

## **Public Consultation on the preparation of a new Communication on Raw Materials**

### **Objective**

The Commission intends to adopt a Communication on the subject above by end of this year. It will highlight the recent economic developments on the global raw material markets, show the progress made in the implementation of the Raw Materials Initiative (adopted in 2008), but also highlight remaining challenges and draw conclusions in terms of the way forward.

The goal of this consultation is to gain an understanding of stakeholders' views on both the implementation of the Raw Materials Initiative (RMI) as well as gather opinions and suggestions on the potential avenues the Commission should explore in order to further progress and strengthen the Initiative, including actions at the level of EU, Member State and/or other stakeholders to address the key issues in relation to non-energy raw materials. For the purpose of this consultation "raw materials" cover all industrial raw materials including materials such as minerals, ores, aggregates, and also wood, hide and skins and other industrial raw materials with the exception of energy and food related raw materials.

### **State of play**

In November 2008 the Commission adopted the Communication (2008) 699 "The raw materials initiative - meeting our critical needs for growth and jobs in Europe" which proposed an EU integrated strategy as a response to the different challenges related to access to non-energy raw materials. As such it tied together various EU policies, both external (e.g. external relations, trade, development) and internal (e.g. environment, competitiveness, innovation), and promoted further cooperation between the Member States where appropriate. The proposed strategy is based on 3 pillars:

1. ensure a level playing field in access to resources in third countries
2. foster sustainable supply of raw materials from European sources, and
3. reduce consumption of primary raw materials by increasing resource efficiency and promoting recycling.

In May 2009, the Competitiveness Council endorsed the major objectives set out by the RMI and invited the Commission, Member States and stakeholders to act swiftly in the implementation of various lines of action outlined by the RMI. It also welcomed the Commission's intention to report back on the implementation of the RMI by the end of 2010.

The launch of the RMI coincided with the full onset of the financial and economic crisis. The evolution of the international raw material markets has confirmed the structural nature of the issues at stake and thus reinforced the need to further pursue the objectives of the RMI.

Meanwhile the RMI has gathered extra momentum with adoption of the Europe 2020 Strategy that includes as one flagship "An industrial policy for the globalisation era" and that foresees the setting up of a framework for a modern industrial policy that will "address all elements of the increasingly international value chain from access to raw materials to after-sales service". Other related flagships are "Innovation Partnership" and "Resource Efficiency".

Work is ongoing to implement the different lines of action outlined by the RMI. On top of a series of actions undertaken in the framework of the RMI, three major deliverables have recently been released:

- Report on defining “critical raw materials at EU level”<sup>1</sup>;
- Report on “exchange of best practices in area of land use planning and permitting”<sup>2</sup>;
- Trade activity report 2009 on raw materials<sup>3</sup>.

Another one is the Guideline document on "Non-Energy Extractive Industry and Natura 2000" aimed to provide clarification. The Guideline document is foreseen to be published by end of July and will be also available via the web site of Environment Directorate General. Finally, regarding the external angle of the strategy, a first milestone was achieved with the publication of DG Trade's 2009 activity report on raw materials.

## QUESTIONS

### POLICY AREA: DEFINING CRITICAL RAW MATERIALS

#### Major issues:

An expert group, chaired by Enterprise and Industry DG, recently released a report<sup>4</sup> the presented a methodology to measure the criticality of raw materials at EU level. A raw material is labelled “critical” when the risk of supply shortage and their impacts on the economy are higher compared with most of the other raw materials. The report provides an analysis of 41 different minerals and metals, and concluded on a list of 14 critical raw materials. It also contained two sets of recommendations: recommendations for follow-up and further support, and policy-oriented recommendations to secure access to and material efficiency of raw materials.

#### Questions:

**1. Do you have any comments on the methodological approach, including the scope, to determine criticality at EU level? If so, please specify.**

For primary raw materials the methodology is an exact approach and the results can be exactly calculated, which is not usual, compared to e.g. USA. Establishing three groups of critical raw materials (critical, conditional critical, not critical) is also a good approach.

**2. Do you see any additional raw material that should be considered as critical? If so, please explain.**

Construction raw materials should also be considered as critical, if access to resources will be limited due to e.g. political, legislative or other reasons.

**3. Do you have any comments regarding the recommendations of the report? If so, please specify.**

<sup>1</sup> [http://ec.europa.eu/enterprise/policies/raw-materials/critical/index\\_en.htm](http://ec.europa.eu/enterprise/policies/raw-materials/critical/index_en.htm)

<sup>2</sup> [http://ec.europa.eu/enterprise/policies/raw-materials/sustainable-supply/index\\_en.htm](http://ec.europa.eu/enterprise/policies/raw-materials/sustainable-supply/index_en.htm)

<sup>3</sup> [http://trade.ec.europa.eu/doclib/docs/2010/june/tradoc\\_146207.pdf](http://trade.ec.europa.eu/doclib/docs/2010/june/tradoc_146207.pdf)

<sup>4</sup> [http://ec.europa.eu/enterprise/policies/raw-materials/critical/index\\_en.htm](http://ec.europa.eu/enterprise/policies/raw-materials/critical/index_en.htm)

The recommendations presented in the report generally concur with our expectations about EU policy lines and objectives that could help to secure access to raw materials on a level playing-field.

However, as regards recommendations for substitution, it should be stressed that substitution is not "per se" the solution to criticality in access to raw materials, all the more so in that, for most of the materials identified as "critical", substitution possibilities have been identified already as very limited or non-existent.

**4. Are you aware of any initiatives in your country that aim to assess the criticality of raw materials? If so, please describe briefly.**

No. Austria had a similar approach, but stopped working with regard to the initiative of the Commission.

**5. The functioning of raw materials markets has not been dealt with. Do you think that further analysis of their functioning should be carried out? What actions should be proposed to increase their transparency?**

No

**6. Do you think that the EU should propose a system of stockpiling for the critical raw materials? If so, please indicate whether you consider it more appropriate to do this at Community or alternatively at Member States level.**

Companies should be encouraged to stockpile, instead, raw materials according to their own demand with financial subsidies or privileged taxation, as different companies e.g. use different qualities of commodities. These requirements could never be met by stockpiling on Member State or EU-level.

**POLICY AREA: TRADE**

Major issues:

One pillar of the Raw Materials Initiative consists in developing a European external strategy in order to guarantee the sustainable supply of raw materials from global markets at undistorted conditions. In this, trade policy plays an important role.

DG Trade has recently completed its 2009 activity report<sup>5</sup> on raw materials, which summarizes the progresses accomplished along the three axes of the trade raw materials strategy:

- Include, as appropriate, the relevant trade disciplines on sustainable supply of raw materials in bilateral and multilateral trade agreements.
- Identify illegitimate trade distortive measures taken by third countries and tackle them using all available instruments, including through bilateral consultations, the Market Access Partnership process or, if necessary, the WTO dispute settlement; while delimitating more clearly permissible exceptions for e.g. development purposes.

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<sup>5</sup> [http://trade.ec.europa.eu/doclib/docs/2010/june/tradoc\\_146207.pdf](http://trade.ec.europa.eu/doclib/docs/2010/june/tradoc_146207.pdf)

- Reach out to third countries to show that the question of sustainable raw materials supply is an issue relevant to all countries, developing or developed, resource-rich and resource-poor alike as the uncontrolled, unregulated multiplication of trade restrictions can lead to a generalized beggar-thy-neighbour policy detrimental to most countries; while recognising the importance of respecting internationally agreed rules on the subject.

Questions:

**7. Do you think that the importance of trade is adequately reflected in the work carried out so far in the Raw Materials Initiative?**

No, but no need to deal with.

**8. Do you have any comment regarding the main findings of DG Trade activity report? What activities should be prioritised? Are there, in your opinion, additional activities not mentioned in the report which should be pursued in this strategy?**

**9. Please identify trade distortive measures (i.e. export restrictions) concerning raw materials that in your view should be tackled.**

**10. Are you aware of any initiatives in your country that have one of the above goals in mind such as, for example, developing a raw materials diplomacy, or supporting companies to invest in third countries in the raw materials sector? If so, please describe briefly.**

No, not yet.

<b>POLICY AREA: DEVELOPMENT</b>
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Major issues:

The 2008 RMI Communication highlighted that development policies play a relevant role in at three 'levels':

- 'Strengthening States'
- Promote a sound investment climate that helps increase sustainable supplies of raw materials
- Promote sustainable management of raw materials

In 2010, within the context of the EU-African Union partnership, the European Commission and the African Union Commission recently agreed to develop a bilateral co-operation in the field of raw materials and to work together, taking fully into account the Africa Mining Vision of February 2009 and the EU Raw Materials Initiative of December 2008, in particular on issues such as governance, infrastructure and investment and geological knowledge and skills.

Questions:

**11. What specific actions would you consider most relevant needed in the following areas:**

- **Good governance;**
- **Infrastructure / investments;**

- **Geological knowledge / skills.**

If so, that must be done in a cost neutral way.

**12. Regarding transparency, what measures do you believe the EU should take to foster revenue transparency in the mining industry in raw material resource-rich countries? What are your views regarding existing initiatives currently being taken in this area, namely by the Extractive Industries Transparency Initiative (EITI<sup>6</sup>)?**

Efficiency of existing initiatives (EITI) to be checked, general approach is ok.

**13. Concerning the recent agreement between the European Commission and the African Union Commission, in your view, what concrete objectives, targets and deliverables should be included in such a partnership?**

**14. Do you consider that wood should be addressed in the framework of development policy? If yes, please specify what are the main issues to be analysed.**

Definitely NO, as the RMI should be focused to mineral raw materials only !!!

**15. Are you aware of any initiatives in your country that contribute to promoting exploration and exploitation of mines in developing countries? Should such initiatives be better coordinated or promoted at the EU level?**

No, minerals supply (incl. exploration of deposits) is primarily a matter of companies.

<p><b>POLICY AREA: IMPROVEMENT OF THE REGULATORY FRAMEWORK CONDITIONS INSIDE THE EU</b></p>
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Major issues:

- The Commission has proposed in the Raw Materials Initiative adopted in 2008 to provide clarity on how to reconcile non-energy extraction activities in or near Natura 2000 areas with environmental protection. In consultation with stakeholders a guidance document has been finalised and will be available on the web site of DG Environment<sup>7</sup> before summer break.
- As regards ways to improve the regulatory framework within the EU by promoting the exchange of best practices in the area of land use planning and administrative conditions for exploration and extraction, a report has been delivered by the relevant ad hoc Working Group<sup>8</sup>.
- This report covers the following topics:
  - Minerals Policy
  - Land use planning policy for minerals
  - Authorisation and permitting procedures
  - Achieving Technical, Environmental and Social Excellence
  - Improving the EU's geological knowledge base

<sup>6</sup> <http://eiti.org/>

<sup>7</sup> <http://ec.europa.eu/environment/nature/natura2000/>

<sup>8</sup> [http://ec.europa.eu/enterprise/policies/raw-materials/sustainable-supply/index\\_en.htm](http://ec.europa.eu/enterprise/policies/raw-materials/sustainable-supply/index_en.htm)

- Better networking between the national Geological Surveys
- Need to integrate terrestrial sub-surface information into the GMES Land Service

Questions:

**16. Do you agree that these topics correspond to the major challenges in this policy area? If not, please specify.**

Yes!

**17. Do you think of any other avenues which should be followed by the Commission? If yes, please specify.**

At the moment, no. It will be important that Member States also move forward.

**18. Do you agree with the recommendations made in the report on "Exchanging Best Practice on Land Use Planning, Permitting and Geological Knowledge Sharing" or do you have any specific ones to be added. Please explain.**

Yes.

**19. Do you consider it useful to establish an EU geological service based on a network of Member State geological services?**

No, we do not consider it useful. Networking, based on existing organisations (eg Eurogeosurveys) is preferred.

**20. Do you consider that EU regulatory framework conditions for wood and/or recovered paper need to be further analysed? If yes, please specify.**

No, not within the RMI (see question 14)

<p><b>POLICY AREA: PROMOTING SKILLS AND RESEARCH, DEVELOPMENT AND INNOVATION</b></p>
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Major issues:

- Promote **skills** not only in the mining sector but also in other raw materials sectors is a matter of concern. The Commission is currently supporting this challenge via programmes such as ERASMUS MUNDUS with the specific Minerals and Environment Programme (EMMEP).
- Focussed **research** on innovative exploration and extraction technologies, recycling, materials substitution and resource efficiency. The Commission has recognised the European Technology Platform on Sustainable Mining (ETP-SMR) to catalyse excellent research and development collaborative projects between the industry and research organisations. In addition, via the 7th framework programme for research, development and innovation the next call for proposals in the area are expected to be public in July<sup>9</sup>.

Questions:

<sup>9</sup> <http://cordis.europa.eu/fp7/dc/index.cfm>

Skills:

**21. What type of actions would you propose to provide better cooperation between companies, universities and public authorities in order to promote skills and in the extractive or other raw materials sectors? Please specify.**

PR and information activities for the raw materials sector are necessary to attract more young people to start their studies in this field on the one hand and to raise the awareness and knowledge of the broad public on the other hand.

Research, Development and Innovation:

**22. Are you aware of any research, development and innovation programme(s) at national, regional or local level? Please specify.**

Ongoing research on dredging influence on groundwater bodies, dust prevention studies etc.

**23. Where do you see the major gap / the urgent need for the raw materials sector related research, development and innovation at EU level. Please provide details.**

R&D should make the mining & processing steps (all the processes from deposit to the final product) describeable, controllable and steerable being the basis for a sustainable use of resources through process improvement (safety, productivity, costs), control of side effects (environment) and more efficient resource utilization.

Research fields should be:

- Mineral processing
- Extraction of critical minerals from old mine dumps
- Mineral exploration in general
- Mineral extraction from deep deposits.

Concerning minerals prospection / exploration by companies:

- complete acknowledgement of prospection and exploration activities beside the development of particular methods or techniques as R&D as well, in order to stimulate the cost intensive and risky activities.

Change in the FRASCATI manual will be necessary.

**24. What is your idea of a major research and innovation action that would have the highest positive impact on the security of raw materials supply for the EU industries? Please specify.**

Following actions are essential:

- Experimental work and development of conceptual models rather than a simulation approach; understanding the physics
- Combination of model experiments in laboratories and full scale experiments
- Combination between fundamental and applied research work
- Strong need for field sites to carry out experiments under realistic field conditions

**25. Are you aware of innovative exploration and extraction technologies, where project partners on a European level are needed to develop and implement the new technologies**

**and which are the innovative technologies which need to be developed further. Please provide details.**

Done by the Mining University of Leoben

**26. Are there any other aspects related to skills, R&D and innovation for other raw materials, such as wood, that need to be further promoted? Please, specify.**

No, not within the RMI (see question 14!)

## **POLICY AREA: RESOURCE EFFICIENCY & RECYCLING**

### Major issues:

The 2008 RMI Communication identified that the increased use of secondary raw materials contributes to security of supply and energy efficiency. However, today many end-of-life products do not enter into sound recycling channels, resulting in an irremediable loss of valuable secondary raw materials. This mainly concerns exports of end-of-life vehicles and electronic equipment, which leave Europe as reusable products but end up being dismantled abroad. To counter these trends, the need to reinforce the Waste Shipment Regulation and related legislation was identified. Furthermore, prices of some recovered materials have reached record levels due to the high demand from third countries.

The Waste Shipment Regulation also contains requirements on exporters of waste to third countries to ensure that this waste will be treated in an environmentally-sound manner. However, compliance with this principle is not always respected.

Finally, stakeholders have identified the need for an improvement in statistics on secondary raw materials. This includes actions to be taken to measure the extent of illegal trade in products containing these secondary materials.

### Questions:

**27. In your view, and beyond measures already being taken (e.g. the recast of the WEEE Directive), what practical measures can be taken by the EU and by Member States to prevent the illegal shipment of obsolete end-of-life vehicles and electronic equipment?**

**28. In what ways should statistics on trade in, and recycling of, products containing secondary raw materials be improved?**

Harmonisation of statistical terms.

**29. Have you identified major problems with recovered paper? What are the main issues that need to be further analysed?**

No, not within the RMI

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