

EU Communication on an Industrial Renaissance

Q1. WHAT IS THE NICKEL INSTITUTE'S OVERALL POSITION ON THE EUROPEAN COMMISSION'S COMMUNICATION ON AN INDUSTRIAL RENAISSANCE?

The Nickel Institute welcomes the European Commission's Communication on an Industrial Renaissance. In particular, it is pleased that the Commission acknowledges and affirms the important role of industry for creating jobs and growth and its support for the mainstreaming of industry's competitiveness across all policy areas.

Q2. WHY IS NICKEL IMPORTANT FOR EUROPE'S INDUSTRIAL RENAISSANCE?

Nickel is critically important to a number of key value chains such as energy supply (e.g. wind turbines), transport (e.g. batteries), and in everyday applications as a component of stainless steel, used widely from kitchen appliances to hospital equipment.

Q3. WHY IS A STRONG INDUSTRIAL BASE CRUCIAL TO EUROPE'S RECOVERY FROM THE FINANCIAL CRISIS?

The recent financial crisis has shown the importance of a strong, healthy and competitive industry in Europe. Countries with a strong industrial basis have led Europe through the crisis. And it is not just about the big players. Small and medium sized enterprises (SMEs) throughout industrial value chains are of critical importance. They are the backbone of the European economy. And many of these SMEs can be found in the nickel value chains.

Q4. VICE PRESIDENT TAJANI HAS RE-COMMITTED THE EU TO ACHIEVING A 20% TARGET OF INDUSTRY'S SHARE IN EUROPE'S GDP BY 2020 – WHY IS THIS IMPORTANT?

Manufacturing currently accounts for roughly 15% of European GDP and over past decades we have lost significant parts of our industrial workforce. Putting emphasis on industrial policy is essential if we are to preserve the competitiveness of our industry as well as create jobs and growth. And what industry needs is a level playing field to survive in the growing global competition.

Q5. ARE THERE ANY CRITICAL AREAS WHICH THE EU COMMUNICATION DOES NOT ADDRESS?

Although the Communication identifies some critical areas of action, the Nickel Institute was disappointed that it does not describe how these issues should be addressed effectively and efficiently. Instead, the Commission's Communication implies that full implementation of existing legislation is sufficient. It ignores the real concerns of industrial value chains and the framework conditions that are needed.

Q6. WHAT ARE THE FRAMEWORK CONDITIONS THAT EUROPEAN INDUSTRY NEEDS TO BE COMPETITIVE IN A GLOBAL ECONOMY?

Planning security is of critical importance, both generally and also to stimulate innovation in Europe. Investment cycles in our industry are usually in the range of 15-20 years. Our companies and value chains need to know that the production and use of our products are ensured over the long term by a regulatory framework that puts a priority on maintaining industrial production in Europe.

In our value chain there is a lack of trust in the framework conditions which are set. Companies increasingly invest in other economic areas where there are clear rules and predictability regarding the regulatory framework.

There is a need to agree and apply clear rules on which to base decision making for both industry and regulators. Only if there are clear rules will we be able to define a common way forward.

Q7. WHAT ARE THE KEY PRINCIPLES ON WHICH EU LEGISLATION SHOULD BE BASED TO ENSURE THAT EUROPE'S INDUSTRY STAYS COMPETITIVE?

There is a real need to build upcoming legislation on key principles which are agreed upon with industry. For us the critical issues are: firstly, building legislation on sound science; secondly, full life cycle thinking, and thirdly the inclusion of socio-economic considerations.

Q8. WHAT IS SCIENCE-BASED LEGISLATION AND WHY IS THIS IMPORTANT? WHAT MORE CAN THE EU DO TO SUPPORT SCIENCE-BASED LEGISLATION?

We need to maintain and expand the scientific advice to regulators and politicians at EU and member state level. The scientific advice on the highest political level which was launched under Commissioner Barroso has proven its added value for politics, industry and civil society. Scientific advice to underlying policy needs to be maintained and replicated at Commission level. There is a need to conduct impact assessments before and after legislation is drafted and put in place. Of importance is that all dimensions are taken into consideration and that full life cycle thinking is applied. This is important to provide long-term planning and investment security for companies, and to boost innovation which is currently taking place increasingly outside of the EU.

Some examples where the lack of science-based policy making has created problems are: REACH authorization (nomination of SVHC on the Candidate list), the Ecolabel regulation (exclusion of products containing classified substances from being awarded an Ecolabel) as well as the ongoing revision of the RoHS directive (potential inclusion of new substances based on their hazard profile) which results in adverse impacts on the environment (less efficient products and processes), economics (less profitable processes) and on social issues (loss of employment).

Examples are companies that are considering doing research and producing essential innovative products (for instance for engines, or new cell-technologies) outside of the EU because of the short REACH authorization timeframe (12 years maximum which is too short from a business perspective); the uncertainty whether authorization will be granted again in

future (hence investment uncertainty with preference to invest in regions where there are clearer rules) and the high administrative burden and cost imposed on industry by authorization which adds to the other high costs in the EU such as labour and energy. None of this is conducive to keeping industry in Europe.

Q9. HOW CAN 'FULL LIFE CYCLE THINKING' CONTRIBUTE TO EUROPE'S INDUSTRIAL RENAISSANCE?

Full life cycle thinking was acknowledged as a key principle for EU legislation in the EU Resource Efficiency Roadmap. However, there is currently a loophole in EU legislation as regards the application of full life cycle thinking. Currently, various pieces of EU product legislation – and notably the EU Ecolabel Regulation - refer to the environmental impacts of raw materials contained therein and their production, but do not acknowledge the potential benefits occurring during use (e.g. less maintenance, longer life span), and end of life (e.g. full recyclability).

Q10. REMOVING TARGET CONFLICTS IS KEY TO REALIZING A FULLY COMPETITIVE INDUSTRIAL POLICY IN EUROPE. WHAT ARE TARGET CONFLICTS AND CAN YOU PROVIDE EXAMPLES?

We see target conflicts in existing and upcoming regulation as an important area of concern. For example, while our companies are requested to reduce their energy use, stricter requirements in permits and more and more environmental legislation require at the same time the increased use of energy to achieve lower emission limits. These conflicts have to be identified, discussed and resolved.

A similar example of the need for coherent legislation can be found in the Commission's 'EU Raw Materials Strategy' which has identified 21 economically important raw materials for the future of the EU. The use of some of these raw materials which are subject to a higher risk of supply interruption is restricted through chemicals regulation such as the REACH Authorisation process. As a result, we see the loss of planning security for entire value chains in access to those raw materials and the allocation of production and processing of these substances to areas outside EU.

There are quite a number of inconsistencies that can be found especially where regulation is based on hazard (such as REACH Authorisation) which leads to companies investing in innovation and production sites outside the EU to ensure long-term planning security and flexibility in R&D.

Q11. WHAT CAN BE DONE TO LIFT THESE TARGET CONFLICTS?

It is essential that the different Directorate-Generals are informed about and discuss internal regulatory initiatives. Furthermore, having scientific advisors in the different DGs which can help identify and remove target conflicts could be highly beneficial. Thirdly, thorough impact assessments that also incorporate a consistency check with regulatory initiatives of different DGs is highly recommended. Finally, post impact assessments need to be integrated in the regulatory process, to ensure that the legislation does deliver against its original objectives. If

the legislation or regulation proves to be deficient, an internal discussion should be held to decide whether direction should be changed, it should be integrated in other legislation or it should be abandoned. In the end, the aim of European legislation should be to provide a clear, consistent and coherent regulatory framework that stimulates industrial development and investment as well as innovation while providing high protection for the consumer, environment and the workers.

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