EuLA's Feedback on the Commission's Legal framework for the possible use of international carbon credits towards the 2040 EU climate law target

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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.

Introduction & Context

The EU's 90% net greenhouse gas (GHG) emissions reduction target by 2040 requires a policy framework that is both environmentally robust and economically viable for energy-intensive industries. The revised European Climate Law explicitly foresees a limited and conditional use of high-quality international credits (up to 5% of 1990 emissions) to complement domestic action.

EuLA considers that, if properly designed, this flexibility can play a necessary and targeted role in addressing emissions that are technically unavoidable, while preserving industrial competitiveness and enabling continued investment in deep decarbonisation technologies. This paper explains EuLA's position on the use of international credits specifically for process emissions under the EU Emissions Trading System (EU ETS).

Summary of Recommendations

- **Introduce a targeted EU-level mechanism under the EU ETS** allowing the use of high-integrity international credits for process emissions in hard-to-abate sectors such as lime.
- **Ensure eligibility conditions and quantitative limits,** ensuring that the use of international credits is targeted to process emissions and does not undermine the continued pursuit of domestic abatement, including CCS deployment where feasible.
- **Anchor the mechanism in clear principles**: domestic action as a priority, favorably for process emissions, and complementarity with EU decarbonisation efforts.
- **Provide a predictable and coherent regulatory framework**, integrated within the EU ETS and aligned with supporting instruments (e.g. Innovation Fund, CO_2 infrastructure), to enable investment in CCS and other decarbonisation solutions while mitigating carbon leakage risks.

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1. The specific challenge of process emissions in the lime sector

Lime production is inherently linked to carbonate chemistry. The calcination of limestone releases CO_2 as a direct process emission, independent of the energy source used. **In fact, 69% of total emissions in lime production are process related**. These emissions are due to chemical transformation and cannot be eliminated through electrification or fuel switching. Even with the deployment of CCS, a small share of emissions will remain due to capture rates and operational constraints. Therefore, achieving net-zero emissions in practice will require a combination of deep emissions reductions, the use of high-integrity credits or negative emissions, and the deployment of CCS at scale.

While CCS represents a key long-term solution, it faces **significant constraints**:

- Limited infrastructure availability in long-term (transport and storage)
- High capital and operational costs
- Long permitting and deployment timelines
- Uneven geographic feasibility across installations since lime installations are landlocked and not connected to hubs

As a result, full abatement of process emissions by 2040 is highly uncertain, particularly for smaller or dispersed installations. **A compliance framework that does not recognise this reality risks undermining industry competitiveness without delivering additional climate benefits**.

2. Rationale for a targeted use of international credits

EuLA supports a conditional and targeted use of international credits under the EU ETS, emissions that cannot be abated domestically in the relevant timeframe, especially process emissions for hard to abate sectors like lime. This should be guided by three core principles:

- **Domestic action as a priority:** technically and economically feasible abatement measures should be pursued within the EU in parallel with other decarbonisation pathways. The use of international credits should not delay or replace domestic action, but recognise that for certain emissions, full abatement depends on technologies and infrastructure that are not yet available at scale.
- **Restriction to emissions**: Credits should be used for emissions that remain after best available techniques and feasible decarbonisation investments have been applied.
- **Complementarity, not substitution**: International credits must not displace domestic climate action

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Such an approach preserves the integrity of the EU's decarbonisation pathway while avoiding disproportionate impacts on sectors with inherent process emissions. It also helps mitigate carbon leakage risks, which is key considering how the lime industry plays a vital role in supporting energy-intensive industries, ensuring reliable supply chains across the EU.

3. Scope and safeguards

This is not a call for offsetting, but for a narrow, well-governed instrument with strict boundaries. Operators should be required to show, at installation level, that they are implementing best available techniques and are actively investing in decarbonisation pathways, including CCS where feasible. In this sense, international credits should function as a limited and well-regulated compliance option, rather than a structural feature of the system.

Regulatory clarity and predictability are essential. Investments in the lime sector are long-term and capital-intensive, and companies require a stable framework to plan and deploy decarbonisation technologies. A well-defined approach to process emissions should include clear eligibility criteria, robust monitoring and verification rules, and predictable quantitative limits for the use of international credits. This framework should be fully integrated within the EU ETS and designed to operate coherently with supporting instruments: the Innovation Fund should continue to de-risk and finance investments in breakthrough technologies such as CCS, while the timely development of CO_2 transport and storage infrastructure remains essential for their large-scale deployment.

4. Conclusion

The transition to climate neutrality must reflect sector-specific realities. For the lime industry, this means recognising unavoidable process emissions and allowing a targeted, well-regulated use of international credits for process emissions, alongside continued domestic action. Done right, this preserves climate ambition while safeguarding competitiveness and delivering real global emissions reductions.

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