



**ACEA Position on the EU's Initiatives on Raw Materials,
the Sustainable Use of Natural Resources,
and on a Resource Efficient Europe**

Brussels, 14 July 2010

The Commission's Raw Material Initiative, the 2010 review exercise of the Thematic Strategy on the Sustainable Use of Natural Resources, and the Commission's flagship initiative on 'Resource efficient Europe' are all opportunities for EU policy makers to develop a comprehensive European strategy on the long term and safe access of raw materials, in order to respond to strategic approaches in other world regions, and to ensure a competitive European Automobile Industry.

ACEA would like to address the following key issues in this context:

The European Automobile industry is efficiently and responsibly using raw materials. We need a fair, long term and secure global access for raw materials. EU institutions should support strategic research to find suitable substitutes for scarce raw materials. Additional regulations would restrict the global competitiveness of the European Automobile Industry. A EU initiative targeting at innovation for substitutes and for secured, fair global access to raw materials is the more effective policy.

The European Automobile industry is efficiently and responsibly using raw materials.

Automobiles are complex products based on a large variety of different raw materials. Besides steel and non-ferrous metals, polymers, and glass, trace amounts of other substances are used. All are essential for the excellent performance of a modern European vehicle.

Safety, eco-friendliness, and comfort requirements, together with physical, chemical and economic limitations, set the framework, in which our industry is continuously optimizing the efficient and responsible use of resources during production, in its products, and during recycling.

Setting resource and material efficiency targets would imply conflicts in these processes. As the material use is a part-by-part, detailed engineering-optimization effort, it is not reasonable to assume that overall political targets can lead to better material efficiency. There is a clear end to what regulators can reasonably regulate.

Recommendations: EU should not impose unnecessary legislation on our industry.

We need a fair, long term and secure global access for raw materials.

The automobile industry needs broad access to raw materials at competitive conditions. This will be of increasing importance as the global demand of our industry for raw materials is likely to continue or even grow given the expected increase in demand for transportation. In addition, new types of materials will be needed with the just started electrification of vehicles. Therefore, access to strategic materials is a fundamental prerequisite for the future competitiveness of EU manufacturing as a whole, including the automotive industry.

Other regions in the world are more active in defending the interest of their manufacturing industries. Together with the other manufacturing industries, the vehicle manufacturers strongly encourage the EU to implement a comprehensive raw materials strategy. Ideally, such a strategy should be in place ahead of significant improvement in the global economy or growth in demand for raw materials.

Resources are not an issue of scarcity or lack of efficiency but of dependability and capacities. In most cases, the issue is not linked with the general, long term availability of resources/reserves or a wasteful use of resources.

Instead, supply of raw materials can become troublesome if there is only a limited number of players in the market, or if exports to the EU are limited for example due to export duties or reduced export quotas. Also, supply of materials can become limited if the short term capability of the raw material industry to be reactive to a sudden rise in market demand. Thus, a better market understanding on both sides (automotive industry, raw material supply industry) is required to better match supply and demand sides.

Recommendation:

The EU should strive for a level playing field for the access to raw materials in third countries. The EU should use the leverage of the FTA negotiations to also negotiate the questions of access to raw materials.

Additional regulations would restrict the global competitiveness of the European Automobile Industry.

Several EC initiatives – such as the Raw Materials Initiative, the Action Plan on Sustainable Consumption and Production and Sustainable Industrial Policy, and the Thematic Strategy on Prevention and Recycling of Waste – have been launched, or are underway. We ask for an integrated policy approach to make sure that these initiatives are linked.

More than 60 directives and UN ECE regulations set the legal framework for the products of our industry, accompanied by other legislation covering production, recycling, and other aspects.

Vehicle recycling is important, as scrap cars are an important source for secondary raw materials. Recycling is therefore a normal business for industry that does not require additional administrative interference. As producers, car makers acknowledge their responsibility to deliver sustainable products from cradle-to-grave. In consequence, only a very limited amount of waste to landfill still comes from the automotive sector, although around 8 million vehicles reach the end of their lives each year. Vehicle recycling is adequately regulated by the End-of-Life Vehicle Directive 2000/53/EC (ELV Directive), and market forces ensure the recycling of all metals. Due to the long lifetime of vehicles, recycling cannot alleviate short-term resource shortages and market disruptions.

Therefore, the already established regulations around the producing and recycling industries need to be rounded by measures securing the supply of materials.

Also the introduction of additional 'green taxes' is not necessary, since it will lead to market distortions. Market signals will anyway (and better) provide wanted behaviour incentives for resource efficiency targets.

Recommendations:

EU should not focus different policy actions around raw materials and efficient use of resources as already sufficiently regulated (e.g. ELV recycling) and done also given the economic drivers. Instead, EU should secure strategic access to raw materials in global policies, free trade negotiations, etc.

EU institutions should support strategic research to find suitable substitutes for scarce raw materials.

Vehicle manufacturers are using less conventional steel and they incorporate a larger variety of steel, and they incorporate more plastics, aluminium and other substances than before. This is a result of the increasing complexity of the product – mainly due to higher safety and environmental standards and requirements (including weight reduction) but also customer demands (comfort, infotainment). In addition, the use of other materials has increased. The use for example of rare earths and lithium will further increase due to the larger use of advanced electronics, magnetic materials, new surface treatment systems and communications technologies, as well as due to the increasing use of alternative propulsion technologies.

Nonetheless in special cases the usage of some critical raw materials is from technical performance point of view not necessary but nevertheless under consideration for an extensive use. One example is the current discussion, driven by the heavy metal ban of the ELV Directive, on the substitution of Lead in solder with Indium which would be contradictory to the outcome of the Report of the Ad-hoc Working Group on defining critical raw materials.

Shortage of key raw materials could be compensated for by strengthening strategic research activities to find substitutes.

Recommendations:

The EU should stimulate strategic research initiatives for finding substitutes for scarce raw materials within the context of the EU raw material initiative as well as the promotion of clean and fuel efficient vehicles.