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POLICY AREA: DEFINING CRITICAL RAW MATERIALS

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

The current assessment should be seen as a starting point for future work. The numbers of materials analyzed should be expanded, also to go beyond metals and minerals. We also believe that the EU should regularly review the criticality assessments and the methodology used and update them where necessary at intervals of no more than five years. The criticality assessment could be also made in a regional and quality based context.

As some other third countries are increasingly doing similar activities as the EU, it would be beneficial to enhance cooperation and review the different methodological approaches used.

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

The first assessment of critical raw materials was a good starting point for further work. The work in this regard should be ongoing and a number of other raw materials need to be assessed. The scope should not be limited to pure raw materials, but also other important production inputs, including secondary materials, should be considered. Access to industrial inputs is an issue of vital importance for the growth and competitiveness of high technology industries.

As the work continues there is a need to further develop and diversify the methodology. Changing circumstances, such as the development of new and emerging technologies, industrial development in emerging economies and operating conditions of the raw materials global markets, should also be taken into account when updating the criticality assessments.

It is also important to keep in mind that other raw materials not determined as being critical are part of the overall raw material initiative and their supply need to be secured as well.

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

The recommendations need to be applied to all raw materials, not just for the raw materials determined critical.

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

Finland is finalizing a national minerals strategy coordinated by the Ministry of Employment and the Economy. The strategy is due to be ready by the end of September. This strategy will also assess the criticality of materials.

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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?

There is a clear lack of understanding of the effects of export restrictions and their ability to reach intended policy goals, and ultimately the problems that are caused by these restrictions. Therefore, the EU should put resources on analyzing and explaining the negative consequences for the exporting nation of introducing export restrictions.

Key information to be obtained should include market distortions and regulatory developments that affect trade in raw materials. EU and national embassies, as well as local Market Access Teams, should play a role in this exercise. At international level, more information should be made available by organisations such as the OECD or the WTO about trade and investment restrictions affecting raw materials trade.

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.

Stockpiling should be seen as the last resort and not something that should be actively pursued at this point as it poses significant challenges. Stockpiling can be even more harmful for business causing price volatility in the market. There is also a risk that other countries would follow and the negative effects would multiply.

POLICY AREA: TRADE

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

Trade policy has a significant role in the overall Raw Materials Initiative and this has been reflected in the Commission's work.

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?

Activities to be pursued and stepped up include:

- Pressing for coherent raw materials provisions in the negotiation of multilateral, regional and bilateral trade and investment agreements.
- Taking trade action when the supply of raw materials is distorted, for example by including more (critical) raw materials in WTO dispute settlement initiatives. However, the use of the WTO dispute settlement is not the first or even the second route to take, and it should be considered only when other options fail.

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- Ensuring that access to raw materials figures prominently in bilateral dialogues with partners such as Japan and the US and also with key resource-holders such as China and Russia. The EU's dialogue with Africa should also include a raw materials dimension.
- Raising further the awareness on the economic impact of export restrictions in the WTO and the OECD.
- Implementing a consistent trade-policy by not allowing countries that apply discriminatory raw materials policies to be granted benefits under the Generalized System of Preferences. However, the GSP by itself is also an important instrument to facilitate trade to the EU.
- Giving industry the means to exert its rights of defence through a strengthened Trade Barriers Regulation.

Europe cannot provide the solution alone, a global approach is needed. The industrialized and emerging countries have a common interest in both economic and environmental terms to cooperate on common rules to establish a level playing field for a predictably global raw materials market. Thus, it is important to enhance dialogue with third countries. These efforts will also help the EU to build a coalition to include export restrictions to the next WTO negotiation round.

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

EU companies are confronted with

- competitors which derive a significant purchasing edge on raw materials due to the fact that their domestic market is protected by various trade and industrial policy measures.
- policies of resources-rich countries to restricting the supply of raw materials to move up the value chain.

Typical measures which distort the global market include:

- Export taxes and restrictions such as: export duties, export quotas, non-automatic export licences;
- Discriminatory taxation systems to prevent the export of raw materials or to favour domestic sales;
- Dual pricing or price-fixing of energy and raw materials;
- Strategic raw materials sourcing through state owned enterprises;
- State aid or unfairly subsidised export credits;
- Restriction of investments, including through unfair use of the definitions such as strategic sectors and national security;
- State interference on local commodities exchange to lower prices for domestic industry.

It is also important to note that environmental protection is sometimes used to justify purely protectionist behaviour. A level playing field is the prerequisite for the success of European companies. Uneven competition due to political will in some countries to establish national champions that benefit from state support for domestic and global business requires strong coordinated political engagement from the EU.

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Over the years, the mechanisms which are distorting competition in access to raw materials have become not only increasingly complex but also increasingly pervasive in terms of materials concerned and countries taking advantage of them. In the meantime however, international trade rules remain too weak to address unfair purchasing practices. The World Trade Organization should introduce disciplines needed to ensure free and fair trade in raw materials.

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.

The above mentioned new Minerals Strategy touches these matters also briefly.

POLICY AREA: DEVELOPMENT

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

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

The EU's external policies should be better aligned to foster cooperation with developing countries on raw materials issues.

The Governance Action Plans of resource-holding developing countries should include specific provisions on management of natural resources. In addition, authorities and institutions responsible for raw materials management should be strengthened through technical cooperation. The EU should also integrate raw materials in the monitoring of Governance Action Plans.

Development agencies, governments in resource-holding countries and business can, with adequate participation from local stakeholders, work together to promote an effective and sustainable raw materials policy, investment framework and taxation regime.

EU trade and investment agreements with resource-holding developing countries should include strong market access and protection provisions to facilitate investment in natural resources. Investments in infrastructure remain crucial to connect markets in developing countries and should be further facilitated by the EU.

International organisations, like the WTO or UNCTAD could contribute to this work through targeted trade and investment capacity building courses that address the specific trade policy needs of resource-holders.

The EU should also work together with the AU and other organizations to enhance the capacities of geological surveys in Africa.

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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)?

The EU should continue to support transparency initiatives because these provide a means to limit corruption and support good governance. All major players should be encouraged to apply these rules.

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?

The European Union and African Union should identify linkages between the 2008 Raw Materials Initiative and the African Mining Vision 2050 (adopted in February 2009). The EU should contribute to the AU's vision for sustainable and well-governed mining sector in Africa through concrete capacity building projects, facilitating investments in infrastructure and promoting good governance and transparency.

In addition, the EU should engage in an exchange of view with the AU and key countries on the use of export restrictions and alternative policy options. The EU should also aim to harness support from developing countries for multilateral rules on raw materials.

The EU-AU partnership should also include a project to ensure sound collection and recycling operations of materials/products reaching the end of life in Africa.

Finnish companies have unique knowledge on renewable energies and on collection and recycling operations of materials and products reaching the end of life. Several companies have specialized on this field, e.g. there are over 300 Finnish SME's that have specialized on the collection and recycling operations of materials and products reaching the end of life.

The EU's policy should be complimented by bilateral dialogues with key resource-holding developing countries.

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.

The question of illegal vs. legal timber is important. Forest industry companies highlight the importance of legal wood and chain of custody.

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?

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FRAMEWORK CONDITIONS INSIDE THE EU

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

The topics covered present a first step in addressing the challenges to extraction of raw materials in Europe. However, the ambition in this area has been too limited.

The EU must ensure that its own actions are not limiting EU companies' access to industrial inputs; energy, raw materials or components. It is important to increase coherence of EU policy with respect to raw materials supply.

The effects of import duties applied by the EU should be assessed. Autonomous import duty suspensions can facilitate better access to some raw materials.

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

Better integration of business interest could result in generation of significant scientific data and revenues for the better management of nature.

Better consideration to the question of competition for the use of land for different purposes (e.g. more flexible/adaptable approach to managing site boundaries over time, so that both business and conservation purposes can be served).

At the moment, there are great variations in Member States' mining legislations. A certain level of harmonization within the EU should be considered.

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 once to be added. Please explain.

EK can support the recommendations made in the report.

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

This is something that could be considered, but improved networking of national geological surveys might be sufficient.

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

The EU should hasten its preparation for the end-of-waste criteria for recovered paper. Criteria for wood should also be developed.

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The FLEGT system should take into account equally all stakeholders. The new, updated FLEGT should not hinder legally operating forest industry companies.

Also when considering the use of wood, the following points should be considered:

- The hierarchy of uses of waste including wood waste; i) first recycling as material, ii) then recycling as energy .
- The concern about RES policies and related subsidy schemes directing good production wood directly to energy-use (i.e. wasting of good raw material).
- Wood as critical and necessary raw material for new green economy based on renewable resources. EU policies should encourage the sustainable use of forest resources and mobilisation of wood.

POLICY AREA: PROMOTING SKILLS AND RESEARCH, DEVELOPMENT AND INNOVATION

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.

The current shortage in STEM (science, technology, engineering, mathematics) skills in Europe is expected to widen over the next decade. To counter this trend, reforms of general education and training systems must be accelerated to provide the future European labour market with engineers needed also in the extractive and other raw materials sectors. Furthermore, the budgetary, hiring and wage-setting autonomy of universities must be increased and improved interaction and cooperation between industry and education is recommended. The latter would encourage change and concretises the required changes in the content and practice of education offered by schools and universities.

EU level financing for R&D programs for the mining sector is needed. There has been a temporary downshift in the mining activities in the EU in the past years. As the next boom in the mining sector will emerge in the EU, there are not enough skilled personnel available making it increasingly difficult to start up new projects. Finland is a good example of this development from the 1990s to the year 2010.

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

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.

The important role of substitution and the role of other sectors in the value chain to address scarcity of raw materials should be considered. The EU needs an approach that brings together and stimulates innovation simultaneously within different sectors to foster innovative solutions.

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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.

In general terms, the upcoming new EU Innovation Strategy should explicitly recognize the supply of raw materials as one of the societal challenges for Europe.

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.

POLICY AREA: RESOURCE EFFICIENCY & RECYCLING

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?

Together with primary raw materials, recovery and markets for secondary materials have a key role to play in improving the EU's resource efficiency and productivity. The promotion of recovery and recycling needs to be realized through fair framework conditions for all economic operators, including the manufacturers and other actors that intervene on the waste management of products that contain valuable resources and raw materials.

The following actions could be considered:

- Enforce reporting of exported products (example EEE) as many metal bearing products leave EU as products – not as waste.
- Enforce reporting by all actors involved in the used goods / waste area, to better capture the real waste and material flows on the market
- Enforce shipment regulation as currently many flows escape monitoring and are not accounted for.

In conclusion, the focus should not be on WEEE only, but on all significant waste streams, all actors and all relevant policies dealing with waste.

Illegal shipments of recovered and secondary raw materials constitute a material and energy leakage, which is detrimental to the competitiveness and sustainability of recycling activities in Europe. A sound implementation and enforcement of the Waste Shipment Regulation across Member States would significantly help in addressing illegal shipment of secondary raw materials. Priority should be given to awareness raising, training and capacity-building activities of Member States' enforcement authorities (customs, environmental inspectorates, etc.).

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National, regional and/or European training programmes could be put in place to enhance the exchange of information and of best practices. EU enforcers have to learn from the experiences gained in other EU countries. The EU Network for the Implementation and Enforcement of Environmental Law (IMPEL) should play a strengthening role in this regard.

Enforcement of the regulation should primarily focus on waste shipments with high economic significance in respect of recyclable material content as well as those with high environmental concerns.

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

A better understanding of “recycling” trade flows would provide policy-makers with an improved knowledge basis and enable relevant industrial sectors to optimise its processes and to adjust its capacities to quantities expected in the future. Data collection on production, uses and flows on secondary raw materials should be improved. The Commission should also encourage Member States to collect data on materials in stock in the economy and on waste disposal. In conclusion, data collection on production, uses and flows of secondary raw materials should be improved.

The problem with waste statistics in the EU lies in the lacking harmony of information collection and treatment in different member states.

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

Treated recovered paper should be classified as product and not as waste.