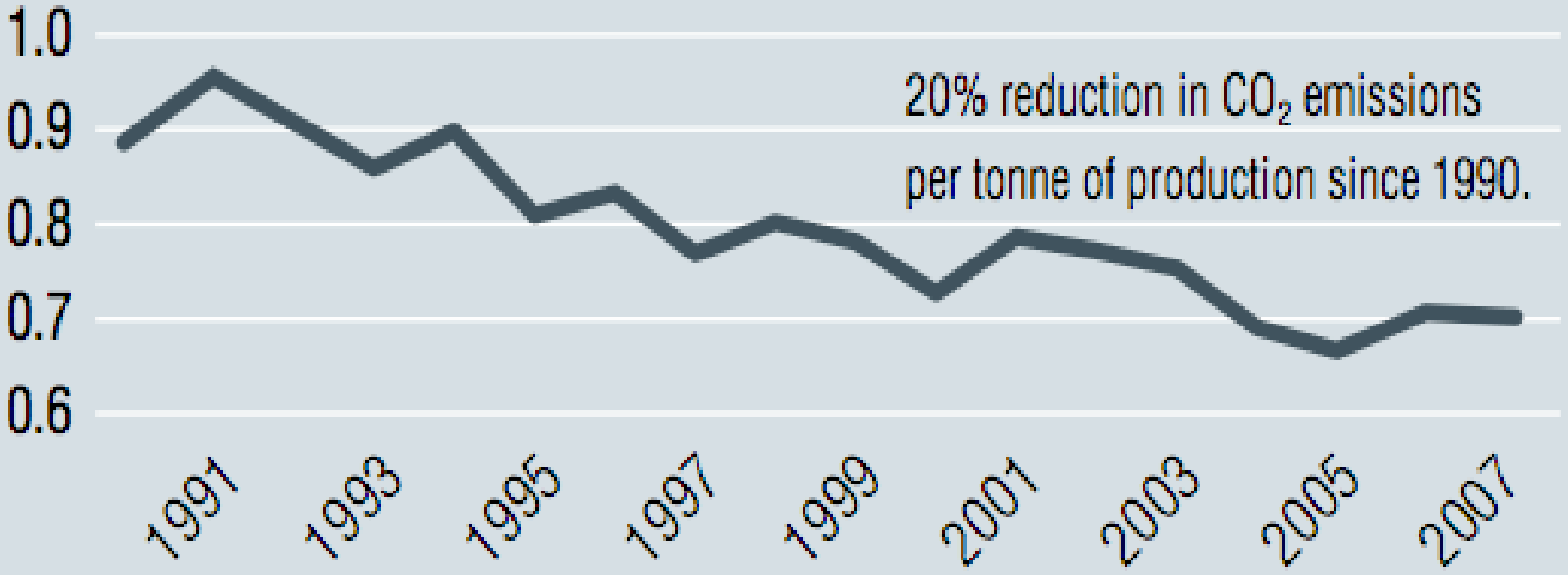
- *Ensure that Australia's international competitiveness is not compromised by the introduction of emissions trading*
- *Consult with industry about the potential impact of emissions trading on their operations to ensure they are not disadvantaged*
- *Establish specific mechanisms to ensure that Australian operations of emissions intensive trade exposed firms are not disadvantaged by emissions trading*."

Source: Labor commitment (2007 election campaign)

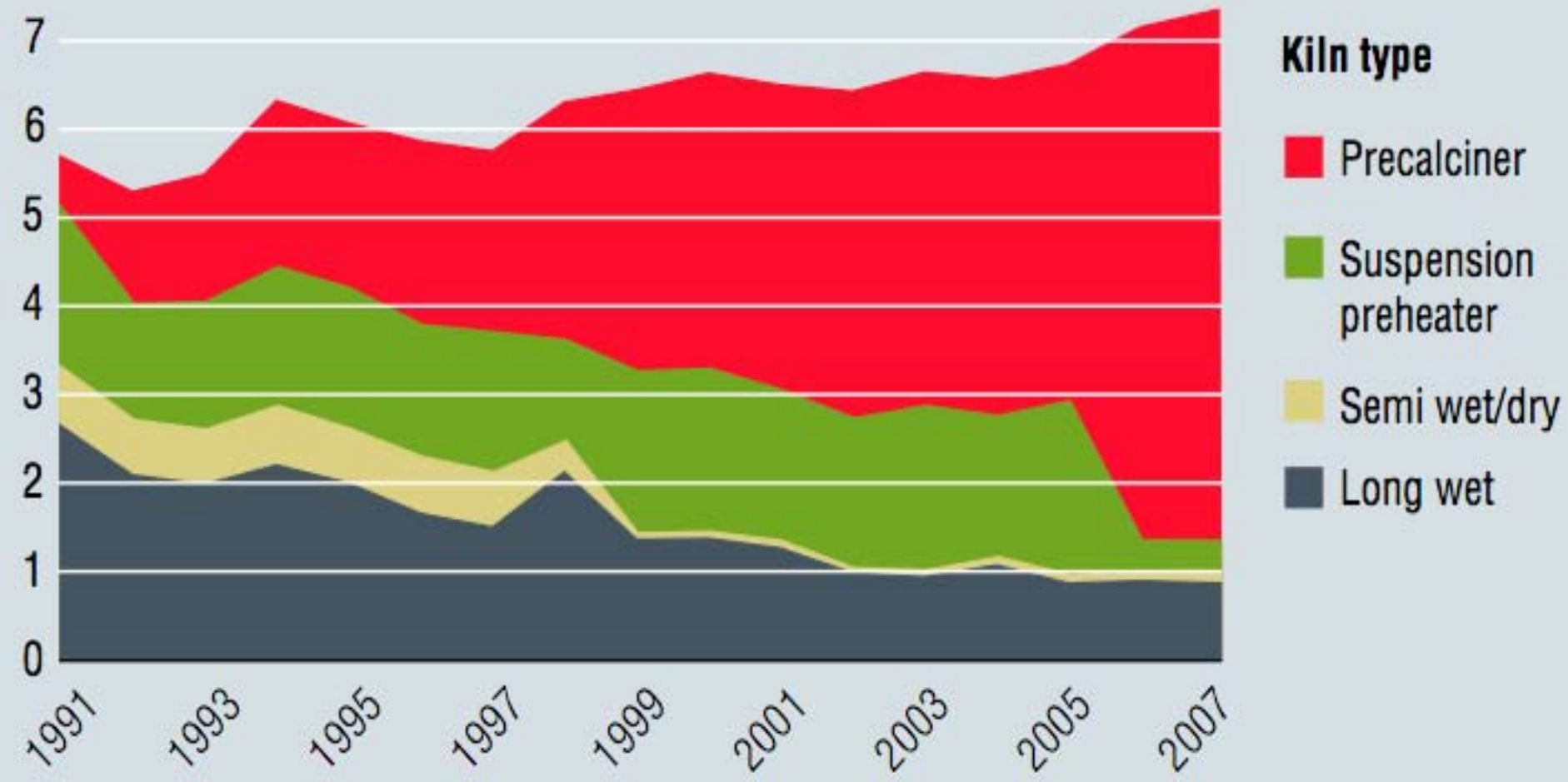
Cement Making Process



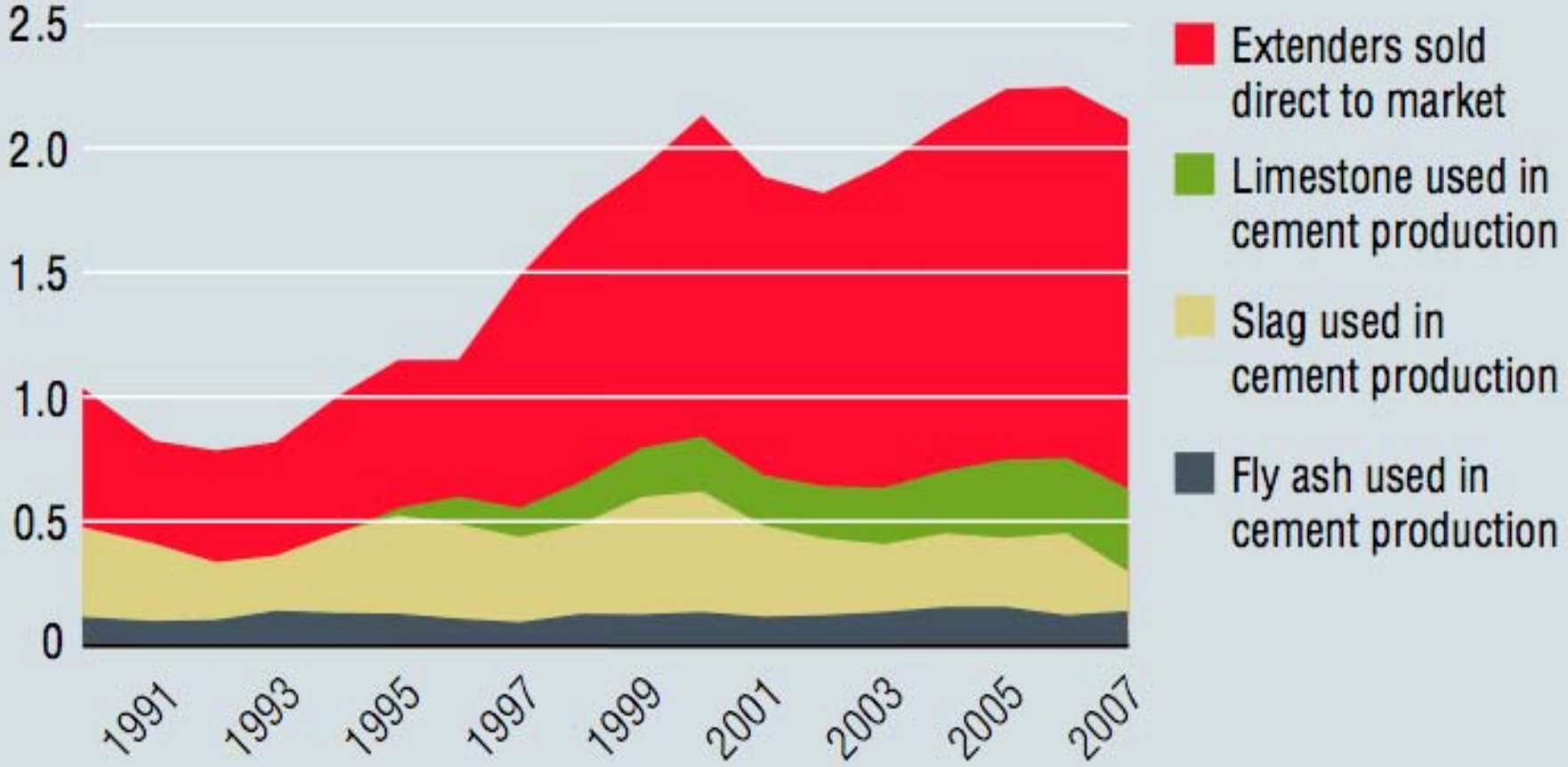
Cementitious material sales and CO_2 emissions



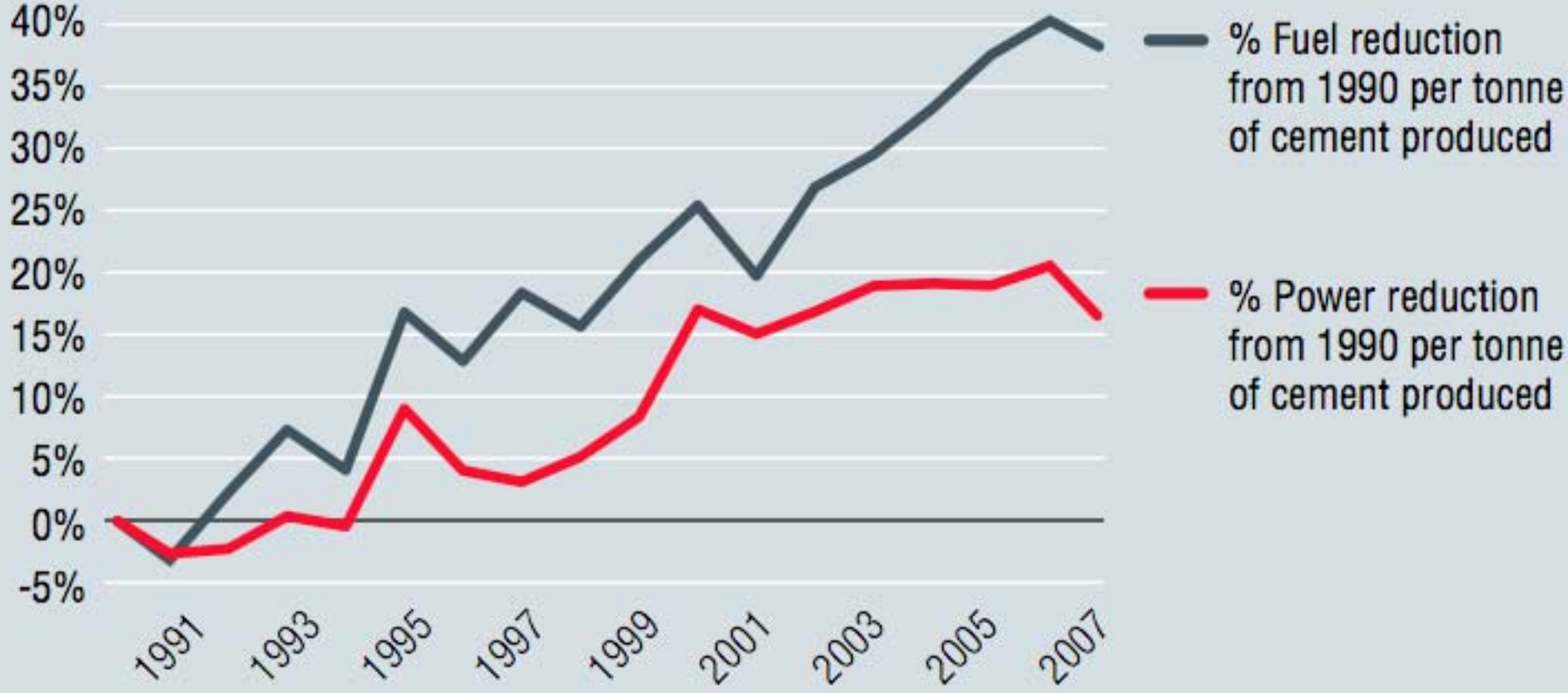
Clinker production by kiln type (million tonnes)



Cement extenders used in cement production and sold for concrete production (million tonnes)



Fuel and power efficiency gains



So … why do we care?

A reduction of assistance rate for the Australian Cement Industry over time will:

- Force unrealistic abatement opportunities

  (we are close to Worlds Best Practice)
- Diminish competitiveness

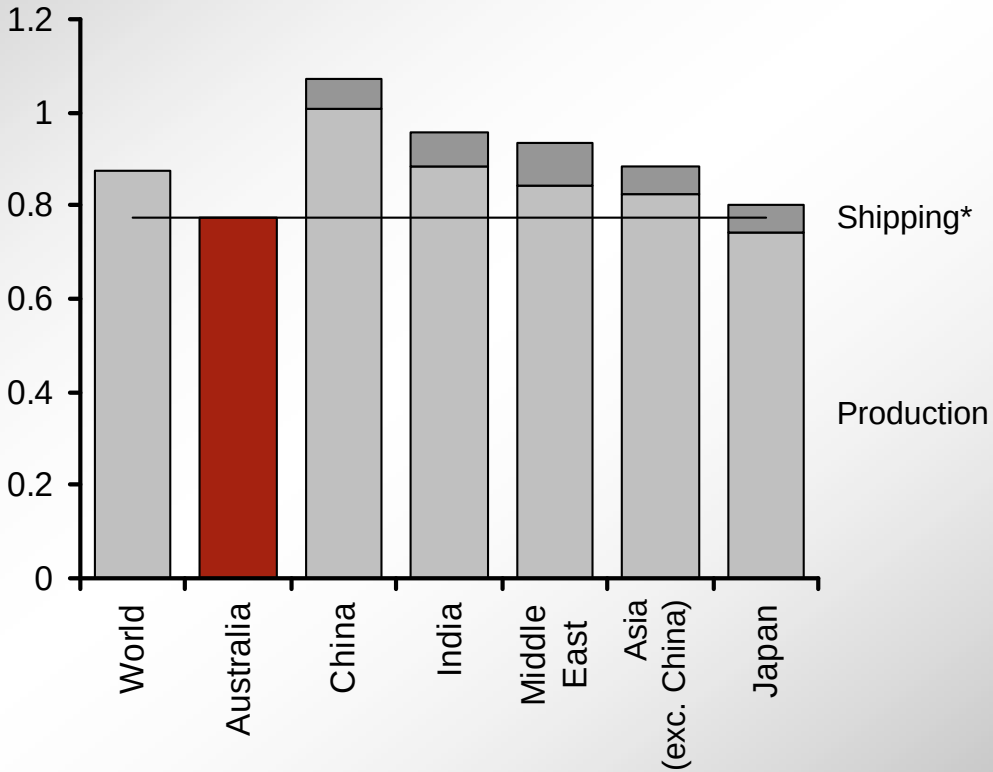
  (significant impact on the profitability of the sector)
- Gradual rundown of the industry
- Premature closure of production facilities
- Deter new investment
- Importing of clinker will increase

  (likely to be produced with a higher emissions intensity)
- Inevitably lead to carbon leakage

Should Australian production move offshore, the result would be opposite to the intended objectives of an ETS and a responsible environmental policy

Imported Cement CO_2 Emissions (2005)**

t CO_2/t cement



- It is likely that imported cement will result in higher emissions than Australian produced cement
- Australia is an efficient producer of cement emitting less tonnes than average of CO_2 per tonne of cement
- importing cement would result in emissions from shipping

Note: *Shipping emissions will vary depending on whether emissions are considered for both legs or a one-way voyage and which Australian port is the destination; **Emissions relate to cement and exclude other cementitious materials such as fly ash or slag

Source: L. Price & E. Worrell, Global Energy Use, CO2 Emissions and the Potential for Reduction in the Cement Industry, IEA, Paris 4-5 Sept 2006, CemBureau, Searates.com, Japanese Cement Association

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