

JOINT STATEMENT OF EMILIA-ROMAGNA REGION AND VALENCIAN REGION

FOR THE FUTURE OF EUROPEAN CERAMICS:

REFORM OF EU POLICIES AND STRENGTHENING OF INDUSTRIAL RESEARCH

The ceramic companies of the Emilia-Romagna Region and Valencian Region represent a European industrial excellence, capable of combining environmental sustainability and high quality in industrial production. These companies have invested more than any others worldwide in reducing emissions and innovating products and processes, and operate modern, digitalised and highly efficient plants, adopting the best technologies currently available as identified by the European Commission.

In our territories, this industry – which also generates a strong direct and indirect supply chain – represents a true backbone of the economic fabric. For decades it has ensured a high level of prosperity, providing quality employment, a significant trade surplus, economic growth and social cohesion.

The consolidated technical know-how and the social value that these companies bring to the territories must now be defended both from external risks and through a realistic adaptation of European policies, which have partly proven to be inadequate.

These companies are currently being penalized through the ETS mechanism which hampers those acting first and bearing environmental and social responsibility for their activities. At the same time, the ETS system ends up favoring non-EU producers, subject to environmental and social constraints that are far lower than those in the Union. The concrete risk is that a poorly designed climate policy could undermine a European industrial excellence, paradoxically generating an increase in global emissions and the loss of thousands of skilled jobs, in our territories and elsewhere.

For this reason, we firmly call for strong choices at European level, so that the energy transition is implemented with appropriate timing and methods, without compromising European economic and social well-being.

EUROPEAN CLUSTERS FOR CERAMIC TILE PRODUCTION

In the ceramic districts located in Emilia-Romagna and in the territory of the Valencian Community, almost 80% of European production of ceramic floor and wall tiles is manufactured. This production meets European demand with products manufactured to high quality, environmental and social standards.

In the two territories, approximately 38,000 people are directly employed, to which at least a further 120,000 should be added when considering the supply chain (mechanical industry, glaze producers, plants, maintenance, raw material suppliers, etc.).

	EMILIA-ROMAGNA REGION	VALENCIAN COMMUNITY
Production (million sqm)	351	416
- % total national	95%	95%
Total Turnover (million €)	5.755	4.819
- Exports	83%	72%
- Domestic	17%	28%
Direct Jobs (units)	16.771	15.790
Companies (units)	78	117
Investment (million €)	375	nd

In **Emilia-Romagna** alone, the ceramic industry generates **5% of regional added value**, accounts for **5% of exports** and contributes **10% to the positive trade balance**. In the provinces of **Modena** and **Reggio Emilia**, **one out of thirteen** manufacturing workers is employed in the ceramic sector.

In the **Valencian Community**, the ceramic industry accounts for **3% of the region's total GDP** and **22% of industrial GDP**. Moreover, the ceramic industry, concentrated in the province of Castell3n, represents **32% of the province's GDP** and **26.4% of total employment**. It is estimated that **one out of every four jobs in the province of Castell3n depends directly on the ceramic industry**.

Reconsidering the adequacy and sustainability of the application of ETS to the ceramic sector

- ◆ **Ceramic companies are small emitters**, contributing at European level only 0.9% of total emissions regulated by the European Emission Trading System (ETS), with average values per site among the lowest of regulated industrial sectors¹.

- ◆ Despite this, in the period 2021–2025 the ETS has **imposed very high costs on companies, that are set to increase further** between 2026 and 2030 and again after 2031 (only marginally mitigated by the recent admission to indirect cost compensation).
- ◆ The ceramic sector is recognised by EU regulations as hard to abate, as **there are currently no alternative technologies capable** of ensuring further significant emission reductions beyond the energy efficiency measures already widely adopted.
- ◆ In this framework, CO₂-related costs become a real carbon tax, undermining company profitability, aggravating the effects of higher natural gas costs (already extremely high in Europe) and **drastically reducing investment capacity and thus competitivenessⁱⁱ** in global markets compared to non-EU products, often lacking comparable environmental and social standards and supported by unfair trade practices.

We share the Union’s climate ambition, which remains legitimate and necessary. However, we need a serious analysis of the effectiveness of the ETS system as a decarbonisation tool for ‘hard to abate’ industrial sectors and, in particular for the ceramic sector.

The problem arises when targets become increasingly stringent while current technological progress advances at a different pace. For ceramic companies, alternatives can be identified, but they are not yet available on an industrial scale or at costs compatible with maintaining competitiveness on international markets. Companies have no concrete possibility to further reduce greenhouse gas emissions; their demand for emission allowances therefore remains rigid – and is set to increase due to the planned reduction of free allowances – against an administratively reduced supply.

It is therefore necessary today to introduce an **immediate suspension of the ETS for the ceramic sector**, in light of the real unavailability of low-emission energy sources in Europe and the lack of mature and competitive technologies capable of enabling the effective alignment of the ceramic industry with climate targets within the set timelines.

Lacking this necessary reassessment of European climate policies, and in order not to lose our companies, it is essential that a **specific emergency procedure for the ceramic sector** be adopted, addressing the following issues:

- **freezing current free allocations**: this measure is necessary to ensure stability, financial predictability and continuity of investments. Even today, companies do not know how many free allowances will be allocated in 2026, preventing any possible industrial planning. The reduction of free allocations already scheduled for 2026–2030 is based on technological assumptions that have not materialised for the ceramic sector (actual potential use and availability of renewable hydrogen, feasibility of electrifying thermal processes, widespread

- access to decarbonised energy carriers) and would lead to severe under-allocation of allowances without concrete decarbonisation alternatives for the sector;
- **suspending the revision of benchmarks for 2026–2030**, in order to redefine the criteria for their determination, which must be based on a real technological feasibility analysis and not merely on observing the performance of plants with very different equipment, energy costs and access to decarbonised energy carriers. In particular, **a specific fuel benchmark for the sector should be envisaged**. The current definition of the fuel benchmark aggregates extremely heterogeneous thermal processes, both in terms of technology and energy carrier, including plants using biofuels and biomass. This unfairly penalises ceramic companies, which cannot access the same conditions: due to technological constraints of ceramic production, biomass is not usable and, especially in Southern Europe, it would in any case not be available in the required quantities.

The note ⁱⁱⁱ indicates the necessary amending interventions.

With a view to simplifying compliance obligations for SMEs and “small emitters”, it is appropriate to **extend the threshold for access to national equivalent measures (so-called opt-out) to 50,000 tCO₂/year** from the current 25,000 tCO₂/year. Raising the threshold would allow just over 5,000 European installations across different industrial sectors, responsible for only 7.3% of total regulated ^{iv} emissions, to benefit from significant administrative simplifications without jeopardising the achievement of European climate objectives.

The note ^v indicates the necessary amending interventions.

Finally, it is necessary to design **an application of CBAM to the ceramic sector that is appropriately integrated to safeguard the competitiveness** of European ceramic companies both on the internal market and on non-EU markets. Given the strong international competition characterising the ceramic market, it is essential to equip the EU with an effective competitive rebalancing instrument operating both on the internal market (between European companies subject to ETS and non-EU producers) and on global markets (through a mechanism compensating CO₂ costs on exports), at least until greater harmonisation between emission trading systems is achieved at global level.

Promoting strategic research projects for the “ceramic system”

- ◆ Unlike other sectors, the ceramic industry has so far not benefited from dedicated EU funding aimed at supporting specific research activities. Individual research projects have been financed by European programmes (e.g. LIFE), but there is the need for a large plan supporting coordinated research aimed at outlining possible development pathways for the European ceramic industry.

- ◆ In our territories there is a consolidated “ceramic ecosystem”. The development of the tile industry has occurred in synergy with the growth of a specialised mechanical industry producing ceramic machinery, which has achieved a similar leadership position on global markets. Alongside ceramic production there are the so-called “ceramic glaze producers”, supplying pigments, metal oxides, glazes and inks required for ceramic production.
- ◆ In the ceramic districts, numerous actors are engaged in basic and industrial research, representing a strategic asset to be enhanced and activated. These include specialised research centres such as Centro Ceramico, Institut de Tecnologia Ceràmica (ITC) and CNR-ISSMC, as well as universities located in the territories.

To ensure the continued presence of a strong ceramic industry in Europe and in our territories, it is necessary to launch a structured process accompanying the transformations required of the ceramic value chain.

This objective can only be achieved through the promotion of intensive research activity supported by European funds, with the aim of identifying innovative technological solutions in appropriate timeframes, new product configurations, re-engineering of plants and a progressive phase-out of fossil fuels. This should be combined with reducing the environmental footprint of products, limiting strategic dependencies and reducing indirect environmental impacts.

Possible research topics of interest for the future of the ceramic industry:

- all topics related to the various levers of process decarbonisation to identify energy solutions at district level;
- enabling technologies for capturing CO₂ dispersed in firing emissions, access to future CCUS solutions, carbonation processes of waste for its valorization as inert materials;
- re-engineering of thermal process machinery (kilns and spray dryers) for further increases in energy efficiency and flow reductions;
- research into alternative raw materials to reduce strategic dependencies (e.g. substitution of feldspars from Turkey); research into raw materials with lower CO₂ emissions (particularly for bricks);
- reduction of organic load in production phases: research into alternative materials to organic additives for bodies and into glaze and ink vehicles with reduced or zero organic emissions;
- development of bodies with alternative solutions or limitations on the use of crystalline silica.

Vice-President
Regione Emilia-Romagna

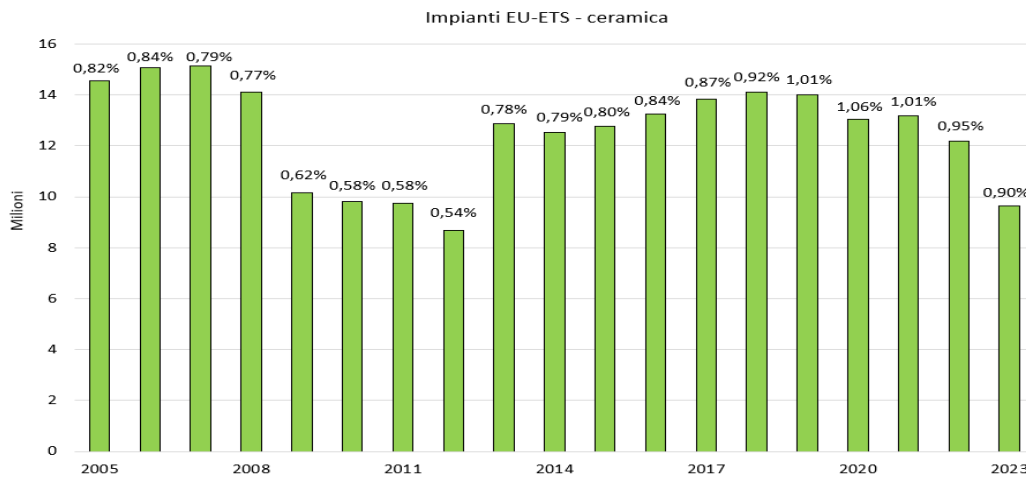
Vincenzo Colla

Minister of Industry, Tourism, Innovation
and Trade
Generalitat Valenciana

Marian Cano Garcia

NOTES

ⁱ European ceramic installations within the ETS system have a **marginal weight in emission terms**, as they are collectively responsible for **only 0.9% of total regulated emissions**, despite accounting for **around 8% of the number of stationary installations covered by the system**.



Trend of emissions from European ceramic installations in MtCO₂ (green bars) and their relative percentage share of total verified emissions (source: Nomisma Energia).

The **average size of a ceramic stationary installation** is the smallest among all regulated sectors in Europe, with **average emissions of 16,180 tCO₂ per year**, confirming the **SME nature of the companies** operating in this industrial sector. By way of comparison, the stationary installation with the **highest emissions recorded in the European ETS registry** emitted **approximately 8,500,000 tCO₂ in 2024 alone**, a level **comparable to the emissions of the entire European ceramic sector**.

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ii In **2024**, the **Italian ceramic tile industry** recorded a **20% decline in investments for plant innovation**. This corresponds to **around EUR 80 million in foregone investments**, an amount **not far from the direct and indirect costs paid under the ETS system in the same year**.

iii In order to **reconsider the current phase-out mechanism for free allowances**, action is required on both a **redefinition of the European emissions cap** and the **rules governing the revision of benchmarks (BM)**. In the meantime, it is necessary to **suspend the planned redefinition of BM values applicable for the 2026–2030 period**, postponing it until **after 2030**. A temporary freeze of the **allowance reduction trajectory** would also help **curb speculative behaviour**, which is otherwise encouraged to bet on a predictable upward trend in allowance prices.

Below is a **possible amendment to Directive 2003/87/EC**:

Article 10a - Transitional Union-wide rules for harmonised free allocation

[...]

(paragraph 1.8 subparagraph) For each sector and subsector, in principle, the benchmark shall be calculated for products rather than for inputs, in order to maximise greenhouse gas emission reductions and energy efficiency savings throughout each production process of the sector or the subsector concerned. In order to provide further incentives for reducing greenhouse gas emissions and improving energy efficiency and to ensure a level playing field for installations using new technologies that partly reduce or fully eliminate greenhouse gas emissions, and installations using existing technologies, the determined Union-wide ex-ante benchmarks shall be reviewed in relation to their application ~~in the period from 2026-2027 to~~ **after 2030**, with a view to potentially modifying the definitions and system boundaries of existing product benchmarks, considering as guiding principles the circular use-potential of materials and that the benchmarks should be independent of the feedstock and the type of production process, where the production processes have the same purpose. The Commission shall endeavour to adopt the implementing acts for the purpose of determining the revised benchmark values for free allocation in accordance with paragraph 2, third subparagraph, as soon as possible. ~~and before the start of the period from 2026 to 2030.~~

[...]

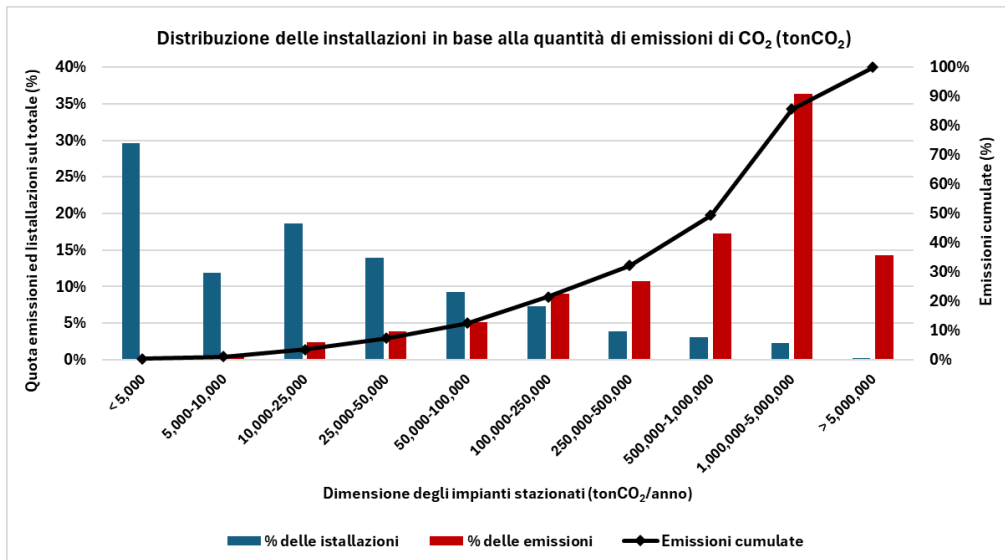
Article 9 Union-wide quantity of allowances

[...]

In 2024, the Union-wide quantity of allowances shall be decreased by 90 million allowances. In 2026, the Union-wide quantity of allowances shall be decreased by 27 million allowances. In 2024, the Union-wide quantity of allowances shall be increased by 78,4 million allowances for maritime transport. The linear factor shall be 4,3 % from 2024 to 2027 2030 and 4,4 % from 2028 2031. The linear factor shall also apply to the allowances corresponding to the average emissions from maritime transport reported in accordance with Regulation (EU) 2015/757 for 2018 and 2019 that are addressed in Article 3ga of this Directive. The Commission shall publish the Union-wide quantity of allowances by 6 September 2023.

[...]

iv The following figure shows the **distribution of all stationary ETS installations according to their emission size (tCO₂/year)**, with an indication of the **percentage share of each group in total regulated emissions** (left-hand scale). The **black line** represents the **cumulative percentage of emissions** (right-hand scale).



Raising the threshold to 50,000 tCO₂ per year would allow just over 5,000 European installations across different industrial sectors, responsible for only 7.3% of total regulated emissions, to benefit from significant administrative simplification measures, without jeopardising the achievement of European climate objectives.

▼ The following sets out a **possible amendment to Directive 2003/87/EC**:

Article 27

1. Following consultation with the operator, Member States may exclude from the EU ETS installations which have reported to the competent authority emissions of less than ~~25 000~~ **50 000** tonnes of carbon dioxide equivalent and, where they carry out combustion activities, have a rated thermal input below ~~35~~ **45** MW, excluding emissions from biomass, in each of the three years preceding the notification under point (a), and which are subject to measures that will achieve an equivalent contribution to emission reductions, if the Member State concerned complies with the following conditions:

(a) it notifies the Commission of each such installation, specifying the equivalent measures applying to that installation that will achieve an equivalent contribution to emission reductions that are in place, before the list of installations pursuant to Article 11(1) has to be submitted and at the latest when this list is submitted to the Commission;

(b) it confirms that monitoring arrangements are in place to assess whether any installation emits ~~25 000~~ **50 000** tonnes or more of carbon dioxide equivalent, excluding emissions from biomass, in any one calendar year. Member States may allow simplified monitoring, reporting and verification measures for installations with average annual verified emissions between 2008 and 2010 which are below 5 000 tonnes a year, in accordance with Article 14;

(c) it confirms that if any installation emits ~~25 000~~ **50 000** tonnes or more of carbon dioxide equivalent, excluding emissions from biomass, in any one calendar year or the measures applying to that installation that will achieve an equivalent contribution to emission reductions are no longer in place, the installation will be reintroduced into the EU ETS;

(d) it publishes the information referred to in points (a), (b) and (c) for public comment.

[...]