

Euromines Position on the New Industrial Strategy for Europe

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EUROPEAN COMMISSION Brussels, COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS A New Industrial Strategy for Europe (10.3.2020 COM(2020) 102 final)

One key element of implementing Europe's Green Deal successfully must be increasing the resilience of value chains and bringing back value chains to Europe.

To this end industrial value chains need

- 1. attractive economic, administrative and social conditions,**
- 2. planning security, reliability and consistency throughout the political framework, and**
- 3. a clear strategic focus on maintaining value adding industrial production in Europe.**

Current policy documents articulate the aim to return Europe to its leading role in industrial production. Raw materials are essential to Europe's survival as one of the world's leading economies. The mineral raw materials industry has invested heavily in the EU in recent years and has the potential to contribute further to the recovery strategy through development of new projects and extensions to existing ones.



✓ Security of supply – improving economic resilience

Industry is central to Europe's future progress and prosperity. It makes up more than 20% of the EU's economy and employs around 35 million people, and the raw materials industry is a basis for this industry and secures a minimum of supply for the major large-volume metals and minerals and for a series of those metals and minerals identified as critical and strategic for those value chains required for the European transition.

The latest developments in terms of population health and safety has added a new economic reality which will have a profound effect on Europe's and the worldwide industry. Coupled with this period of global economic uncertainty arising in the short and mid-term new challenges for Europe's industry are arising that will make the ecological and digital transitions more difficult whilst maintaining **economic viability and sustainability**, let alone international competitiveness.

Attention must be paid to closed value-added chains from the basic production of the core industries to processing and distribution. Keeping strategic value chains with a high industrial share and a high value-added depth in the EU should be the goal of any industrial strategy.

✓ Carbon-neutral Europe and competitiveness

Due to Europe's cost structure European industry has and will need to the advantage of globalisation wherever possible to maintain competitiveness and markets. The additional ambitions formulated in the EU's Climate Law will put additional burdens on industry.

The further shift of industries to countries with lower environmental and social standards must be prevented. The lose-lose situation resulting from such delocalisation does not only harm Europe as a business location, but moreover will not help achieving the UN's sustainability goals.

There are still considerable differences in ambition and realisation of the appropriate measures around the world which still have a negative impact on the global level playing field for Europe's industry.

- All sectors will have to make a transformative change. Energy-intensive industries are indispensable to Europe's economy and are relied on by other sectors. Modernising and decarbonising energy-intensive industries must therefore be a priority, but not without safeguarding their global competitiveness.
- The EU Emissions Trading System should be aimed at achieving one single Greenhouse Gas reduction target rather than multiple targets including efficiency and renewable supply.
- Free allocation of emission allowances must continue wherever EU industrial sectors are exposed to carbon leakage. ETS revenues should be recycled into development of the full range of potential emissions reduction and/or sequestration technologies for the EU.

- A proposal for a Carbon Border Adjustment Mechanism in 2021 to reduce the risk of further carbon leakage and/or loss of competitiveness would be welcome, but there are concerns that this proposal will only address certain steps of the value chain and continue the policy of relying on raw material inputs from around the world rather than fostering own supply as far as possible.

✓ **Supporting industry towards climate neutrality**

The raw materials sector will play its role to provide carbon-neutral raw materials as far as possible to enable the various value chains to achieve their goals. The raw materials sector like other industries are complying with very high social, labour and environmental standards which come at additional costs.

However, it should also be noted that European metal and mineral industry's leadership in global markets often depends on the fact that their products are high value-added products, and this is often linked to higher energy input and higher degree of processing.

- The EU's raw materials sector is also key in providing a number of raw materials for the new technologies under development that will allow for a further transition and creation of affordable, clean technology solutions. The raw materials sector is already in a major transition to eliminate most diesel driven engines wherever possible, to switch to renewable energy sources where available, including into its own where possible.
- In this context the raw materials sector therefore welcomes the renewed focus on industrial ecosystems and industrial ecology since it will be the most effective way of addressing several solutions for CO2 storage and utilisation in the future.
- Support for investments in research, innovation, deployment and up-to-date infrastructure for low-carbon solutions will help develop new production processes and secure existing and new jobs.

✓ **Addressing strategic value chains**

Demand for raw materials is projected to double by 2050, making diversified sourcing essential to increase Europe's security of supply. Base and critical raw materials are equally crucial for value chains, such as e-mobility, batteries, renewable energies, pharmaceuticals, aerospace, defence and digital applications.

- Europe's raw material's sector welcomes the creation of an open Industrial Forum and calls upon the Commission to include experts from the raw materials sector.
- The approach of industrial alliances could be the appropriate tool, but they need to include all relevant sectors in a balanced way.

- The new EU industrial strategy recognises the possibilities of the European raw materials sector to supply sustainable raw materials of critical and strategic raw materials for the identified industrial ecosystems, such a low-carbon steel, smart mobility, renewable energies, the digital economy, microelectronics, health care, defence and aerospace, etc.
- Using financial instruments and other instruments to strengthen the EU's raw materials supply and recognise the raw materials sector as a sector that qualifies under the criteria of the EU's sustainable finance regulation;
- Increase representatives of the raw materials sector in the various alliances and platforms and supporting the EU raw materials industry representation at EU and global level.
- EU Product Policy should move on from simple “footprint” assessment to the development of full “net benefit assessments” of products and processes in economic, environmental and social terms. Chemicals policy must make better use of best practice risk assessment in setting market conditions.
- The EU's vision of a Circular Economy must not be allowed to counter the important goals of the EU's Raw Materials Initiative and Industrial Renaissance policy. The essential role that mining & quarrying have to play in achieving any industrial transition towards greater efficiency and less greenhouse gas emissions must be acknowledged if any such transition is to succeed.
- The EU should continue its efforts to access international finance and increase foreign investment in Europe – also for minerals exploration, mining & quarrying projects - and provide financial support for investments that target performance exceeding established international standards.

Euromines, the European Association of Mining, Metal Ores & Industrial Minerals, represents large and small companies and subsidiaries in Europe and in other parts of the world which provide jobs to more than 350,000 people. Through the activities and operations of these members, more than 42 different metals and minerals are produced. Their sustainable exploitation can increase Europe's supply of mineral resources, help ease imports from third countries usually applying lower environmental, corporate and social standards and foster the socio-economic growth of Europe's Regions. The European mineral raw materials industry plays a crucial role in the EU ability to nurture sustainable growth including access to and supply of raw materials, providing over 30 million jobs and playing a key role in the development of modern environmentally friendly technologies.

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