

30 April 2020

Draft Climate Law

-Euromines Position -

As the recognized representative of the European mineral raw materials industry covering more than 42 different metals and minerals and employing 350.000 people directly and about four times as many indirectly, Euromines welcomes a Climate Law aiming to assess what would be required to have a more balanced reduction pathway from 2020 to 2050 and to specify what is necessary when increasing the GHG emissions reduction targets by 2030.

As the first segment of most value chains and a critical supplier of materials vital for a transition to a low-carbon society, the mineral raw material industry is prepared to take the necessary actions aimed at turning Europe into the world's first climate neutral continent and contribute to a sustainable and inclusive growth. At the same time, we believe that the Climate Law should form the basis of a stable, coherent, socio-economically feasible policy framework allowing the implementation of most efficient measures to reduce greenhouse gas emissions while ensuring that long-time goals and the international competitiveness of the industry is not endangered. In this context, one of the main purposes of the Climate Law should be to ensure an integrated approach to consistency, stability, and predictability along the whole value chain by taking into consideration the following aspects:

1. International level circumstances

The future of the global energy and climate change policies is still unpredictable and current efforts to put a price and intermediate targets on GHG emissions remain fragmented. In such an asymmetric world, the Climate Law and its subsequent acts should ensure that carbon leakage is prevented and the international competitiveness of the EU raw materials sector, competing at international levels mainly on costs will not be undermined.

2. Carbon leakage protection and access to low carbon electricity at competitive prices

The Climate Law should include concrete measures ensuring that the European industry benefits of the same carbon leakage protection, even if the 2030 climate targets are amended. Additionally, stakeholders along the value chain should work together with all EU level institutions on a sustainable plan delivering the 2050 climate neutral objective while guaranteeing that the industry is shielded against carbon leakage.

The mineral raw materials industry is highly electro-intensive, exposed to a significant risk of direct and

indirect carbon leakage. Unable to pass through costs and currently faced with the prospects of investment in the EU ETS area worsening simultaneously with a decrease in domestic demand, the EU raw materials sector is concerned that the lack of an updated carbon leakage plan will undermine the international competitiveness of the industry through the further loss of market share and profit margins to competitors who do not face similar carbon emissions costs.

3.A systemic, holistic approach along integrated value chains

Assessing and ensuring compliance with an updated target requires multiple actors, the European policymakers as well as the entire society along the entire value chain to act simultaneously towards the same objective. Contributing to the achievement of the Climate Law aims should be a joint effort in which all stakeholders bring their input and value added. Using a value chain approach would make it easier to boost the contribution of existing economic activities, but also to create and develop new more efficient low-carbon activities, through the introduction of new materials and investments.

4.The importance of each sector along the value chain

The mineral raw materials sector is a vital enabler of carbon-neutral solutions in all sectors of the economy. For example, the new infrastructure for the alternative energy sector requires an increased use of metals and minerals, steel for pipelines and, copper and graphite for electricity cables, generators and electric motors, aluminium, primarily for electricity cables, and a host of other metals and minerals including phosphorous, potassium and nitrogen for biomass production. Also, producing a 3-megawatt wind turbine requires 335 tonnes of steel, 4.7 tonnes of copper, 1,200 tonnes of concrete, 3 tonnes of aluminium, 2 tonnes of rare earth elements as well as zinc. Solar photovoltaic panels and thermal systems use a combination of up to 22 non-ferrous metals, silicon, chemicals (e.g. organic electrolytes) and a specific type of flat glass.

At the same time, performant refractories such as: magnesia, alumina, bauxite, silicon oxide, zirconia and others are required to produce metals, and also for the concrete's main component the Portland cement and glass.

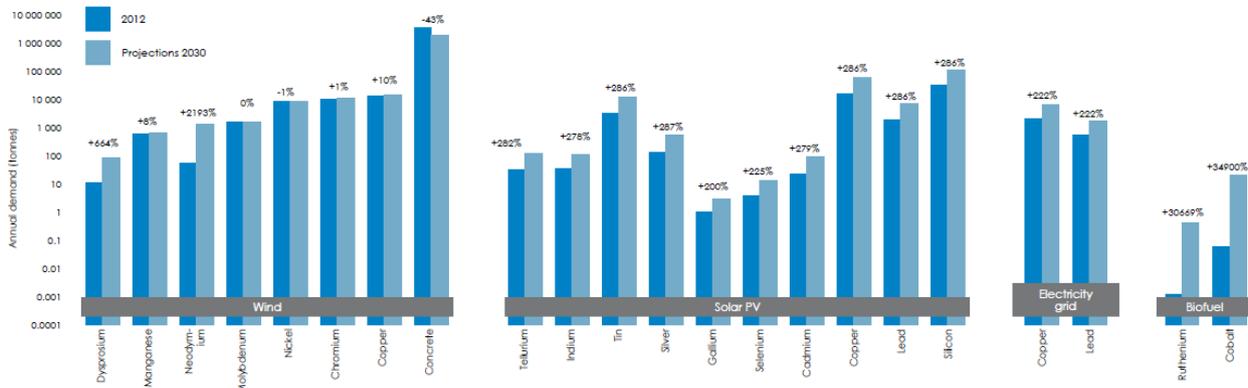


Figure 1: Projected variation in the EU's annual demand for raw materials in selected low-carbon technologies from 2012 to 2030 [RMS, 2016]

5. Stimulating investments in low-carbon products and technologies

It is essential that the new technologies are cost-effective, so to maintain the competitiveness of the mineral raw materials industry and its jobs. The sector is already a front runner and has already taken several measures to improve its energy efficiency and decrease emissions. Our industry is committed to take the step to further reduce emissions but there is a need for financial support to maintain its competitiveness during the transition and afterwards. The financing instruments at EU and Member States level should continue to be present, to be easily accessible and to facilitate investments. Support for development, piloting, and up-scaling of key innovative decarbonisation and energy efficiency technologies will be more needed than ever before.

6. A clear, coherent, flexible, certain stable regulatory system

The Climate Law should be accompanied by an updated Impact Assessment that takes into consideration the latest developments and their socio-, technological and economic impact. The study used now, the same one elaborated for "A Clean Planet for All" Communication cannot replace a detailed study build on existing recent evidenced based data. The two initiatives were elaborated several years apart, under different circumstances and had a unique legal status (one was a Communication, the other a Regulation), scope, objectives, and level of detail. Even more, the 2018 study does not include the topic of achieving net zero carbon emissions by 2050 with 2030 intermediate targets. Therefore, a full Impact Assessment is necessary to evaluate the achievability of the overall emission reduction target by 2050 and to assess policy options.

Finally, the Commission should ensure that Member States, the European Parliament as well as the other stakeholders are consulted when deciding on the 2030 to 2050 path, hence it should avoid the adoption of

delegated acts.

According to Article 3(1) of the Climate Law proposal, the 2050 climate neutrality trajectory at Union level is to be set out by the Commission through a delegated act. However, along such a trajectory several elements can be found which define the best path towards achieving the 2050 climate-neutrality objective. The process of setting out the trajectory will call for fundamental various economic, environmental and social choices which are essential elements on which Member States, the Parliament as well as the other stakeholders should be consulted. Such a process should not be delegated solely to the Commission.

About Euromines

Euromines, the European Association of Mineral raw materials Industries, 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.