

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";
- Report on "exchange of best practices in area of land use planning and permitting"
- Trade activity report 2009 on raw materials³.

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 Trades 2009 activity report on raw materials.

1 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://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 report⁴ 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.
2. Do you see any additional raw material that should be considered as critical? If so, please explain.
3. Do you have any comments regarding the recommendations of the report? If so, please specify.

IBERPOTASH supports the recommendations of the report to ensure the sustainable supply of raw materials. We also support the proposal of a continuous update of the risk assessment. To implement the recommendations the European Commission should limit itself in encouraging measures. Binding requirements (like minimum recycling rates) are not necessary - that would lead to distortion of competition for the European industry.

In implementing the recommendations the European Commission should not only focus on the 14 so called “critical” raw materials. The availability of other mineral raw materials is also at risk and might accumulate and cause shortages in the supply of raw materials. This could be seen in the sector of metal scraps, where in the past export restrictions and import subsidies lead to de facto supply shortfalls for European industry. Conflicts between access to raw material and nature conservation or other types of land uses might accumulate in supply shortfalls of raw materials from European sources. A long-term access to existing European primary raw materials is then not guaranteed.

The European Commission should continue its three pillar strategy in ensuring supply of raw materials from outside Europe, foster sustainable supply of primary raw materials from

European sources and increasing resource efficiency and promoting recycling. Problems identified in the report 2008 should be well addressed in a qualified manner.

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

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?

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.

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 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:

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

IBERPOTASH welcomes the activities by DG Trade since the beginning of the Raw Material Initiative to reduce extensive trade restrictions by third countries concerning raw materials and supports the three axes of the trade raw materials strategy:

1. include the relevant trade disciplines of the sustainable supply of raw materials in bilateral and multilateral trade agreements,
2. identify illegitimate trade distortive measures taken by third countries and tackle them by using all available instruments,
3. reach out to third countries to show that the question of sustainable raw materials supply is an issue relevant to all countries while recognising the importance of respecting internationally agreed rules on the subject.

Good examples for a consequent implementing of the Commissions Strategy are the agreements to decrease raw materials trade restrictions in Ukrainian WTO-accession negotiations and WTO-references concerning Chinese irregularities in export controls to raw materials.

IBERPOTASH enhances chances in implementing the announced EU Raw Materials Diplomacy.

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.

POLICY AREA: DEVELOPMENT

Major issues:

The 2008 RIV11 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;

There is big lack of infrastructure development in terms of good moving in EU.

The most of raw materials have "short travelling" because their low market prices. On top of them, the cost of logistics should be added giving a little room for benefits. This situation totally limits the raw material market.

EU should support projects on train infrastructure developing aimed to connect raw material producers with markets between EU member states, fostering "eastern EU" countries connections where there're even bigger needs.

One of the best ways of use of the GIS promoted in this answer's document would be to determine where those developments should be placed geographically, depending on the raw material production places, the market ones and the existing train lines for merchandising.

- 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)?

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?

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 Environment⁷ 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.

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.

There is another important issue:

- Assessment of the impacts of EU-legislation on the access to raw materials and the raw materials supply and adequate consideration of raw material issues while designing European Directives.

The integration of raw materials issues is needed to ensure a coherent raw material policy. Otherwise there might be the danger that “overriding” targets of raw material policy – like ensuring the European supply of raw materials – will be jeopardized by EU-legislation in other policy areas. This is especially valid for the EU environmental legislation like protected areas, water and soil policy and REACH. Our call for an adequate recognition of the raw material issues refers to recent and future EU-legislation.

The biggest need to improve recent EU-legislation is the Natura 2000-Directive to ensure the access to European raw materials. Exploration and exploitation of European raw materials are especially hampered by the Directives 92/43/EEG (Flora and Fauna Habitat) and 79/409/EEG (Birds).

The European Commission itself has classified -within its Communication 2008(699) November 2008- a lack of compatibility of raw material issues and the issues of protected areas. This leads to big difficulties in the access to European mineral resources. Therefore the guideline “Natura 2000 and the non-energy extractive industries” was developed by European Commission in 2009/2010 in cooperation with the stakeholders. We hope that this guideline contributes to a better land using practice and improves the access to raw materials situation in or near Natura-2000 areas.

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

The European Commission should adjust the Directives 92/43/EEG (Flora and Fauna Habitat) and 79/409/EEG (Birds) in that way that ecological, economic and social aspects are considered coequally by specification of protected areas to prevent a general limitation to access to mineral resources by future designations of European or national protected areas (look also to answer 16).

There's a total lack of an Information Policy through the EU on Raw Materials Initiative. Stakeholders are hardly influenced by the non-stop demonstrations of “pseudo-environmental defenders” with some other hidden interests than environment. EU and, of course, state members should fight this “un-information” in order to give room to real sustainable raw material extraction. In the opposite, at the end, EU will have hundreds of sustainable nothings. The EU Conference on RM celebrated in Madrid 2010, has been a big success because it has impressed politicians but at the lower level of citizens, there's no impact at all and the last word on raw material extraction is at the municipalities that could block any mining/quarrying project.

The EU should support the extension of this kind of conferences at a more lower level transforming them into "Raw Materials Day" applied in the nearby's of the mines/quarries areas being operating today or being a possible area for the future (detected by the GIS system and the good geological EU database to be build) passing the information of needs and advantages of doing a really sustainable mining/quarrying for the municipalities affected.

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.

IBERPOTASH supports the conclusions and recommendations of the report "Exchanging Best Practices on Land Use Planning, Permitting and Geological Knowledge Sharing".

While environmental conditions to get a permit in an exploration / exploitation project of mineral raw materials are generally influenced by the relevant European environmental legislation, the main competence in the permitting procedure and land use planning is laying in Member States and not in European Commission. It is now up to the Member States to check if "Best Practices" can be used meaningful on national level.

The European Commission could help Member States to build up Geographic Information Systems (like GIS Infoservice System in Germany) which are identified as an important instrument to ensure a long-term access to mineral resources. The European Commission can also support Member States in developing peoples understanding of the necessity of mineral raw material exploration / exploitation in Europe and in transparency of national permit procedures.

IBERPOTASH agrees to the intention of a yearly held conference organised by Presidency of the Council of the European Union in cooperation with the European Commission with the aim to promote the application of the "Best Practices". The raw material extractive industries should be incorporated in these conferences.

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

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

POLICY AREA: PROMOTING SKILLS AND RESEARCH, DEVELOPMENT ANT INNOVATION

Major issues:

Promote skills not only in the mining sector hut also in other raw materials sectors is a matter of concern. The Commission is currently supporting this challenge via programmes such as ERASMUS MIJNDUS with the specific Minerals and Environment Programme (EMIVIEP). 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 7 framework programme for research, development and innovation the next call for proposals in the area are expected to be public in July.

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.

Specialists in geological-, mining- and processing-processes are very important to ensure the future supply of mineral raw materials to the European economy, from European sources as well as from outside Europe. The university education of mining specialists is dramatically reduced in many EU Member States. A future lack in mining specialists, geologists and engineers is obvious. For that reason IBERPOTASH welcomes the initiatives by European Commission to promote the strengthening and networking of the education programmes in these areas.

Research, Development and Innovation:

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.

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.

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

Major issues:

The 2008 RIV11 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 irreparable 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 (eg. 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?