Dear Sirs,

Re: Reference to Cement in the Oral Evidence for the Deep Coal Mining Inquiry, Wednesday 9th July 2014

The Mineral Products Association (MPA) is the trade association for the aggregates, asphalt, cement, concrete, dimension stone, lime, mortar and silica sand industries. With the recent addition of The British Precast Concrete Federation (BPCF) and the British Association of Reinforcement (BAR), it has a growing membership of 480 companies and is the sectoral voice for mineral products. MPA membership is made up of the vast majority of independent SME companies throughout the UK, as well as the 9 major international and global companies. It covers 100% of GB cement production, 90% of aggregates production, 95% of asphalt and ready-mixed concrete production and 70% of precast concrete production. Each year the industry supplies £9 billion of materials and services to the £120 billion construction and other sectors. Industry production represents the largest materials flow in the UK economy and is also one of the largest manufacturing sectors.

MPA listened with interest to the oral evidence session for the Deep Coal Mining Inquiry held on Wednesday 9th July. There was one reference made to the cement sector which we would like to clarify.

In response to question 53, Philip Pearson states that “The Government have developed a state aid package for the energy-intensive industries that is worth £400 million to the end of 2016. That is not about the closure of energy-intensive industries like steel, chemicals and cement, but about their continued operation within the EU. The Government have so far laid out £35 million of state aid to steel, cement, chemical and other companies”.

The cement industry does not have access to any of the £400m of aid that the Government has put aside to compensate energy intensive industries for the indirect costs of the EU Emissions Trading Scheme (EU ETS) or the Carbon Price Support (CPS). This is because at EU level the cement industry was deemed ineligible to receive compensation against the indirect cost of EU ETS. The EU Environment and Energy state Aid Guidelines published earlier in 2014 then only allow compensation for non-harmonised carbon taxes, such as CPS, to sectors eligible to receive compensation for the indirect cost of EU ETS.

For more information visit: www.mineralproducts.org
The result is that sectors that compete with cement in the construction market receive compensation for both indirect EU ETS cost and CPS, while the cement sector does not. This is preventing the cement sector from competing on a level playing field with other European competitors and UK sectors. The inability to receive compensation against this unilateral UK tax will increase current imports of cement to unprecedented levels and it will threaten the much needed investment, businesses and jobs that our members create. It will also undermine both the security of supply of essential materials to the UK economy and also valuable exports.

I hope this clarification is useful and if you require any further information then please do not hesitate to contact me.

Yours faithfully,

Dr Richard Leese
Director, Energy and Climate Change