

EUROMETAUX CALLS FOR ACTIONS TOWARDS AN EFFECTIVE AND AMBITIOUS EUROPEAN INDUSTRIAL POLICY

The Non-Ferrous Metals Industry: A Key Pillar Towards A Sustainable EU Economy

A competitive manufacturing industry is crucial in order to reach and go beyond the objectives of the EU 2020 strategy, building growth and jobs in a smarter and more sustainable society. With its capacity to contribute to energy- and resource-efficient solutions, the European non-ferrous metals industry is a key pillar for the future EU sustainable economy.

Creating sustainable growth

Non-ferrous metals are used in many applications that provide economic activity and growth in both the domestic and export markets. The industry is key to strategic sectors such as automotive, machinery, power infrastructure, construction, metal extraction, engineering, and many more, which contribute to billions of euros of trade in European-led world class technologies, products and services. Over and above this, the non-ferrous metals industry is continuously investing with its partners and customers in resource efficiency and productivity, contributing to light weighting, downsizing, yield improvement and higher productivity of systems and appliances.

A value chain working in clusters

The non-ferrous metals industry works through closely integrated industrial value chains where regional cooperation and proximity are essential to both competitiveness and innovation. Clusters of upstream to downstream producers and customers bring together and deliver the competitive advantages of quality, on-time delivery, skilled workforces, engineering capabilities and the ability to meet specific requirements in all phases of product development.

The non-ferrous metals industry operates in global markets where prices are set globally, e.g. on the London Metal Exchange for many metals. This makes it impossible to pass on any EU-specific regulatory costs to the customers. Since the European non-ferrous metals industry is facing direct competition from producers throughout the whole value chain in e.g. China, the USA and the Middle East, maintaining a long-term competitive cost position is crucial to continued operations, and even to growth.

Producing in Europe entails on average higher costs than those prevailing in competing regions, with the high level of regulation in the EU significantly adding to these costs. The negative implications of the cumulative regulatory costs on the aluminium industry's global competitiveness were clearly demonstrated in the assessment recently conducted for the Commission. European industrial policy must take into account the effects of the measures adopted in other policy areas. By all means possible, it must remedy the stagnation of the EU economy and deterioration of the European non-ferrous metals industry's competitiveness. This is a necessary condition to maintain and develop wide industrial value chains that will enable future European society to benefit from the sustainable assets of metals.

The European industrial policy can only be effective for the non-ferrous metals industry if the following priority areas are addressed.

Priority areas for the European non-ferrous metals industry

- 1. Foster conditions under which the industry can remain competitive, by:**
 - a. Securing affordable energy prices:
 - i. design energy and climate change policies that address the competitiveness gap faced by European energy-intensive industries (notably by reforming the EU ETS to provide an integrated system of full compensation for both direct and indirect emissions, based on actual output), and
 - ii. facilitate the functioning of electricity markets that enable long-term, competitive and stable electricity prices and contracts for base load industries
 - b. Using state aid rules to safeguard - not worsen - our industry's global competitiveness, notably in the context of accepting exemptions of specific costs due to EU climate and energy policies,
 - c. Ensuring the effective implementation of the Industrial Emissions Directive (IED) and the setting of achievable and realistic performance ranges for all operating plants,
 - d. Recognizing specificities of metals in setting environmental quality standards based on risks.
 - e. Ensuring level playing-field conditions for operations and trade within the EU and globally.

- 2. Support the industry's innovation capacity throughout its entire value chain, by:**
 - a. Ensuring that the non-ferrous metals industry is involved in defining the EU's strategic research agenda,
 - b. Ensuring the technological neutrality of the EU legislation to maximize the innovation potential of industry,
 - c. Easing the administrative burden on investments in Europe and speeding up related permit procedures.

- 3. Ensure the continuous access of non-ferrous metals and of materials and products containing non-ferrous-metals to the EU market, pursuing level playing-fields for all market participants, by:**
 - a. Boosting demand for resource-efficient solutions and further unlocking the recycling potential of non-ferrous metals,
 - b. Ensuring recognition of non-ferrous metal specificities in all legislation affecting their conditions of use (resource efficiency, product-related and waste legislation, environment and health),
 - c. Ensuring value chain integration and life cycle approaches to sustainable consumption and production policies, including the development of sound methodologies,
 - d. Ensuring the effective use of data generated by the REACH legislation in other EU legislation,
 - e. Ensuring the sound implementation of the Globally Harmonized System of Classification and exchanges on data and methodologies.

4. **Secure internationally competitive access to raw materials, by:**
 - a. Supporting better collection schemes and innovative sorting technologies to further increase recycling rates,
 - b. Supporting a global certification scheme of recycling facilities on environmentally-sound management (ESM) grounds to ensure a global level playing-field and fair access to secondary raw materials.

5. **Foster an international framework in which free and fair trade is recognized and implemented, by:**
 - a. Supporting industry priorities in multilateral / bilateral trade negotiations and through WTO mechanisms
 - b. Ensuring that the modernisation of the European Trade Defence Instruments will preserve the industry's ability to effectively remedy trade distortions practised by third countries.

Key fundamentals for future EU industrial policy

Efforts by the EU authorities to restore the competitiveness of European industry through an ambitious industrial policy are critical for the future of the economy. The re-industrialization of Europe requires acknowledging the fact that all EU policies and legislation affect industrial competitiveness. This fact must be duly taken into consideration in order to ensure a competitive cost position for industries operating on global markets, thereby enabling them to grow to their full potential. To achieve an effective European industrial policy, the EU needs to ensure the integration of the following key principles:

- **Proper assessment of competitiveness impacts:** the EU industrial policy must build on a proper understanding of the characteristics/needs of different industrial sectors in order to propose appropriate and targeted policy measures. Using effective and independent business impact assessments is vital to ensure harmonised policies and to avoid their accumulated pressure on business activities leading to situations where costs outweigh benefits to the economy.
- **Clear prioritisation of policies:** Prioritization and harmonization of the various policy objectives and corresponding instruments are key in order to avoid competing measures and to ensure that the strategic objectives of the EU (including re-industrialization, combating climate change, access to raw materials, resource efficiency, chemicals management, environmental protection, etc.) are met and are consistent.
- **Stability, consistency and predictability:** Investment planning in the non-ferrous metals industry requires a consistent, stable and predictable regulatory framework. Smarter regulation should take into account industry's competitiveness and investment cycles, and secure overall coherence and long-term stability.
- **Single market:** The effective completion of the European Internal Market, and in particular of the internal energy market, is absolutely necessary.
- **Integration of the industrial value chains:** A good knowledge and understanding of the value chains is necessary in order to design coherent and complementary measures for all industrial players. A competitive non-ferrous metals industry is a necessity for maintaining and developing all related downstream sectors.
- **Innovation:** Innovation is an essential element of progress and investment. Aligning the objectives and priorities of the EU innovation policy with those of re-industrialisation, including access to financing, are a necessary factor of coherence and efficiency.
- **Trade:** Free and fair trade is an absolute must for industries competing internationally. EU Trade policy must ensure undistorted sourcing of raw materials and access to markets.

- **Sound Science:** Policy decisions, particularly when they relate to the Environment, Health and Safety must be based on well-established science and data. Only when these are not available is recourse to the precautionary principle justified.
- **Technical feasibility and economic affordability:** The EU manufacturing industry is already operating at very high environmental and energy efficiency standards and in line with the Best Available Technologies. High performance made possible by technology improvement and economic feasibility must remain the reference for establishing the licence to operate in Europe.
- **Better and Coherent Regulation:** Effective enforcement and implementation of policy measures requires better coherence and simplicity of legislation.