

IPA response to the public consultation on the preparation of a new communication on raw materials

Introduction

The IPA is a member of the European Association of Metals (Eurométaux) and is party to the response it developed and submitted. The IPA represents the global platinum group metals (PGM) industry and submits herein additional information and views on behalf of its members.

PGM's, the PGM industry and PGM markets have numerous attributes and characteristics that are significantly different or unique when compared to those of other materials. Due consideration and scrutiny of the nature or magnitude of these differences may result in new EU initiatives or regulations causing unintended negative consequences.

The IPA believes that the information and views below will provide the Raw Materials Group with some of the issues and information necessary to assess potential negative unintended impacts during its next steps. The IPA is also able to provide access to its members, a group highly representative of the full spectrum of the industry, to perform specialist investigations and assessments required by the RMI.

1. The report summary classifies PGM's as one critical material while elsewhere in the report data and statistics are presented for platinum, palladium and rhodium as separate materials. The non-platinum PGM's are primarily by-products of metals (e.g. platinum, nickel) mining and have different application profiles and market dynamics. To further reduce the risk of new EU initiatives or regulations causing unintended negative consequences each PGM should be evaluated and categorised on its own merit.
2. Over 55% of the global annual supply of PGM's comes from South Africa and 37% from Russia. Country risk is a criteria for determining overall supply risk, however the importance of PGM mining and trade to the economy of South Africa and the importance of nickel mining and trade to the economy of Russia should result in the supply of PGM's being lower than the risk of a less economically influential material when produced in the same country. It is not clear if this was done in the RMI evaluation.

3. Platinum is a strategic industrial metal with significant and complimentary jewellery and investor demand segments. Producers who invest in long-term mining projects are reliant on the demand and price tensioning effect of jewellery markets during times of reduced industrial demand or medium-term price volatility.
4. Price sensitive jewellery demand provides an alternate source of supply for industrial applications and price is the efficient regulator of such supply. In addition to the objections raised by Eurométaux with regard to stockpiling, the existence of these complimentary market segments further strengthens the case against the need for stockpiling platinum.
5. Significant research funding by EU fabrication companies resulted in successful global substitution of platinum by palladium in auto catalyst and other applications and significant improvements in the efficient use of PGM's in industrial applications
6. As the EU has no primary source of PGM's it is possible that initiatives may focus more on recycling than on the possible impact on primary supply. Over 60% of PGM's are fabricated by EU companies.
7. Current recycling of PGM's is one of the highest in the EU. Statistics often focus on the open recycling loop associated with PGM's in vehicle auto catalysts which lies between 60 and 70% in the EU and about 90% in the US. However numerous closed loop recycling applications, petroleum refining and fertiliser feedstock production for example, representing well over 50% of annual PGM fabrication have recycling efficiencies over 90%.
8. The non-platinum PGM by-products, more specifically ruthenium and iridium, currently have small markets, more narrow applications ranges and may be more susceptible to unintended negative consequences. The revenues from these by-products further assist the sustainability of the PGM industry and any impact on development of new uses would be detrimental,

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