



Critical Raw Materials in Industrial & Trade Policy

How Critical Raw Materials can support Europe's economic revival with new Industrial and Trade policies



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CRM Day 2020: Critical Raw Materials in Industrial & Trade Policy

On 30 June, the Critical Raw Materials Alliance hosted its first virtual annual conference with great success. The 'Critical Raw Materials in Industrial and Trade Policy' webinar discussed how critical raw materials (CRMs) can support Europe's economic revival with new industrial and trade policies.

The raw materials markets have never faced so many challenges simultaneously: COVID-19, the decline of multilateralism, Brexit, and climate change, among others. During the webinar, experts analyzed the current state-of-play and provided answers to these rising challenges.

The Government Expert Panel, including Iuliu Winkler, Member of European Parliament; Thomas Le Vaillant, Deputy Head of Unit DG Trade; and Jessica Robinson, General Manager of the Australian Critical Minerals Facilitation Office, discussed how to achieve a level playing field for the European value chain and security of CRM supply.

After a short coffee break, the Trade Expert Panel, with Michel Van Hoey, Senior Partner at McKinsey & Co; Hugo Brodie, Vice President at the London Metal Exchange; and Inès Van Lierde, Secretary General of Euroalliages, examined current market trends for various critical raw materials in terms of capacity, new technologies, trade and sourcing, among others.

The first panel was moderated by CRM Alliance Secretary General Maurits Bruggink and the second by Neil Brewster, Manager Strategic Consulting at Roskill, our CRM Alliance media partner.

Part 1: Government Expert Panel

Iuliu Winkler – Government & Policy

Iuliu Winkler, Member of European Parliament (MEP) and Vice President of the European Parliament's Committee on International Trade, addressed the effect of COVID-19 on the EU's trade policies and the recently launched Industrial Strategy. He explained that the current situation has highlighted problems, such as supply chain dependencies, already present before the global pandemic, and called for diversification and the need to build resilience in strategic sectors.

Mr. Winkler underscored that the EU needs to remain competitive, resilient, and sustainable and that both industrial and trade policies play a vital role in this. "The EU's competitiveness and power to innovate largely depend on the secure access to (critical) raw materials and the will to build sustainable and resilient supply chains", he said. Mr. Winkler therefore urges stakeholders to participate in the EU's trade policy review and expressed his willingness to closely cooperate in the future.

Jessica Robinson – Positioning Australia as a secure and reliable supplier of critical minerals

During her presentation, Jessica Robinson highlighted some of Australia's best practices to position the country as a secure and reliable supplier of critical minerals. She explained that Australia has

positioned itself as a technical supplier of CRMs and has the potential to become a world leader when it comes to sustainable exploration, extraction, production and processing of critical minerals.

Ms. Robinson explained that the Critical Minerals Facilitation Office, which was launched in January 2020, aims to help the Australian critical minerals sector grow, to address vulnerabilities in the supply chain, and to secure supply for the increasing demand of critical minerals needed for green energy. At this moment, Australia has closed a critical minerals deal with India and is collaborating with the U.S. and other countries in the Energy Resource Governance Initiative. Additionally, Australia is working with the EU and Japan, among others, through bilateral strategic raw materials partnerships.

Thomas Le Vaillant – Trade Policy on Raw Materials

Thomas Le Vaillant started his presentation with an overview of what different EU policy initiatives, such as the Green Deal, the Industrial Strategy or the Circular Economy Action Plan, say on raw materials. He expressed the importance of the current trade policy review and its main objectives: ensuring greater resilience of EU supply chains; supporting economic recovery and long-term growth; WTO reform and strengthening rules-based trade; supporting green, sustainable and digital objectives; and supporting SMEs.

Mr. Le Vaillant continued his presentation by underlining how trade can contribute to the EU's raw materials policy and stressed that the EU's trade policy should address import dependency, create a level playing field, ensure undistorted access to raw materials resources, and promote sustainable investments. To end his presentation, he announced the creation of the Chief Trade Enforcement Officer, who will focus on the implementation and enforcement activities and work very closely with other Commission services, the European Parliament, Member States and stakeholders.

Part 2: Trade Expert Panel

Michel Van Hoey – The role of Critical Raw Materials in Europe's economic revival

Michel Van Hoey highlighted the importance of the metals industry as a key enabler for a thriving European economy. He showcased the crucial role of the steel industry as a substantial driver of the global materials market and how it has suffered declining demands since the global financial crisis in 2008. Mr. Van Hoey explained that the steel trade balance has shifted, with the EU going from a net steel exporter to a net importer in 2016.

Mr. Van Hoey also demonstrated the main challenges for the European metals and materials industry going forward: structural overcapacity in Europe, decarbonization of the industry, and the need for continued differentiation. He concluded by giving an overview of potential actions to ensure a sustainable European metals and materials industry.

Mr. Van Hoey believes that materials producers should address overcapacity issues through rationalization and consolidation and that Europe should become the materials R&D hub of the world.

He also thinks that policymakers should review current merger conditions, support green investments, and create a level playing field by taxing of CO2 emissions.

Hugo Brodie – Trade Policy

After giving an introduction about the London Metal Exchange (LME), Mr. Brodie engaged in dialogue with the moderator of the panel, Neil Brewster, and discussed pricing issues caused by COVID-19, how other metals can join LME, and issues related to transparency.

When asked about sustainability requirements for metals to be exchanged at the LME, Mr. Brodie replied by explaining that they are continuously trying to develop and work on issues related to conflict mining and responsible sourcing. He explained that they introduced ethical requirements last year, “human-friendly produced metals”, which are based on rules of the Organization of Economic Cooperation and Development.

Inès Van Lierde – Silicon, A Critical Raw Material in a Market Deeply Distorted

During the final presentation of the webinar, Ms. Van Lierde addressed current metal and mineral trading issues with China, with a focus on issues related to silicon metal. She expressed her concerns regarding the huge Chinese overcapacity and regarding the fact that Chinese power generation is 100% based on coal, which has enormous implications for the environment.

Ms. Van Lierde highlighted that the EU’s trade defense measures are much lower than in other countries and urged the EU to increase anti-dumping methods to protect its silicon industry. She also recognized that the silicon industry is very energy intensive but underlined that the EU produces silicon in the cleanest way. At the end of her presentation, Ms. Van Lierde outlined the difficulties in achieving Open Strategic Autonomy, while at the same time aiming a Green Recovery. She explained that silicon plays a key role in green technologies enabling the objectives set out in the Green Deal but believes that these objectives are jeopardized by the EU’s increasing reliance on China. Ms. Van Lierde therefore asks the EU to develop a robust and ambitious trade policy, that addresses global overcapacities and creates a global level playing field, also in terms of climate regulations.

To end the webinar, the trade panel experts were asked what to expect from higher emission standards regarding the level playing field. Experts agreed that there is an urgent need to create a real level playing field, and that the carbon border tax may be a fair way to make sure that our industries are competitive at the global level. They believe that it is part of the solution, but certainly not sufficient.

About us

The Critical Raw Materials Alliance (CRM Alliance) has been created by industry to advocate the importance of CRMs for the European economy and to promote a strong European CRM policy. It is the representative body of primary producers, traders and associations of CRMs.

Through its membership, the CRM Alliance represents almost all of the 27 listed critical raw materials and we are steadily growing. We also oversee a MEP interest Group on Critical Raw Materials to connect industry with policy-makers through bi-annual political luncheon events.

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