AURUBIS statement on the Resource efficiency questionnaire

1. Aurubis supports the resource efficiency approach as promoted by the EU Commission

Aurubis welcomes the EU 2020 strategy and its objectives aiming at fostering economic growth and the greening of the European economy. Aurubis also welcomes the EU Commission's intent to develop an industrial policy that, acknowledging the unique contribution of the EU industry to our societal welfare, respects and fosters its development in the EU. In that respect, the EU non ferrous metal industry, has displayed recurring efforts in order to improve its environment footprint, and create innovative solutions, and therefore positively and materially contributes to those new EU objectives.

2. Aurubis is already highly resource efficient thanks to its industrial process which is extremely technologically performing and eco-friendly. In addition, Aurubis products, are directly relevant and represent a direct contribution to climate protection

Aurubis is one of the most environmentally friendly copper smelters in the world as it uses efficient new process technology and innovative techniques to protect the environment. Significant investments in environmental protection and the continuous improvement of plant technologies have enabled, for instance, that specific emissions could be reduced for example for Pirdop plant up to 95 % since 2000 (see Aurubis Environmental Report). But the emissions are differing for site specific and production specific issues, input material etc.

Aurubis is already contributes to resource efficiency in several ways:
- It has improved its energy efficiency of its production processes continuously over the past
- It has developed new and optimized production processes to handle more and more recycled materials
- It maximizes achievable "yield" in recovery of rare-metals and precious metals,
- It leads in the world for both these aspects of copper processing (energy efficiency and production process technology for maximum yield) for Copper processing,
- It is the number 1 recycling company in Europe for processing to recover copper, precious metals and rare-metals.
- It helps along the value chain to design new products using copper which greatly reduce energy consumption and energy transmission losses, with respect to other materials, such as aluminum, therefore significantly increasing energy efficiency
- It supplies essential raw material for renewable energy generation and transmission infrastructure. It should be noticed in the case of copper, the growing use of this resource is not an indicator of resource inefficiency but just the opposite since copper is an indispensible material for many renewable and alternative energy sources.
- It minimizes the use of water and other elements in its processes by applying the best available techniques with a high standard of environmental protection.
Therefore Aurubis is proud to contribute significantly to resource conservation, resource supply, CO₂ emission reduction, and waste reduction and has directly helped resource supply security, and will continue to do so in future.

In addition, non-ferrous metals such as copper are not consumed, since they can be unlimitedly recycled without any loss of quality and thus naturally fulfill the sustainability and resource efficiency new requirements. Aurubis achieves for example in its Hamburg establishment a material efficiency of more than 99%: There with an input of about 1,661 t of material in 2009, the waste quantity represents only 10.07 kg of waste per tonne of feed material.

3. Aurubis is expecting and requesting from the EU Commission a more active and more visible engagement in favor of the EU industry through the shaping of an industrial policy

There is an acute need and an opportunity for an industrial policy to be established at the EU level, which Aurubis certainly would welcome. However, for the moment, such a policy does not exist. Aurubis would certainly like an industrial policy to exist. In order to answer the questions on this topic, the targeted industrial policy must be clearly defined.

This engagement should achieve the design and enforcement of a framework under which the EU industry could be able to continue developing in line with the EU objectives. The creation of new taxes or mechanisms, exclusively applicable in the EU area should be avoided since they would create unsustainable competition distortions and clearly damage an EU Industry that already faces since many years the double impact of the globalization of the economy and of some unilateral EU environmental policies. The EU commission should consider that the European industry cannot bear any further or additional burdens that are not applied to its global competitors. These elements would put its competitiveness at risk, particularly in the copper industry. Metals have already very efficient control medium in their price fixing, even without resource efficiency considerations. It is to be kept in mind that nonferrous metals, such as copper, are not consumed - they are recycled - and thus naturally fulfill the requirements for sustainability and resource efficiency to a very significant degree.

4. Among the various factors that have a major contribution to the Resource Efficiency, Aurubis strongly underlines the necessity to develop, a free and undistorted access to Raw Materials(primary as well as secondary materials)

Primary raw material input and recycling together are both indispensible for a sustainable and efficient raw material supply in Europe.

The outflow of recycling materials and the various trade barriers and other distorting mechanisms put in place by some non-EU countries jeopardize the very existence of the EU non-ferrous industry. Thanks to the effective contribution of the NF industry to the climate change and to Resource Efficiency policies, the EU has a strong interest to maintain this industry in Europe and make sure that it can benefit from a smooth raw material supply.
The ever increasing export of recycling materials from Europe to countries with lower environmental standards and a lower recovery rate for all metals must be effectively prevented. It is essential that the recycling materials available in Europe remain in Europe to ensure resource efficiency and processing in an environmentally sound manner using the modern standards of multi-metal production. Only in this way can compliance with the legally required closed-loop economy be efficiently ensured.

The recycling of copper alone is however not enough to satisfy the demand in Europe, and therefore it is absolutely essential that primary raw materials are processed sustainably and efficiently.

5. Resource efficiency policies should be based on objective and measurable tools and encompass the whole value chain from the producer to the transformer until the end-user

Over the years, the industry has been developing sophisticated techniques and instruments to measure the impact of a specific material through its entire use chain from the cradle to grave including the reuse after its end of life. The LCI (life cycle inventory) and LCA (life cycle assessment) Approaches offer to all stakeholders, designers and regulators reliable instruments to develop appropriate and resource efficient applications. In addition the industry requests appropriate resource efficiency indicators to be developed jointly between industry and stakeholders. In that respect, substitution can be contemplated on application per application basis.

6. Recycling contributes to increase the efficiency of the whole value chain and it needs to be promoted through appropriate policies

Although recycling is now considered as a key driver of the resource efficiency approach, we observe in the reality that the current EU Commission projects do not effectively promote recycling. On the contrary, non enforcement of applicable legislations or projects in connection with end of waste regime or ETS clearly favors the outflow of metallic scraps to Asia.

In order to promote the use of more recycled input materials, the Copper industry should be completely exempted from the burden of direct and indirect CO₂ emissions quotas by being granted full compensation with respect to indirect attributable to the use of recycled materials.

Dirty scrap processing uses higher energy and the benchmark for energy efficiency should be set to reflect which are the actual input materials as well as actual processes used, when it is the best available technique. In order to develop alternative innovative and smart technologies using non-hostile fuels and recycled complex input materials, industrial research and development should be substantially subsidized.
As a part of the new policy, recycled materials collection must be improved throughout all the member states of Europe as well as the rest of the world. Recycled materials leaving Europe illegally must be stopped by better enforcement. Processing of well locally sorted out recycled material in rest of the world should be promoted in European BAT plants by counteracting eventual export-taxes by other nations. Recycling and use of recycled materials processing should be made completely tax free (energy tax, CO₂ ETS related costs).

In order to have clarity for investment-related decisions in the Industry, it must be kept in mind that the copper industry has a particular incentive to decrease its energy use as well as raw materials use, since both of these represent the main parts of its operational costs. An extra burden on copper processing through direct or indirect taxes on account of energy efficiency or resource efficiency can only damage its competitiveness further.

7. Regarding the questionnaire itself

As it has been prepared, the questionnaire does not to enable stakeholders to contribute to all the dimensions of this broad and complex issue. Many of the questions in the questionnaire relating to this matter are too vague or could be wrongly construed. This is why Aurubis provides the following additional remarks on the questions putting the issue in its broader perspective and highlighting specific aspects of the non-ferrous metals business that need to be kept in mind when developing the EU Resource Efficiency Policy:

Resource efficiency on the medium and long term

Question 1.3: In this question, it is important to notice that all natural resources cannot be put in the same basket. We understand a certain confusion between the concept of resource efficiency and materials efficiency, in the materials market (as in the copper market), thanks to substitution, miniaturization and complex technologies, there should not be any shortage since the rate of material used is constantly decreasing. Should a major increase in consumption occur, there could however be scarcity for a short period of time, until the markets adapt (newer technologies, miniaturization…).

Question 2.1: If Europe is the only region that commits to do “more with less”, it will end up losing performance, competitiveness and productivity in comparison to other world markets. Only a global approach can maintain the competitiveness and the existence of the EU non-ferrous metals industry.

Question 2.2: Resource efficiency, besides positive contribution, has the potential to make the European business environment more vulnerable as resource use will grow in other places of the world in any case, therefore not leading to global resource efficiency. In other words, if any environment-related element is considered only in its European dimension this will not be enough neither to protect the environment nor to keep our industry competitive.
Question 3.1: The current use of metals and materials is driven by an ever more efficient mode thanks to global pricing mechanism provided by the London Metal Exchange (LME). The LME accounts for the vast majority of non-ferrous metals trading on terminal markets, its settlement prices have become the reference prices of the global industry.

Question 5.1: Prices do not always reflect the impact of resources on all the materials. However, for the industrial materials such as copper the prices reflect the impact of resources, since prices are determined daily by the balance of supply and demand in terminal markets such as the LME.

Policy tools

Question 2.1: Tax incentives do not have the same impact as an exemption of the tax. In the case of ETS for example, Aurubis is asking for a total exemption from ETS, and not for a tax incentive which would only distort the market, since it wishes to avoid a further burden on their productivity in order to remain competitive in the international market.

Question 4.4: In copper case, resource taxes cannot modify the consumer’s attitude towards a more sustainable alternative.