Ensuring a Fit-for-Purpose EU ETS for Hard-to-Abate Sectors: EuLA's Priorities for the Post-2030 ETS Framework

Brussels, 06/03/2026

EuLA, the European Lime Association, represents European non-captive lime production through its 24 covered Member States (companies & national associations). Lime is one of the essential building blocks of modern industry. It is used in many essential processes, such as making construction buildings, producing iron and steel, treating contaminated land, purifying drinking water, making sugar and even cleaning gases from powers stations. Lime and its derivatives are also important additives for making paper, glass, and agricultural products.

EuLA recognises the EU ETS as a central instrument of European climate policy and a key driver of industrial decarbonisation. However, for hard-to-abate sectors such as lime, the future EU ETS framework must reflect industrial and technological realities. In fact, 69% of emissions in the lime sector are unavoidable process emissions generated by the chemical decomposition of limestone during calcination.

Unavoidable process emissions cannot be eliminated through electrification or fuel switching alone and will therefore require Carbon Capture, Utilisation and Storage (CCUS) technologies, permanent carbon removals, enabling infrastructure and substantial investment support. The upcoming EU ETS revision must ensure that climate ambition is accompanied by the enabling conditions necessary to achieve industrial decarbonisation without de-industrialisation.

Critical: A Specific Mechanism for Unavoidable Process Emissions Until 2050

The lime industry needs a dedicated free allocation mechanism to fully cover structurally unavoidable process-related emissions until the EU's climate neutrality objective in 2050. The current EU ETS trajectory foresees a zero cap by 2039, creating a structural misalignment for sectors where emissions are chemically inherent to production and where decarbonisation depends primarily on CCUS. For the lime sector, combustion emissions can progressively decline through fuel switching and electrification, but process emissions require access to carbon management solutions that are not yet available at sufficient scale across Europe.

The EU ETS framework should therefore formally distinguish between:

- Combustion emissions that are technically abatable through energy transition measures; and
- Unavoidable process emissions that remain dependent on CCUS and carbon removals.

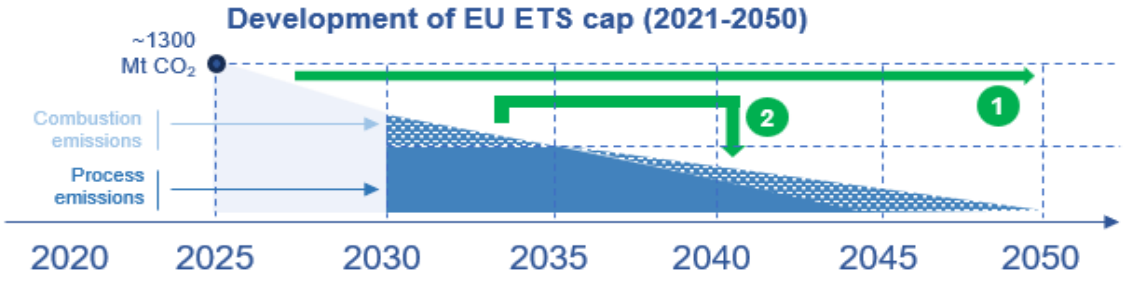
A dedicated mechanism for hard-to-abate sectors should preserve the integrity of the EU ETS cap while preventing carbon leakage and ensuring investment certainty for industrial transformation. See the box below for EuLA's proposal on how this can be achieved.

European Lime Association
c/o IMA-Europe Rue des Deux Eglises, 26 1000 Brussels, Belgium
Tel. +32 (0)2 210 44 10 info@eula.eu
EU Transparency Register: 780146710855-91
www.eula.eu

EuLA
European Lime Association

Option to cover unavoidable process emissions from Hard-to-Abate sectors

An alternative scenario with the extension of quotas until 2050 and transfer of combustion quotas



1. Extend the allocation of quotas to offset process emissions until 2050.
2. Accelerate phasing out of quotas related to combustion emissions and transfer them to cover process emissions until operational infrastructure for carbon capture, utilization, transport and storage.

The EU ETS review should not introduce conditionalities for hard-to-abate sectors. Free allocation is intended to address carbon leakage risks and preserve the competitiveness of European industry, while the existing benchmark system already incentivises best performers. Conditionalities would weaken carbon leakage protection and divert scarce financial resources away from the investments needed for deep decarbonisation, notably CCUS deployment. The Commission should prioritise enabling conditions for industrial transformation rather than imposing further penalties on sectors facing technological and infrastructure constraints beyond their control.

Enabling Condition 1: CO_2 Transport and Storage Infrastructure

Large-scale deployment of CO_2 transport infrastructure and sufficient onshore and offshore sequestration capacities are indispensable preconditions for decarbonisation in the lime sector. CCUS deployment remains constrained by:

- Insufficient cross-border CO_2 transport infrastructure
- Uneven access to storage sites between Member States
- Delays in permitting and infrastructure planning
- Lack of economic viability for installations located far from connected industrial hubs.

The pace of EU ETS obligations must therefore be aligned with the practical deployment of European CO_2 infrastructure. Hard-to-abate sectors should not be penalised for emissions that cannot yet be technically or economically captured and stored due to infrastructure gaps beyond operators' control.

European Lime Association
c/o IMA-Europe Rue des Deux Eglises, 26 1000 Brussels, Belgium
Tel. +32 (0)2 210 44 10 info@eula.eu
EU Transparency Register: 780146710855-91
www.eula.eu

Enabling Condition 2: Integration of Carbon Removals & Negative Emissions into the EU ETS

The future EU ETS framework should establish a credible pathway for the gradual integration of certified permanent carbon removals and negative emissions into the compliance market for process emissions. Given the structural nature of process emissions in hard-to-abate sectors, permanent removals will be indispensable to achieving climate neutrality while preserving industrial activity in Europe. The future Carbon Removal Certification Framework (CRCF) should prioritise high-integrity permanent removals capable of addressing unavoidable industrial emissions, including BioCCS/BECCS, enhanced carbonation, and ocean alkalinity enhancement/removal.

Certified removals and negative emissions should progressively become eligible for EU ETS compliance as soon as possible under safeguards. Given the scale of process emissions in sectors such as lime, the EU ETS architecture should avoid imposing artificial quantitative limits on high-integrity negative emissions where permanence and environmental safeguards are fully ensured. The price of removals used within the ETS should remain linked to the EU ETS carbon price in order to preserve market coherence while enabling the scale-up of permanent carbon removal technologies. The EU should also assess the role that robust international carbon removal credits could play in complementing the European carbon market, provided that strict safeguards on permanence, additionality, MRV and avoidance of double counting are fully respected.

Integrating carbon removals and negative emissions into the EU ETS in a predictable and credible manner will be essential to achieving climate neutrality for hard-to-abate sectors while maintaining European industrial competitiveness.

Enabling Condition 3: Developing CCU Applications and Carbon Circularity

The future EU ETS framework should create the conditions necessary for the development of CCU applications. Captured CO_2 should not only be considered for geological storage, but also for permanent mineralisation pathways and the production of synthetic fuels supporting the decarbonisation of sectors such as maritime and aviation. The current regulatory framework still creates uncertainty regarding the legal status of captured CO_2 used in products. EuLA therefore supports clarifying EU legislation, notably the Waste Framework Directive, to ensure that captured CO_2 chemically bound in products is not treated as waste. Developing industrial carbon circularity will:

- Support CO_2 market creation
- Accelerate investment in capture technologies
- Facilitate cross-sector decarbonisation synergies
- Contribute to European industrial competitiveness

Enabling Condition 4: Recognition of Net Emissions Through Recarbonation

Within the framework of IPCC methodologies and EU ETS accounting rules, EuLA encourages the Commission to adapt the lime emission factor for calcination emissions to reflect recarbonation. Scientific evidence demonstrates that lime products progressively reabsorb atmospheric CO_2 during their use phase through recarbonation processes. Current EU ETS accounting nevertheless assumes that 100% of calcination emissions remain permanently in the atmosphere. This approach does not reflect physical

carbon flows and fails to recognise the carbon reabsorption function of lime-based materials. The development of a scientifically robust net emission factor would:

- Improve the accuracy of ETS accounting
- Reflect actual net emissions
- Support enhanced carbonation technologies
- Align industrial accounting with carbon management objectives

Such an approach must remain fully consistent with IPCC methodologies and preserve environmental integrity. Read more about our recarbonation accounting approaches here.

Enabling Condition 5: EU ETS Revenues Must Support Industrial Decarbonisation

At both EU and national levels, EU ETS auction revenues must be dedicated to supporting industrial decarbonisation and enabling infrastructure. Hard-to-abate sectors face very high capital and operational expenditures linked to, CCUS deployment, renewable energy integration, CO_2 transport and storage, and industrial transformation projects.

EU ETS revenues should therefore support:

- Business case development and investment de-risking mechanisms
- Carbon Contracts for Difference
- Operational expenditure support during transition phases
- Broader deployment funding for mature technologies
- Enabling infrastructure
- Lead markets through public procurement and carbon intensity criteria

The Innovation Fund should progressively evolve from an innovation-focused instrument toward a deployment-oriented instrument capable of supporting large-scale industrial transformation projects.

Conclusion

Achieving deep decarbonisation in hard-to-abate sectors requires an EU ETS framework that is technologically realistic, investment-oriented and coherent with Europe's broader industrial strategy. The EU ETS post-2030 framework should therefore ensure that enabling conditions are in place to support the deployment of carbon management technologies, the integration of permanent removals, and the preservation of European industrial competitiveness throughout the transition to climate neutrality.

Micah Ton
EuLA Climate & Energy Adviser
m.ton@ima-europe.eu
+32 499 84 43 57

Rodolphe Nicolle
EuLA Secretary General
rodolphe.nicolle@EuLA.eu
+32 495 79 05 09