

Mr. Frans TIMMERMANS
Executive Vice President-designate, European Green Deal
Rue de la Loi 200
1049 Brussels

Subject: The effective management of electricity costs compensation, an essential element for achieving the EU climate goals

Brussels, 20 November 2019

Dear Mr. Executive Vice-President,

As the recognized representative of the European metals and minerals mining industry covering more than 42 different metals and minerals and employing 350.000 directly and about four times as many indirectly, Euromines welcomes a European Green Deal to put Europe on the right track to a sustainable future and ensure that no one is left behind and is prepared to take all the necessary measures to make Europe the world's first climate neutral continent.

Raw materials are indispensable enablers for carbon-neutral solutions in all sectors of the economy. Given the scale of fast-growing material demand, primary raw materials will continue to provide a large part of the demand. (A Clean Planet for All, European Commission, November 2018). The first segment of most value chains, our sector is a critical supplier of essential materials and products and generates added value through employment, economic and social development, innovation and trade. To continue this economic growth and demographic change as a modern society, extraction of commodities will remain essential.

However, as you rightfully mentioned, the Green Deal will only be successful if all Europeans are part of it, including our industry. In these circumstances, in an asymmetric world, with unpredictable global energy policies and fragmented prices on GHG emissions, the EU mineral raw material sector, competing at local, national and international levels, mainly on costs is legitimately concerned that its international competitiveness might be undermined, resulting in losing market share and profit margins to competitors who do not face similar carbon costs abroad.

The raw materials industry is highly trade and energy intensive with electricity costs amounting to approximately 20% of the overall costs. Cost increases cannot be passed to consumers precisely because companies compete at global level and must maintain cost structures comparable to the ones of their international competitors. Therefore, a strong industrial base, securing a reliable fair international competition, a level playing field and unhindered access to raw materials is of key importance for Europe's prosperity and growth.

Given all of the above, without another system in force to protect this particular aspect affecting the industry's competitiveness, full indirect costs compensation remains an essential element for achieving the climate goals while safeguarding the competitiveness of the industry. Ultimately, any carbon-related constraint on the upstream sector, the first segment of the integrated product value chain will automatically affect the downstream industries.

Please receive our kindest regards and consideration,

Corina Hebestreit

A handwritten signature in black ink, appearing to read "Corina Hebestreit".

Director
Euromines