

22 June 2020

**Public consultation for the EU climate ambition for 2030 and for the design of certain climate and energy policies of the European Green Deal**

**-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 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 is prepared to take the necessary measures and bring its value added to making Europe the world's first climate neutral continent.

We also believe that the EU climate aspiration for 2030 should carefully assess how to increase the ambition in a manner that best contributes to sustainable and inclusive growth and enhances economic competitiveness through accelerating innovation and developing Europe's industry. It is crucial that in the transition towards becoming climate neutral, the industry maintains and even improves its competitiveness.

In light of the above, Euromines would like to bring several additional comments to its contribution to the **public consultation for the EU climate ambition for 2030 and for the design of certain climate and energy policies of the European Green Deal, as follows:**

**1.The European raw materials sector is vital in achieving a minimum 50% 2030 climate target!**

The European minerals sector can secure the availability of essential materials needed for a climate neutral, service and welfare orientated, circular and resource efficient economy. For example, the new infrastructure for alternative energies requires an increased use of metals and minerals, in particular steel for pipelines; 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. Together with its equipment suppliers and downstream customers, the European mining industry is leading the development of energy efficient and low carbon mining technologies.

As the first segment of most value chains, our industry is a prerequisite for achieving the climate objectives as it can be considered both a 'greening by' and a 'greening of' activity.

**2.Europe should assess a feasible increased 2030 climate target level based on a thorough impact assessment!**

Setting a stricter target to at least 50% must continue to allow the implementation of most efficient measures to reduce greenhouse gas emissions while ensuring that long-time goals and the international competitiveness of the industry are protected.

Increasing the climate target to a minimum 50% will lead to an exponential increase in the environmental, economic and social costs to be borne by the industry and therefore, before deciding on an updated 2030 target, the Commission should ensure that the new measures will protect the sustainable development of the European industry, particularly the energy-intensive sectors that are most vulnerable to unilateral carbon and energy cost increases.

At the same time, setting new targets require an impact assessment based on a wide range of criteria. The economic framework today must be created for investments that are compatible with the goal of climate neutrality in 2050. Among other things, the European Commission should assess the impact a raised target would have on individual sectors, especially with regards to the contribution level among sectors, the investment needed and the resulting changes to the current energy and climate legislative framework. The impact assessment should not only refer to the monetary value of the needed resources to achieve such a target but also to the human resources, the time as well as the raw materials needed for such a change. Only based on its results can a sound policy decision be made.

### **3.The European industry must benefit of the same carbon leakage protection, even if the 2030 climate targets are amended!**

Stakeholders along the value chain should work together 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.

In this context, until the desired transformation is achieved, sufficient free allocation according to needs must be provided to the industry.

### **4.The industry needs access to competitive electricity prices which should not be set by the most expensive power generation source according to the merit order!**

The electricity expenses of the industry are not directly influenced by the amount of renewable energy it consumes from the energy mix acquired on the market, since the electricity price on the market is indexed to the marginal price. This price is set by the most expensive power generation source according to the merit order. Today this source is often based on fossil fuels. Even in regions with a large share of nuclear or renewable power production, the marginal plant is usually bidding at least at coal or gas fired power plant running costs, due to such plants being available in the relevant power market or in interconnected markets. Similarly, there are regions with a large amount of hydroelectric power from water reservoirs that competes with fossil fueled power plants, meaning such hydroelectric plants price their power production accordingly. The electricity prices should not be set by the most expensive power generation source according to the merit order!

### **5.The EU industry should continue to benefit from support for its investments in low-carbon products and technologies**

According to estimates, European industries need to invest €250 billion on an annual basis for the next ten years to stay on track with the 2050 climate neutrality objective. The mineral raw materials industry is already a front runner and has already taken several measures to improve its energy efficiency and decrease emissions. Our industry is committed to taking the step to net-zero emissions but there is a need for financial support. Also, electrification is key for many industries to reach their climate target, which requires access to fossil-free electricity at competitive prices and that indirect costs for industry of a higher electricity price is considered. The financing instruments at EU and Member States level should continue to be present and to facilitate investments. Support for development, piloting, and up-scaling of key innovative decarbonisation and energy efficiency technologies is still needed.

### **6.Europe's objective of becoming the first climate neutral continent should also include an integrated international consistent, stable, and predictable approach!**

The EU must open itself to cooperation worldwide. Countries that are increasing their reduction commitments should be included in Europe's emission-reducing cooperation. At the same time, the World Bank and the Green Climate Fund should support developing and emerging countries in phasing out coal.

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### **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.