

## ***Speech of Euromines President Mr. Mark Rachvides***

Europe is undergoing a painful transition. So many of the old received dreams, certainties and wisdom have been swept away and replaced by a much more unpredictable and challenging world. And yet, Europe still produces 75% of the raw materials used in its exports. Europe still has a viable resource base. Europe still has enviable intellectual and technological capital and Europe has truly tremendous people.

European mining demonstrates that every day. It competes in an increasingly difficult global market for sales, supplies, capital and people. Europe's companies operate under the most stringent regulatory standards in the world and yet still innovate, compete and deliver consistently excellent performance.

### **Raw Materials for Europe's survival as one of the world's leading economies**

Europe 2020 articulates an aim to return to Europe's leading role in industrial production. Raw materials are essential to that and more, to Europe's very survival as one of the world's leading economies.

Our citizens prosperity, our ability to invest, our very future as expressed most profoundly by the terrible difficulties faced by ordinary people in several Member States today depends on the success of our economic recovery. And without mining that is not possible.

Mining makes it possible to meet the EU's minimum demand for metals & minerals to upgrade and maintain ageing infrastructure, ensures that urbanisation is resource-efficient, deploys new sustainable technologies and connects with growth markets outside of the EU through exports.

Though the **mining industry brings high socio-economic benefits**, this does not necessarily enter the public understanding of mining outside of mining regions. A better understanding of mining will result in increased societal returns from mining operations and lessen administrative burdens to mining companies.

Resources can be located in areas with environmental risks and legitimate constraints on the ground. Minerals extraction currently takes place on about 0.2% of the EU land area (Land use Estimates – Eurostat 2003). Yet mining activities attract public attention due to the potential for significant impacts on the environment. There are two factors that increasingly limit **access to deposits**. These are the ever expanding urban zones (~5% of EU land area in 2003) and the growing number of Natura 2000 protected areas (18.1%).

Therefore Euromines members welcome the initiative of Jean-Claude Juncker, President-elect of the European Commission towards Karmenu Vella, the new Commissioner for Environment, Maritime Affairs and Fisheries to carry out an in-depth evaluation of the Birds and Habitats directives and assess the potential for merging them into a more modern piece of legislation.

Since perceived land use competition is getting more and more attention, this issue should be addressed by the Member States. Land use planning regulations should be improved and integrated to increase, where necessary, the priority given to non-energy minerals extraction. This is also a reason why it is crucial to develop

and maintain best possible relations with **local communities**.

Currently the mining industry provides jobs for more than 350,000 people in Europe. Given that many industry sectors depend on raw materials, **mining helps ensure the employment** of some 30 million people in Europe. The mining industry has a potential to contribute further to the 2020 goal if new projects are able to be developed.

Mining operations are a long term process, typically lasting 10-50 years. They guarantee stable work places for long periods of time. In addition these workplaces are often in regions where other economic activities are otherwise difficult to permanently establish.

### **Improve access to raw materials for the EU**

As the demand for various resources in the world is growing there is a need to provide a **better EU based supply of resources** (as outlined in the Raw Materials Initiative). All Critical Raw Materials are available in Europe. Our European stakeholders are demanding increased mine production in the EU.

For more than seven years Euromines has been an active partner in the preparation, implementation and promotion of the Raw Materials Initiative strategy which sets out targeted measures to secure and improve access to raw materials for the EU. Based on a three-pillar approach, it aims at improving access to raw materials for Europe.

European industry is highly dependent on the supply of raw materials from international markets. EU production is less than 3% of the global total. In order to strengthen the resilience of the EU economy to external shocks, **whole value chains should be present within the EU**. Providing better conditions for mining in Europe can decrease dependence on imported raw materials and therefore make the EU a stronger, more reliable trading partner.

The extractive sector welcomes the acknowledgement of the importance of raw materials by the Council of the European Union (Draft Council conclusions on mainstreaming industrial competitiveness, 7 July 2014) that considers secure, sustainable and affordable access to natural resources and raw materials both inside and outside EU territory as crucial for ensuring the competitiveness of European industry as well as for innovation and employment.

### **Contributing to the industrial renaissance of Europe**

The Council of the European Union calls on the Commission to include access to natural resources and raw materials in the roadmap for taking work forward on the basis of the Communication for a European Industrial Renaissance, as well as on Member States to take determined action to ensure such access.

**Fostering EU competitiveness** is one of the priorities of the Commission and EU Member States. The mining

industry recognizes the importance of industrial competitiveness and agrees that this should remain a major objective of the EU, as acknowledged in the Europe 2020 strategy. This goes hand in hand with the new remit of the new Commissioner for Internal Market, Industry, Entrepreneurship and SMEs, Ms. Elżbieta Bieńkowska, with the aim of raising the profile and importance of industry in the economy, from less than 16% today towards an aspirational 20% of EU GDP by 2020.

EU Manufacturing sectors are demanding increased production, research and innovation from Euromines members - as our contribution to reliable and competitively priced supply of raw-materials. They recognise the EU's commitment to best practice, sound systems of governance and a transparent market.

The mining industry has **a lot to offer to the industrial renaissance of Europe**. The mining industry is vital to the EU. It provides raw materials and products that are indispensable to a vast array of uses, including construction, metallurgy, defense, human nutrition, pharmaceuticals, fertilisers, animal feed, environmental protection and restoration and a wealth of other industrial applications.

### **Sustainable production, environmental-friendly products and leadership in innovations**

The shift to most sustainable production and most environmental-friendly products is not possible without metals and minerals. Shifting mining operations from other countries to the EU would also mean that materials would be mined in more environment friendly facilities.

It is therefore important to create possibilities **to keep production in the EU** and attract as much investment in new facilities as possible. This means not only providing jobs but also supplying manufacturing industries with needed resources.

Creating a solid and predictable market of raw materials supply is needed for manufacturing industries to provide various goods and devices.

Therefore extraction of metals and minerals in the EU should be encouraged. This goes also with the goal of developing new mining technologies and exporting them to the rest of the world. Providing pilot plants and research on mining techniques is a way to stimulate innovation in the mining sector and use the scientific potential in this field. There is **great potential for EU leadership in technology** for all aspects of resource management (exploration, extraction, processing, reprocessing, reuse, recycling, recovery and design). Additionally EU mining provides raw materials for numerous greenhouse gas mitigation applications, such as for wind and solar energy farms. High-strength metals help build lighter cars with lower emissions. This is inevitable to achieve the goal of industry input at 20% of GDP in 2020. Growth of efficient industrial production – including mining - must be welcomed within the EU.

The **European Innovation Partnership ('EIP') on Raw Materials** is an important attempt to build on Europe's strengths. Our companies lead the world in modern mining and technology and deploy those strengths worldwide. Despite often still negative press we are an example of a modern, responsible, sustainable and

transparent industry. Euromines members' participation in the EIP is thus essential.

By enabling the mining industry to grow in the EU it will be possible to stimulate innovation in technologies and products that consolidate EU's leadership in resource and energy efficiency.

## Resource Efficiency and Circular Economy Package

The "Circular Economy" remains an indulgent theory today however some of its adherents proclaim it as an alternative to primary production. It is not.

Euromines representatives and representatives of other resources producing industries have repeatedly stressed their **support to resource efficiency all along the value chain**, i.e. from the extraction site to recycling of the end consumer products, and they want to play a central role in the expected industrial renaissance while embracing the resource efficiency goals of the Circular Economy package (Circular economy package including the communication "Toward a circular economy: A zero waste programme for Europe", 2 July 2014). However, whilst understanding the programmatic approach of the Commission the suggesting resource productivity targets need to be carefully assessed in light of possible innovations and global competition.

The deep concerns of the resource producing industries regarding the methodology, grounds for and consequences of the establishment of a resource productivity target based on a lead indicator reflecting Raw Material Consumption (RMC) have been communicated and they remain. The resource producing industries will reiterate these in the context of the mid-term review of the Europe 2020 Strategy, notably their concern that a lead indicator based solely on the quantity of resources used provides no indication of efficiency, at production stage or further down the value chain.

Such a shortcut between efficiency and volume can only prove detrimental in the long term. **Resources should be used better, and not less**, at processing, design and recycling stages.

It is therefore highly appreciated by the industry that the new Commissioner for Environment, Maritime Affairs and Fisheries will assess the state of play of the Circular Economy package in the light of the first reactions of the European Parliament and Council to see whether and how it is consistent with the Commission's jobs and growth agenda and broader environmental objectives.

## Conclusion

New EU policy initiatives deserve our participation and support. We must be part of shaping their outcomes. Innovation, research and resource efficiency are themes at the core of what we do. We are long-term investors, creating jobs and skills and paying taxes, often in the regions of Europe that need them most.

Europe is rich in natural resources. Our future is one where technological advances lead our industry, where regulation compliments growth and is born from a hard-won consensus for a better future.