



Metals for an Industrial Renaissance



Eurometaux's call for action to European policy makers

Introducing Europe's Metals Industry

Driving economic growth and innovation¹

€120 bn
annual turnover

500 000
direct employees

+ 3 million indirect jobs along the EU value chain

47 million tonnes of annual production



Representing over a fifth of global production

At the forefront of a future circular economy:

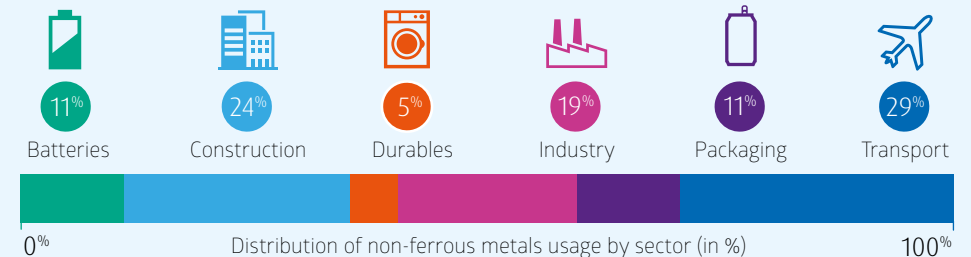
52% of pure base metals and alloys come from recycled sources



13% of the Earth's crust is made up of non-ferrous metals



Providing a foundation for Europe's main value chains to grow:



Non-ferrous metals are essential materials for Europe's leading manufacturing sectors. In Europe, the use of non-ferrous metals is split across the six main sectors above.

¹ Data based on 2012 values



Non-ferrous metals: Essential for a sustainable society

- Renewable Energy Sources
- Low-Carbon Transport
- Sustainable Buildings
- Efficient Communications
- Resource-Efficient Packaging
- Cutting Edge Healthcare

INNOVATION

REDUCED CARBON FOOTPRINT

COMPETITIVENESS

RESOURCE EFFICIENCY

Eurometaux's Call for Action

The European Union is at a critical juncture. As our continent moves out of its longest-ever recession, Europe's policy makers and industry frontrunners must work together to restore global competitiveness and foster sustainable growth. Without such collaboration, there remains a real risk that the EU will fall well short of its goal for industry's share of GDP to reach 20% by 2020. This will have a knock-on effect for the non-ferrous metals industry, and there is concern that production in Europe will be further weakened.

With this **Call for Action**, Europe's non-ferrous metals industry urges EU policy makers to implement a **strong industrial policy** that:

- Recognises our societal importance
- Restores our global competitiveness
- Capitalises on the sustainability assets of metals

EU COMPETITIVENESS GAP

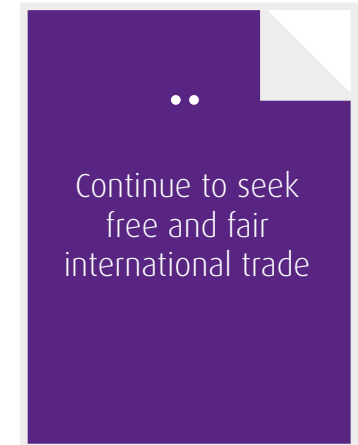
Although demand for metals continues to grow worldwide, the competitiveness gap faced by European industry has continued to widen compared with the rest of the world, in particular due to high regulatory and energy costs. In global markets where prices are set globally, these extra costs cannot be passed onto customers, instead weakening the competitive position of metals companies operating in Europe, and making it increasingly difficult to mobilise new investments into facilities and innovation.

FOUR RECOMMENDATIONS FOR ACTION

To restore industry's competitiveness and better utilise the societal benefits of non-ferrous metals, Europe's policy makers must prioritise reindustrialisation across the entire EU legislative programme and implement conditions for a level-playing field that will allow Europe's non-ferrous metals companies to compete internationally. It is imperative that individual EU policy objectives include a broad assessment of their impacts on competitiveness.

In this Call for Action, Eurometaux recommends four areas **where European policy makers can take action to strengthen our industry's recovery**, complementary to any overarching policy objectives for a reduced carbon footprint, increased resource efficiency or better environmental protection.

A strong EU Industrial Policy must:



Ensure affordable energy, without excessive regulatory costs

Europe's non-ferrous metals industry is:

- **Committed to reduce industrial CO₂ emissions** – Europe's non-ferrous metals industry has invested significant knowledge and expertise into advanced processes to improve their energy efficiency and increase levels of recycling, as well as developing new products with reduced emissions in the user phase.
- **An energy intensive industry, significantly impacted by high EU electricity prices** – Electricity represents up to 50% of the production cost for non-ferrous metals such as aluminium, copper, nickel, and zinc. EU electricity prices, taking into account all legislation-related burdens, are significantly higher than those outside Europe.
- **Burdened by ETS regulatory costs** – The EU-wide allocation mechanism for preventing carbon leakage applies only to direct emissions. The EU's Emissions Trading System (ETS) does not include provisions for an EU-wide scheme to compensate for the significant indirect costs our industry is exposed to through CO₂ costs in power prices. The high level of these indirect CO₂ costs and the effect they have on Europe's non-ferrous metals industry is not recognised.
- **Lacking long-term predictability** – Investment cycles in the non-ferrous metals industry are more than 20 years, demanding long-term predictability. In Europe, post-2020 provisions for preventing carbon leakage due to indirect ETS costs have not been properly established, while electricity prices remain volatile and inconsistent across Member States.

RESULT:

Within the EU, electro-intensive industries face additional costs from energy efficiency requirements, renewable energy policies, ETS costs and resulting high electricity prices. As metal prices are set globally, EU metals-producing companies cannot pass these extra costs onto customers, disadvantaging them against companies manufacturing in other areas of the world. Until full compensation is provided for direct and indirect ETS costs or a global CO₂ price is guaranteed, carbon and investment leakage will be a real risk.



Call to EU policy makers:

- **Provide long-term protection and predictability** – The EU's 2030 climate and energy framework must be accompanied by long-term compensation measures to protect Europe's energy intensive industries from the risk of further carbon and investment leakage.
- **Compensate for indirect ETS costs** – As long as a global CO₂ market does not exist, Europe's most electro-intensive industries should be compensated for their ETS-related indirect costs, as passed on by electricity producers. We recommend a binding EU-wide system of full compensation for both direct and indirect costs, based on actual output.
- **Complete the internal energy market** – Europe must work towards an interconnected single energy market, which delivers competitive and stable prices for industry. Restrictions should not be applied on long-term supply contracts, and our industry's contribution to grid stability should be further recognised.
- **Avoid short-term interventions in the EU ETS** – Short-term interventions in the EU ETS should be avoided, to ensure predictability and prevent negative impacts on the competitiveness of the EU's energy-intensive industries.



Continue to seek free and fair international trade

Europe's non-ferrous metals industry is:

- **Part of a global industry** – As part of a highly competitive global sector, Europe's non-ferrous metals industry advocates for free and fair international trade in raw materials, primary metal and fabricated metal products.
- **Exporting value-added products** – €23 billion of refined and finished products are exported annually by Europe's non-ferrous metals industry, which mainly imports its raw materials from third countries.
- **Dependent on fair access to raw materials** – European metals companies are dependent on the secure and sustainable supply of primary and secondary raw materials. In certain third countries, our access to raw materials has been restricted by export restrictions, tariffs and taxes.
- **Faced with trade distortions** – There remains a lack of global convergence for non-ferrous metal tariff schedules, with an increasing tendency for third countries to protect their domestic value chain through disproportionate import tariffs, irrespective of actual market requirements.

RESULT:

Europe's non-ferrous metals industry actively promotes a free and fair trade environment respectful of WTO rules. However, distortive trade policy is increasingly employed in third countries to provide competitive advantages to local operators, forcing European companies to accept higher material costs or suffer increased competition on processed products imported into the EU at a lower price. Strong EU action is required to secure a level playing-field among global operators.



Call to EU policy makers:

- **Take a leading role in international trade negotiations** – The EU should take a leading role in multilateral trade negotiations at WTO-level, as well as through its bilateral trade and investment initiatives, to improve trade conditions for non-ferrous metals.
- **Improve market access for EU exports** – European industry is reliant on EU negotiators to resolve any competitive trade distortions arising from third countries, especially emerging markets. This includes export restrictions, tariffs and non-tariff barriers.
- **Defend EU market conditions** – The EU should continue to fight unfair trading practices from third countries, by fully modernising its Trade Defence Instruments, and advocating for the efficient use of WTO dispute settlement mechanisms.
- **Take a pragmatic approach to responsible sourcing** – Europe's non-ferrous metals industry supports the EU's objective to increase supply chain transparency. However, related policies must be well-targeted, pragmatic and enforceable, without jeopardising the competitiveness of European industry.



Pursue smart and coherent environmental regulation

Europe's non-ferrous metals industry is:

- **Proactive in improving environmental performance** – Our industry has taken a proactive role in substantially improving its environmental performance in areas ranging from soil remediation to water quality, and develops and contributes to products for cleaner air, corrosion protection, and energy efficiency.
- **Subject to multiple environment, health and safety requirements** – European non-ferrous metals companies must comply with a broad array of EU regulations on environmental standards, waste, and protection from harmful substances.
- **Facing high compliance costs** – Environmental standards and requirements are in general more stringent in Europe compared with other regions of the world. This increases compliance costs, impacting on industry's competitiveness.
- **Disrupted by an uneven playing field** – Existing environmental regulation is frequently implemented inconsistently or incompletely across EU Member States, creating further difficulties for companies.

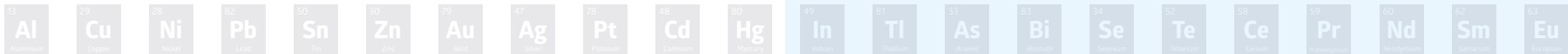
RESULT:

Europe's non-ferrous metals industry is committed to high standards of protection for human health and the environment, but is subject to a complex and overlapping regulatory framework at the EU level, which is not always consistently implemented across Member States. This impacts directly on our license to operate, and so collaborative efforts are required to ensure a more streamlined, coherent and effective legislative regime.



Call to EU policy makers:

- **Ensure effectiveness of existing legislation** – The EU must ensure consistency between environmental regulations and other policy initiatives, such as industrial competitiveness. Existing environmental legislation should be streamlined and simplified, to minimise unnecessary overlaps and economic burden for compliant companies.
- **Increase relevance of impact assessments** – Impact assessments should precede any new legislation, and must always include socio-economic considerations and competitiveness proofing. New legislation should only be proposed where there is proven added-value, and where industrial competitiveness will not be undermined.
- **Underpin all decisions with robust science** – Science and full life-cycle thinking should be the foundation of all environmental decisions, with restrictive measures only applied if they are supported with scientific evidence.
- **Regulate substances on the basis of risk** – By considering only a substance's hazardous properties, the EU disregards industry's existing measures to control any risks from exposure. Timely exposure and risk assessments would prevent substances from being unnecessarily banned or stigmatised.



Incentivise sustainable resource management and innovation

Europe's non-ferrous metals industry is:

- **A world leader in recycling** – Metals can be recycled repeatedly for use in new products, contributing to a circular economy. As well as high end-of-life recycling rates for base metals, there is significant potential to recycle critical metals from the urban mine, provided appropriate conditions are in place. Recycling is complementary to primary production, due to the high demand for metals and the large quantity of metals still in use.
- **Utilising the intrinsic properties of metals** – Our industry ensures the effective management of natural resources, which have intrinsic properties essential to improving energy and resource-efficiency in various applications (i.e. their durability, hardness, conductivity, and light-weight qualities).
- **Encouraging sustainability across the value chain** – Today's non-ferrous metals industry increasingly cooperates with partners along the industrial value chain, to boost resource and process efficiency at all stages of the metal life cycle.
- **Steering innovation into resource efficiency** – Research from Europe's non-ferrous metals industry into resource efficiency and productivity of metals has contributed to notable innovation both in products and in processes.

RESULT:

Europe's non-ferrous metals industry is a global frontrunner in sustainable resource management and innovation. There remains significant further potential to advance our overall contribution to a circular economy, provided that an EU policy framework is in place to create level playing-field conditions, which supports high quality recyclers and ensures affordable access to secondary materials.



Call to EU policy makers:

- **Reward high quality recycling** – EU policies should improve the economic viability of high quality recycling processes, encouraging the recovery of valuable/critical metals and their circular management. These high standards should also be valid internationally, to guarantee that exported secondary materials are treated under equivalent conditions.
- **Implement robust methodologies recognising the unique properties of metals** – EU product and waste policies should be made coherent and efficient, employing lifecycle-based methodologies that recognise the sustainability benefits of non-ferrous metals, including their durability and multiple recyclability.
- **Develop sound indicators for resource efficiency** – Headline targets may be misleading without robust and sound indicators and data. The resource efficiency indicator proposed by the Commission is appropriate for monitoring trends, but is not suited for policy-making.
- **Support industry's innovation capacity** – The EU's research agenda should recognise the importance of metals to a low-carbon and resource-efficient economy, and provide innovation support to improve efficiency along our entire value chain, from extraction to metallurgy and recycling, and including product innovation.



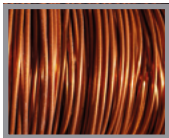
What are non-ferrous metals?

Base Metals

Base non-ferrous metals form the backbone for Europe's economic infrastructure and products, and are used in a variety of low-carbon and energy efficient applications.



Al – Aluminium is versatile, flexible, durable, light weight and strong. Thanks to this unique combination of properties, it is used in an extensive range of products, from resource-efficient packaging to energy-efficient buildings and low-carbon mobility. As with other metals, aluminium is endlessly recyclable, meaning over 75% of all aluminum ever produced is still in use.



Cu – Copper is durable, malleable and ductile, with high electrical and thermal conductivity. It helps reduce CO₂ emissions through insulated electric wires and cables, voltage transformers and electric motor windings. It is also used in heating and cooling, the miniaturisation of high-tech electronic applications, as well as in heat-exchange applications and plumbing systems.



Ni – Nickel is highly ductile and resists oxidization and corrosion. It is used for alloying to produce stainless and heat-resisting steels, utilised for domestic equipment, buildings, medical equipment and industrial plants. Nickel is also used in several battery chemistries for portable devices and hybrid/electric vehicles as well as for plating.



Pb – Lead is dense, malleable and soft, with one of the highest recycling rates of any material in common use. Lead-based batteries are vital in each of the 60 million petrol and diesel vehicles produced worldwide, and are used industrially for back-up power or forklifts. Lead is also used as a long lasting roofing material.



Sn – Tin is soft and pliable, with main uses in tin plating, solder and the manufacturing of chemical compounds. Tin plating is used in certain types of food and beverage packaging, as well as several other applications.



Zn – Zinc is used to protect steel from corrosion to significantly extend the life of automobiles, bridges, highways and buildings. Zinc die castings in locks and other components are functional parts of day-to-day life, and zinc in brass and rolled zinc sheet provide a long-lasting and aesthetically-attractive flair to buildings.

Precious metals

Precious metals are rare metallic chemical elements of high economic value. Beyond jewellery and coins, they are used in several high-technology applications.



Au – Gold is malleable and conductive, and is used in increasingly important areas of electrical contacts and connectors for telecommunications and electronics.



Ag – Silver's high conductivity means it is used in several major industrial applications, including electronics and imaging industries, soldering alloys, catalysts, batteries and photovoltaics.

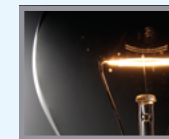


Pt (+other platinum-group metals) – Platinum-group metals are used as a chemical catalyst in industrial processes, and to lower pollution levels from transport. Their mechanical strength and hardness suits them for highly demanding applications, such as glass fibre, surgical instruments and electrical contacts.

Minor metals

There are over 45 minor metals, with very specialist applications. High-technology products and green technology solutions are dependent on a large number of technology metals, even if used in only very small quantities.

For each application, minor metals are carefully chosen because of their specific physical or chemical properties. Uses include filaments in lightbulbs, electronic pastes, advanced batteries, components in mobile phones and tablet pcs, semi-conductors, as well as alloying agents in specialist steels for the automotive and aerospace sectors.





About Eurometaux

Eurometaux, the European non-ferrous metals association, is composed of a wide network of companies producing, transforming and recycling non-ferrous metals in Europe. Our members also include national federations, and European and International commodity associations. Our objective is to enable the entire value chain of the non-ferrous metals industry to prosper in the EU and contribute towards more sustainable societies.

Non-ferrous metals: Driving economic growth and innovation in Europe

The non-ferrous metals industry has an annual turnover of over €120bn, with over 47m tonnes of annual production. Metals enable European innovation by providing a wide range of other industries with essential materials to invest in research and development. The industry employs more than 500,000 people directly, and another 3,000,000 indirectly.

Europe's non-ferrous metals industry: Committed to sustainability

The non-ferrous metals industry, especially in Europe, has made continuous progress in reducing its environmental impact by improving its resource- and energy-efficiency. Overall, the metals industry in Europe outperforms most other regions in the world, and will continue to operate with the highest standards.



