

November 2020

**Public consultation Inception Impact Assessment**  
*Amendment of the EU Emissions Trading System (ETS)*

**-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, the first segment of most strategic value chains and a critical supplier of materials vital for a transition to a low-carbon society, Euromines welcomes a European Green Deal and is prepared to take the necessary measures to make Europe the world's first climate neutral continent.

The Emission Trading System is one of the most important legal pillars and support systems for the European energy intensive industries. Therefore any amendment brought to it or any of its subsequent acts in the light of the proposed increased climate ambition for 2030 should be based on a stable, consistent, coherent, socio-economically feasible policy framework, allowing the implementation of the most efficient measures to reduce greenhouse gas emissions while ensuring that long-time goals and the international competitiveness of the industry are not endangered.

Considering the above, Euromines would like to make the following comments with regards to the specific objectives and assessed options for this initiative:

**1. The carbon leakage protection measures currently in force should remain the main instrument protecting the competitiveness of the energy intensive industries, and encouraging innovation**

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 any lack of an effective carbon leakage protection system as it is now 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 costs. In this context, sufficient free allocation according to needs must continue to be provided to the industry. The indirect costs reimbursement also needs be taken into consideration as electrification will be the key to achieving a low-carbon economy.

If additional measures are necessary as identified by the future impact assessment, then they should complement the current system, not change, or replace it.

**2. Any amendment requires 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. Using a value chain approach would make it easier to boost the contribution of

existing economic activities, but also to create and develop new and more efficient low-carbon activities, through the introduction of new materials and investments. Moreover, the use of best available techniques (BAT) would be essential.

### **3. The European raw materials sector is crucial for achieving a minimum 55% climate target by 2030**

European mineral products trigger emission reductions in many sectors of the economy. For example, 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; as well as a need 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 technologies.

Raw materials mining and quarrying activities are essential in terms of mitigating supply risk, e.g., providing materials for the deployment of low-carbon technologies and agriculture, and increasing the resilience of manufacturing value chains. The European minerals sector can secure availability of essential materials needed for current and future technologies to create a climate neutral, service and welfare orientated, circular and resource efficient economy while sourcing raw materials in a sustainable and responsible way. Mining and quarrying can encompass sustainable activities based on their own performance and/or enabling activities: minimising their impacts makes a significant contribution to climate change mitigation and adaptation.

Additionally, mining in Europe is operating at highest environmental and social standards compared to non-EU countries. The industry in Europe is committed to substantially contribute to climate change mitigation: it not only continuously explores methods of decarbonisation in order to efficiently and effectively fulfil the continued increasing demand for resources, but also enables other economic activities to improve their environmental performance.

### **4. For the ETS to continue to be an effective and efficient instrument, the additional sectors should be kept separate**

The EU ETS system is the key element of the EU in reducing industrial emissions. However, the ETS must not simply be extended to other sectors, e.g. the emissions from buildings or road transport. The relative carbon-price impact on emissions vary considerably from sector to sector. If traffic and building need and can carry other levels of price signals compared to the industry and energy sector, there is no one-size-fits-all carbon price.

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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.