



CRM Alliance
Critical Raw Materials

CRM DAY WEBINAR

THE ROLE OF CRMs IN THE NEW INDUSTRIAL & TRADE POLICY

REPORT

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On 21 April, the Critical Raw Materials Alliance hosted its first annual webinar of 2021 as part of the CRM Day, once again with great success. The webinar on “The role of CRMs in the new Industrial & Trade Policy” discussed the opportunities for CRMs in the upcoming EU initiatives with six experts.

After over a year of world economic disruptions due to the pandemic, a strong vision and strategy for recovery is needed for reaching ground and continue the implementation of the Green Deal. Industry and trade are in the center of raw materials, and therefore could highly benefit from the EU’s new Industrial and Trade Policies. Our panel of experts helped us understand some of the most important issues for the raw materials industry: securing supply, reducing dependency and the economic and functional impact on technologies, amongst other topics.

The **first Expert Panel** focused on the New Industrial Strategy and included MEP Hildegard Bentele, Judith Kirton-Darling from IndustriAll and Christoph Vanderstricht from PwC Belgium. The panel discussed the role of CRMs for EU industries and elaborated on what can be done to establish a more value-chain approach.

The **second Expert Panel** discussed the New Trade Policy and the recent Trade Communication. The panel was composed of Caroline Boeshertz from the European Commission, MEP Sara Matthieu and Stéphane Lambert from the Mission of Canada to the EU.

The first panel was moderated by Adam McCarthy from the Cobalt Institute, while the second panel was moderated by CRM-A Secretary General Maurits Bruggink.

Panel 1: New Industrial Strategy



MEP Hildegard Bentele (Germany/EPP) is a member of the ITRE Committee and rapporteur of the Report on a European Strategy for Critical Raw Materials. During her presentation, she gave an overview of the ongoing discussions at the ITRE Committee on the file. Ms. Bentele mentioned the EP’s recently adopted Resolution on Circular Economy, which puts the sustainable use of resources in the center, especially raw materials. The resolution calls on the Commission to propose science-based binding EU mid-term and long-term targets for the reduction in the use of primary raw materials and environmental impacts. Ms. Bentele highlighted the binding aspect of the resolution, which was a complex issue during the negotiations.

MEP Bentele listed the most important aspects of the report on the European Strategy for CRMs, which she leads at ITRE, with ENVI and INTA as associated committees.

- Focus on the domestic potential in CRMs
- Tackle bureaucratic burdens, such as national mining permits

- Get information on how mining will be affected by the Taxonomy
- Come up with a definition of sustainable mining
- Ensure there are limits to CRM substitutions

MEP Bentele insisted it is important to find a proper solution to CRM extraction in Europe, considering the lack of popularity of traditional mining. Therefore, a definition of sustainable mining is crucial to understand the impact the report can have on the actual extraction of CRMs in the EU.

Lastly, Ms. Bentele provided the indicative timeline of the report: exchange of views (tbc), consideration of draft report on 17 June, deadline for amendments on 22 June, deadline for INTA and ENVI on 10 September, vote ITRE on 27 September and final vote in plenary in November.

Judith Kirton-Darling is the Deputy General Secretary of IndustriAll and former MEP. Ms. Kirton-Darling provided the perspective of an industrial trade association, giving an extensive review of the impact the new Industrial Strategy can have on CRM industries. She started her presentation by stating that the diminishing role of industry in the European economy is a clear result of policy choices. To achieve the Green Deal objectives, new policy choices are needed.



Ms. Kirton-Darling insisted maintaining good quality jobs and industrial capacity in Europe must be central to the new Industrial Strategy. She continued by saying that trade unions like IndustriAll have been calling for stronger strategies for CRMs for a long time, as well as for actions to secure the supply. As a member of ERMA, IndustriAll has previously supported actions involving CRMs and hopes to support the new Industrial Strategy too.

According to Ms. Kirton-Darling, there are four areas that should be considered to ensure a sustainable and domestic extraction:

- A strong framework to source raw materials.
- Reskilling coal miners into raw materials miners and ensuring alternative paths for those communities affected. This action mainly applies to coal and carbon intensive regions in Europe.
- Make sure the EU Taxonomy does not hinder transitioning mining regions.
- Develop a comprehensive map of raw materials that can be found in Europe.

Lastly, Ms. Kirton-Darling acknowledged that the EU cannot be self-sufficient in raw materials, which is why it needs a strong international agenda, which takes into account sustainable sourcing of materials as the basis for a strong environmental policy. She asked for trade unions to be considered active policy makers throughout the drafting and implementation of all actions that directly affect the industry and workers.

Panel 2: New Trade Policy

Caroline Boeshertz is a member of Commissioner Valdis Dombrovskis Cabinet at DG Trade. Ms. Boeshertz presented an overview of the updated Trade Policy by the European Commission, highlighting the role of CRMs. She started by mentioning that the access to resources and raw materials is a strategic security question for the EU's ambition to achieve the twin transitions, as well as essential for the post-pandemic recovery.

Ms. Boeshertz underlined the importance to meet the demand of the global raw materials industry going forward as well as improving the security of supply, which can only be achieved through a balanced set of measures. Regarding the geopolitical landscape, the Commission lays out two priorities: avoid distorted trade and investments and achieve a level playing field for raw materials. In order to achieve that, the EU must develop an open strategic autonomy, develop the EU capacity in the short and medium-term, make sure the sourcing from third countries is sustainable and act assertively in case of market distortions.



The Communication on a new Trade Policy provides three guiding principals: openness as a strategic choice, sustainable mainstreaming and assertiveness. Moreover, a key approach to the policy is building alliances for global change through the following measures:

- Reforming the WTO, including through close partnership with the EU partners (e.g. the US)
- Make sure the reform supports the green transition and sustainable value chains
- Support the digital transition in trading services
- Reinforce the EU's regulatory impact and increase attractiveness of the Single Market
- Strengthen partnerships with neighboring countries as well as Africa
- Refocus efforts in the implementation on trade agreements and ensuring a level playing field

Ms. Boeshertz insisted the new Trade Policy supports the Action Plan on CRMs, through three pillars.

I. Negotiations

The Commission includes a stand-alone chapter on energy and raw materials. There are negotiations underway with Chile, Australia, New Zealand, Tunisia, Azerbaijan and Indonesia. The aim of the negotiations is to address issues of security of supply and distortion of competition.

II. Monitoring and tackling trade barriers

The EU has sponsored efforts in the OECD for the inventory of export restrictions updates yearly. The aim is to act promptly when barriers arise. The EU has won two dispute settlement cases on raw materials in the past.

III. Outreach and dialogue

The Commission wants to expand dialogue in third countries multilaterally or bilaterally, such as the ongoing dialogue on CRMs with the US and Japan, which Australia and Canada have associated to. The EU is also rolling out partnerships with more FTA countries (i.e. Canada).

Lastly, Ms. Boeshertz summarized the most important actions for CRMs within the Trade Policy: consultations on deforestation and sustainable corporate governance, providing guidance to EU businesses, cooperating with the US and other partners on labor issues, strengthening the EU's regulatory impact to be achieve a competitive advantage globally, strengthening partnerships in line with the Action Plan on CRMs and strengthening the implementation and enforcement of trade agreements.



Sara Matthieu (Belgium/Greens-EFA) is a member of the INTA Committee and rapporteur of the ENVI Opinion on a European Strategy for Critical Raw Materials. Ms. Matthieu presented the perspective of the ENVI Committee on the Strategy for CRMs, agreeing that the EU needs to reduce its dependency on CRMs and invest in sustainable sourcing, arguing the reasons behind this need are the threat of China and the rise in demands for sustainable transport and energy.

Ms. Matthieu mentioned the following strategies to increase Europe's resilience in CRMs:

- Design strategies to minimize raw materials consumption while maximizing our well being (e.g. public transport)
- Increase circularity and build a new industrial eco-system, including efficiency of material use
- Ensure responsible sourcing where supply cannot be met by recycled sources

Regarding extraction, Ms. Matthieu mentioned the idea of revisiting former coal mines and calls on the Commission to prioritize CRM extraction from existing mines rather than new mines. Moreover, mining permits should include requirements for proper recovery of CRMs. The EU should also assess the inclusion of the mining sector into the Industrial Emissions Directive. Ms. Matthieu also insisted in protecting and conserving nature against mining projects.

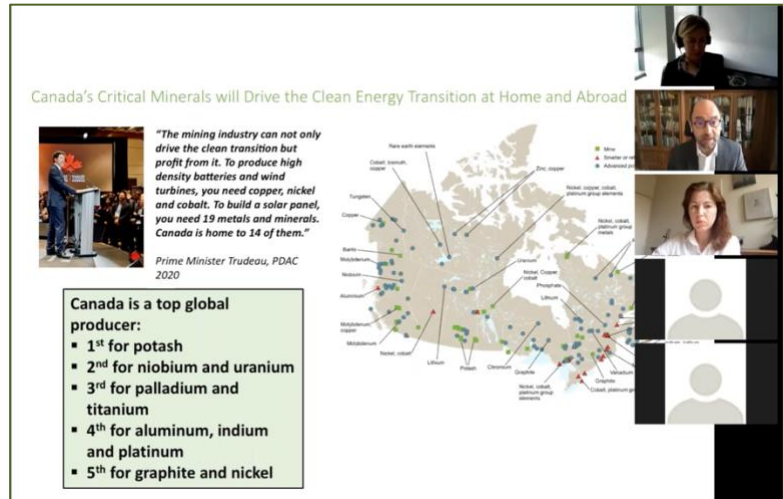
MEP Matthieu said the EU's trade policies traditionally focus on trade liberalization, such as the EU-Chile example, which does not include provisions of sustainability features. When discussing a resilient approach, Ms. Matthieu doubts this is the proper way to move forward and suggested to include a raw materials checklist and an environmental assessment in trade agreements. She also suggested investing in the sustainable extraction of raw materials and making it a precondition for trade agreements.

Stéphane Lambert is Counsellor and Head of Trade at the Mission of Canada to the EU. Mr. Lambert's presentation consisted of Canada's approach to building critical mineral value chains. In March 2021, the Canadian Government published a list on Canada's critical minerals, including 31 minerals that are essential to the economic security, the transition to a low-carbon economy and a potential sustainable source for partners. The list will enable targeted policy actions to address pressure points in supply chains and secure growth.

Mr. Lambert mentioned Canada’s role as a top global producer of critical minerals, including 1st in potash, 2nd in niobium and uranium and 3rd in palladium and titanium. To support the Canadian and European priorities on CRMs, Canada has listed three objectives:

- I. Build critical mineral value chains & downstream processing, products and technologies
- II. Leverage their world leading ESG credentials and clean mining practices to position Canada as a supplier of choice with international partners
- III. Work with international partners on minerals and metals for the low carbon and digitized economy

Regarding partnerships, Mr. Lambert mentioned the effect the EU-Canada strategic partnership will have on the success sustainable supply chains of CRMs. The negotiations of the partnership are in motion under the CETA agreement with the objective of facilitating trade investments and exchanging best practices. According to Mr. Lambert, there is already agreement on some actions that could



be strongly focused on CRMs. The goal is to establish a work plan with concrete steps and a timeline on the following actions:

- Integration of EU-Canada raw materials value chains
- Science, technology and innovation collaboration
- Environmental, social and governance (ESG) criteria and standards

To conclude, Mr. Lambert mentioned the potential of the EU-Canada partnership in achieving the parties’ common goals on the green and digital transformations.