

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

**IMA-Europe contribution  
ID 14190001484-01**

**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 for 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

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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.

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

2 [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)

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

## 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> that 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.

While it is acknowledged that wisely a transparent methodology was developed, the limitations identified during its development and implementation have to be outlined and improvements should be developed in the future.

Some of these areas for improvement have already been highlighted in the Expert Report (e.g. access to domestic resources indicator, life-cycle thinking integrating the end-use applications life-cycle). These areas for improvement should be addressed however in addition some others should still be mentioned:

1. The data quality is in many cases not at the level of details and accuracy needed by the application of the formula. Even in the EU the definition of the raw materials, the way they are reported Member State by Member State doesn't allow to retrieve the production figures for a single mineral (e.g. limestone, feldspar, clays, etc.) It is quite astonishing that we had to call for the US Geological Survey data to collect EU data. This assessment is not totally new for industry which faces the same difficulty would it be with CO<sub>2</sub> emissions or accidents data. However these data are crucial today for defining industry level playing field in these various areas. It is therefore essential that an initiative be taken regarding the harmonization of the EU countries data reporting procedures. This is what should be meant by the Expert Group recommendation regarding the availability of reliable, consistent statistical information in relation to raw materials.
2. The methodology is notably based on worldwide production data. These data have obviously to be taken into account in order to assess the potential available sources in case of a supply shortage from current sources. However a factor should be introduced to assess the probability that such sources be used not only in terms of the environmental performances, but in terms of economic feasibility, transport, possibly quality, etc. It must also be taken into account that when a non-EU country counts for a large share of the worldwide

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production, it may happen that its own consumption is at equal level. This is for instance the case met with some Chinese raw material production which may represent 3/4 of the global production while consuming most of it. In this case there will be no access to this material in case of an EU shortage.

3. The ten-year timeline while reflecting the time-horizon of the concerned manufacturing industries doesn't reflect the time horizon which governs the extractive sector in terms of investments, securing reserves (e.g. from urbanization) i.e. the non exploited ores or necessary extensions.
4. For the same raw material, some grades are at higher risks than others, in particular high grades. The statistical data quality and the methodology hardly allow for such distinction. In that respect the high grade limestone case highlighted the issue, but no actual solution was found. Some other raw materials, notably minerals, may suffer from this weakness, e.g. the criticality of Chinese talc for high performance polypropylene probably deserves to be assessed separately, but this will be difficult due to the absence of available data.
5. As outlined many times during the preparation of the report, some raw materials may not be critical as assessed by the methodology, but may be essential to the economy of a region or a Member State. In the case a non-critical raw material (e.g. aggregates) become unavailable in some part of given Member State, then it would have to be moved from elsewhere, at extra costs, and extra transport associated CO<sub>2</sub> emissions. This would hinder the development of the said region.

This applies to almost all industrial minerals. Whilst it is perfectly admissible that from a global standpoint, risk is less than for other products, the lack of such material would nevertheless jeopardize the competitiveness of the affected industries and the employment and economy of the region.

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

There are a number of minerals which deserve to be assessed. In light of the current methodology and the outcome, one may suggest prioritising those for which no or only a little EU production exist (e.g. wollastonite, vermiculite).

Also, a watch system could be put into place, for raw materials in the category mentioned in the 1.5 above, so that any potential supply shortage could be identified and some actions taken;

Last but not least, it seems that the production of some raw materials will be discontinued because of REACH. We heard this from some suppliers. This is true in particular for Asphalt related products. After the registration period is closed it would be important to inventory those discontinued products and see how their withdrawal from the market impacts the industry.

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

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IMA-Europe supports the Report recommendations, however regarding the issuing of a European Raw Materials Yearbook, the benefit of such an initiative should be further assessed.

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

At the request of the Franco-German Ministerial Council, a joint initiative of the AFAST (Association Franco-allemande pour la science et la technologie) and its German sister organisation DFGWT (Deutsch-französische Gesellschaft für Wissenschaft und Technologie), jointly set up in 1981 to promote the Franco-German cooperation in research, technology and innovation, organised on 3-4 June 2010 in Paris a symposium on the theme: "Non-Energy Raw Materials Supply of Europe – metals and industrial minerals". In its conclusions the expert meeting made the following recommendations:

1. Follow-up of the raw materials initiative,
2. Launch of joint projects / actions communes in the area of competence and education,
3. Reinforce cooperation between geological services, including for actions at European levels,
4. Legal aspects at worldwide level and consolidation influence,
5. Deepening R&D cooperation between private and public research, in particular on the aspects of recycling "process" and of substitution, ecological impact and production yields,
6. Permanent information on the worldwide situation in the area of raw materials,
7. Closer cooperation for integrating development policy and raw materials problematic, notably in the choice of mechanisms, instruments and actions, and in involvement in the international and European instances.

France has launched during the summer a number of initiatives related to raw materials:

- Following a press release on "strategic metals" from the French Council of Ministers issued on 27 April 2010, an initiative is launched on strategic metals for which a senior official has been appointed on 7 June 2010 - Mr. François BERSANI.
- A COMmittee for StrateGical METals (COMES) will be put in place focusing on strategic metals only. The term "strategic" is preferred to "critical" by the French administration, even if not only the national defence is at stake but the whole industry, with a special attention to green technologies. It is not a priority for the French administration to acknowledge an official and definite list of critical material.
- BRGM will assess the criticality of four substances with the aim of focusing on French industry: Gallium, Germanium, Niobium and Rare Earths. Five substances will be studied in the forthcoming months: Beryllium, Molybdenum, Rhenium, Selenium and Tellurium.
- Further studies are ongoing (ADEME study about recycling courses for metals and potential secondary deposits identified in residues which could be stockpiled and preserved until new processes are developed to recover economically the rare metals contained in it; IFREMER a prospective study called REMIMA (Ressources Minérales Marines) concerning marine mineral resources for exploration and extraction in

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Wallis and Futuna with a view to assess potential environmental impacts of an extraction pilot plant.

The French Ministers of Finance, Agriculture and Ecology have asked the European Commission to improve regulation of the markets of raw materials by-products responsible for too high prices versatility. One mean to achieve this goal could be the creation of a dedicated agency.

It is of great interest to see Member States immediately buying in the Raw Material Initiative outcome and recommendations with some taking the lead. However coordination of the national views would be necessary. One may hope that other Member States will join in and that all will support the initiative follow-up in the same direction so that the spirit of the Raw Materials Initiative will not be diluted, diverted or just lost.

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?

IMA view is that there is no need for further analysis on the functioning of the markets. One should however notice that very large EU based non energy extractive Industry groups are not numerous. The policy should encourage the strengthening of the European extractive industry, and encourage growth of their companies in all directions.

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.

Some Member States already had some experience in this domain in the past. France for instance had a strategic stockpile of raw materials from the late 70s to the early nineties, which was finally sold, mainly for budgetary reasons. One of the main questions raised by stockpiling is who would pay for? IMA-Europe does not favour this proposal. In any case should it be under consideration, it seems that it should only be at EU, not at Member State level

Another approach could be to request every importer of strategic materials to maintain at least some months of inventory. This would however create an entry barrier that may not be welcome by all parties involved.

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

## 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.
- 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:

IMA-Europe is generally not involved in this debate and will not answer the questions in details.

However, we would like to stress that one of the best ways to guarantee access to resource and a fair trade in developing countries is to maintain a healthy minerals industry in Europe that, in turn, has the capability to acquire mining rights in developing countries and/or to contribute to the necessary knowledge transfer.

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

The flow of information between DG Trade and DG Enterprise could probably be improved and the Raw Materials Supply Group better informed and consulted.

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

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companies to invest in third countries in the raw materials sector? If so, please describe briefly.

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

## **POLICY AREA: DEVELOPMENT**

### **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:**

IMA-Europe is not involved in this debate and will not answer the questions.

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

- Good governance;
- Infrastructure / investments;
- Geological knowledge / skills.

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>)?

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.

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?

(6) <http://eiti.org/>

## **POLICY AREA: IMPROVEMENT OF THE REGULATORY FRAMEWORK CONDITIONS INSIDE THE EU**

### **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 (it has been circulated)
- ❖ 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
  - 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. Commission could establish a living list of mining projects that are currently hindered because of habitat protection reasons, and periodically evaluate the impact of those projects being hindered.

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 one to be added. Please explain.

We agree with the recommendations however we will welcome within the frame of the better regulation initiative the launch of a joint Member States specific initiative aiming at simplifying permitting and land use planning administrative procedures.

On the other hand, while some may regret that there was a kind of preconception that whatever the report conclusions, these will only be defined as recommendations with no intention to result in a new EU framework aiming at ensuring the most sustainable development of a raw materials supply, most welcome the progress already made having recommendations providing a platform for raw materials supply to the manufacturing industries in the EU. It is imperative now that the research undertaken is reviewed regularly and routinely (ideally biennially) to ensure a steady and adequate raw

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materials supply within and from the EU Member States, and measure the impact of the Raw Materials Initiative.

19. Do you consider it useful to establish an EU geological service based on a network of Member State geological services? Yes, a coordination platform may prove to be beneficial.

As a remark regarding the development and maintenance of a “robust digital geological knowledge base”, it is unclear who will pay for it. However to achieve this there is a need for a legislative support including funding, otherwise the maintenance of any database would severely be under threat each time governments are seeking for financial cutbacks. However while standardised and accurate statistical data is important, a reasonable level of confidentiality for individual operators must be maintained to ensure compliance with other EU regulations.

20. Do you consider that EU regulatory framework conditions for wood and/or recovered paper need to be further analysed? If yes, please specify. We leave it to the concerned sectors to respond to this question.

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

(8) [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)

## **POLICY AREA: PROMOTING SKILLS AND RESEARCH, DEVELOPMENT AND INNOVATION**

### **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).
- ❖ Focused **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:**

#### **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.  
One action would be to encourage the use of the Pan European Reporting Code (PERC) for reserves and resources. The fact that the words "resources and reserves" would have the same meaning across Europe would be a great improvement toward better assessment of European resources and reserves in many raw materials.

Recognition of some equivalence between some engineering schools, mining schools, and university would be a great help.

#### **Research, Development and Innovation:**

22. Are you aware of any research, development and innovation programme(s) at national, regional or local level? Please specify.  
One very good practice to encourage is the R&D tax credit, as developed by France, UK, and other Member States.

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.

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.

We do not see any particular R&D, and Innovation work that would be decisive. It all comes with the competitiveness of the extractive industry and their customers. All

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actions in the direction of stronger enterprises will have a positive impact on the safety of supply as well as investments in innovation, research & development. All actions weakening the industry through excess taxes, regulatory or other burdens will go in the direction of less supply security.

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.

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.

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

## **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?

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

### **General comment:**

One may regret that the pillar on resource efficiency of the RMI was largely limited up to now (see questions) to the issue of scrap and other materials recycling and trading. This is all the more true as the revision of sustainable management of natural resources is launched and that resource efficiency is at the centre of several regulatory debates. It would be wise that a Raw Materials Policy aiming at securing access to domestic resources contributes establishing the principles on which to base sustainable mining, processing and management of EU domestic mineral resources. In no case the sustainable management of materials may be reduced to the recycling component, it is essential that a whole life cycle approach be considered including the applications re-use, recycling and end-of-life. In that respect the Raw Materials Supply Group and the RMI experts may play a role in the running debates on resource efficiency including in the debate on decoupling indicators.