

**EU 2020 Strategy in mineral commodities
management – International conference**

19 September 2011 (09h00-19h30)

Warsaw, Polish Geological Institute

Key note speech Paul Anciaux

KEY NOTE SPEECH

Ladies and Gentlemen,

First of all let me thank the organisers for hosting this important and timely event at the start of the Polish Presidency of the EU. It provides once more an indication of the importance which the issue of raw materials is being given within the European Union.

Europe's 2020 Strategy is omnipresent in the titles of this event and the many presentations that will be made here today. That is no coincidence: Europe 2020 is the EU's growth strategy for the coming decade.

In a changing world, the EU is to become a smart, sustainable and inclusive economy. These three mutually reinforcing priorities should help the EU and the Member States deliver high levels of employment, productivity and social cohesion.

Concretely, the Union has set five ambitious objectives - on employment, innovation, education, social inclusion and climate/energy - to be reached by 2020.

The engines consist of 7 Flagship initiatives, which involve various policies of the EU. It is exactly this coordination of different policies that is also so crucial for the EU's raw materials strategy.

I will therefore describe to you where we are today with the implementation of Europe's raw materials strategy, and highlight to what extent this strategy is contributing to achieving the goals of Europe 2020.

Let me begin by outlining the global context before diving into the actual raw materials strategy.

The EU is currently very dependent on imports of many important raw materials. These are not only used to produce our modern consumer products, such as PCs and mobile phones; they are also increasingly important for new environmentally-friendly products, with hybrid cars and wind mills requiring rare earth elements, solar panels requiring gallium and new fuel-efficient aircraft being reliant on rhenium alloys. Moreover, the quality of our daily life depends on the supply of raw materials, in the health and care sector as well as in the construction and infrastructure sector.

The **increasing global demand** for raw materials is driven by the economic growth of emerging economies and the need for emerging technologies. Emerging economies are pursuing industrial strategies that aim to protect their resource base to generate advantages for their

downstream industries. At the same time, market distortions - for instance export restrictions - on raw materials have been increasingly reported, including those put in place by BRIC countries.

This evolution may lead to supply bottlenecks and shortages in the future, which in turn will negatively affect the EU's competitiveness, have an impact on direct and indirect employment and jeopardise our potential in developing emerging technologies.

These developments were taken into consideration when the Commission launched its Communication on Raw Materials in 2008, which outlined the Raw Materials Initiative: a coherent strategy aimed at ensuring a fair, undistorted and sustainable access to raw materials for European society and industry. This was followed up by a **reinforced strategy** in the new Communication on Commodities Markets and Raw Materials of 2 February. It proposes different actions, founded on the 3-pillar based Raw Materials Initiative, namely:

1. Fair and sustainable supply of raw materials from international markets
2. Fostering sustainable supply within the EU
3. Boosting resource efficiency and promote recycling

Even though the new Communication takes commodities markets into consideration, the focus remains on non-energy, non-agricultural raw materials - which basically means metals, minerals, but also materials such as wood and natural rubber.

Based on these three-pillars, it takes an integrated approach to many of the very important issues being discussed today, namely how we can source minerals from within the EU, how we can make the most of our secondary supplies and improve efficiency and, finally, how we can foster innovation across the entire raw materials value chain.

The Commission has identified a list of 14 **critical raw materials**. These materials are called “critical” because they are produced in only few countries in the world, not always marked by great political and economic stability. Moreover, their recycling rates are low or non-existent, and the potential for substitution is likewise. For example, rare earths elements can be considered particularly critical in view of these factors, and the EU is definitely not alone in this assessment, as you will have seen from different recent reports and the extensive coverage in the press. The Commission will continue to monitor the issues of critical raw materials to identify priority actions. A good example of such a targeted policy action was the opening up of the EU’s 7th Framework Programme for research programmes for funding of research into the substitution of rare earth elements. However, it should be clear that the Commission shall not limit its actions to critical raw materials only.

In relation to the **1st pillar** – access to raw materials on global markets – the EU will develop a raw materials diplomacy with the view to ensure access to raw materials through our strategic partnerships and dialogues with third countries.

The EU's **development policy** can also help to build win-win situations for both developing countries and the EU. The African Union Commission and European Commission agreed to establish a bilateral co-operation on raw materials. Within the context of the Africa-EU Joint Strategy 2011-2013 this cooperation will focus on 3 areas: governance, investments & infrastructure and geological knowledge / skills. The Commission is now developing more specific actions which will turn this commitment into practice in the coming years. There will definitely be an important role for the European geological surveys to play in this process. Increased networking and cooperation between African and European geological services will allow developing countries to increase their geological knowledge and therefore better estimate mineral reserves, plan budgets based on expected revenues from these reserves and increase their bargaining power in relation to mining companies.

A high level Africa/EU conference on raw materials on 1st December in Brussels will provide the necessary political momentum to make further progress in this area.

The Commission also intends to reinforce its **trade strategy**. The Commission will continue to tackle barriers that prevent the sustainable supply of raw materials to the European economy; preferably through dialogue, but using dispute settlement where justified, as was demonstrated by the case under the WTO against Chinese export restrictions on 9 raw materials. The European Commission will also address issues such as export restrictions and investment aspects in ongoing and future bilateral and multilateral frameworks.

When it comes to sustainability and raw materials, we need to think globally but need to act locally. This means that we should also foster supplies from European sources.

The **2nd pillar** of the Raw Materials Initiative focuses on enhancing potential for mining within the EU, in particular having the right framework conditions in place.

As the representatives of the mining sector in the audience know very well, both the increasing pressure on access to land in the EU from other land uses, and the need to have in place the right regulatory framework, are issues of key importance. In spite of the raw material potential of Europe, many barriers to mining and materials management exist, some of which are administrative and some which are often due to the sector being subject to various overlapping and conflicting policies. These need to be overcome. While this is an area

which falls largely within the competence of Member States, the Commission is working together with Member States and other stakeholders to exchange best practices in this area.

One example of this collaborative work was the report on exchange of best practice in minerals policy, land use planning, permitting and geological networking, delivered in June 2010. Member States, research organisations, geological surveys and numerous companies actively contributed to this report.

Furthermore, work has been undertaken on how mining and quarrying can contribute to increasing biodiversity. Guidelines on **Non-Energy Extractive Industry and Natura 2000** published in 2010 underline that there is no automatic exclusion of sustainable mining projects in or near Natura 2000 areas. A wide variety of excellent examples have been provided by your companies. Moreover, many of you are still actively contributing to the Biodiversity Platform of the EU, which will be the subject of a specific presentation later this morning.

However, the best guidance documents and reports are not useful if they are not known to stakeholders. We are counting on all of you to help us to share the information with regional and local decision makers making available the adopted Guidelines and the best practice report to municipal authorities responsible for land use planning and permitting. The foreseen translation of the guidance document on

NEEI and Natura 200 into 22 EU languages will be one important step towards better transparency and better implementation.

However, in order to be able to make the right decisions, one also needs the right knowledge available concerning our own resources; knowledge that is easily accessible and transparent, not only for national, regional and local authorities but also companies and other stakeholders.

The ongoing research project 'ProMine' – part of the 7th Framework Programme, and funded with a budget of €17 million – aims to improve the EU's knowledge base on deposits of important raw materials in Europe, in particular for critical raw materials. Preliminary deliveries already indicate localities where these currently highly coveted raw materials are to be found within the European Union.

Strategic actions are needed to further improve the EU's knowledge base, in particular through enhanced co-operation between national geological surveys, for which some of them still need to get the right mandate from the responsible national authority. However, there is scope for increased information at EU level in terms of production as well as on resources and reserves for all raw materials, including by-products.

But in order make such a terminology such as 'resources' and 'reserves' understandable, not only by experts but also by decision makers and the public society, we need to have standards in place.

The basis for the provision of such coherent data is not yet in place. A first step has been made here with the INSPIRE Directive on establishing an Infrastructure for Spatial Information in the European Community which calls for geographical data coherence. Projects such as "OneGeology Europe" have provided for the creation of a coherent geological map of Europe in the scale of 1: 1 Million – which is a necessary, but not sufficient, step to respond to current needs.

Another promising initiative is the EuroGeoSource project which started in April 2010 and where first efforts are being made to provide harmonised spatial geological and geographical data sets. This project is co-financed by the Commission within the ICT Policy Support Programme (ICT PSP) which aims at stimulating innovation and competitiveness by accelerating the wider uptake and best use of innovative digital technologies. This type of information is all the more important because land use planning and strategic planning for long term decisions – such as investments in mining and efforts to be taken to fulfil the permitting process – rely on the quality and availability of data.

However, we are still far away today from delivering a pan-European picture as only 10 of the 27 Member States are actively participating in this project.

Obviously all the challenges I mentioned earlier require the availability of highly-skilled specialists. Despite this need, in most regions of the European Union investment and efforts to improve education and skills in earth sciences and mining engineering have been reduced significantly in the last decades. Therefore we are already lacking the expertise necessary, whereas at the same time the global need to have highly skilled experts in place continues to grow.

Up until now, I have focussed on sustainable 'primary' mining in Europe. We also need to improve the potential for secondary or 'urban mining' of recycled raw materials. This is exactly the aim of the **3rd pillar** of the RMI. The EU's urban mines and mining waste provide a considerable potential as a source of minerals and metals for European industry. Recycling of metal products puts less pressure on the need for primary resources and allows for substantial savings on energy costs.

In the context of the **3rd pillar** of the European Raw Materials Initiative, the Commission is promoting recycling and increased resource efficiency as a means to ease the EU's dependence on primary raw materials, reduce import dependency, and improve the environmental balance.

One particularly-important issue is the problem of enforcement of existing waste shipment legislation, namely rules preventing exports of waste scrap to substandard treatment facilities, as well as illegal trade in end-of-life electrical and electronic equipment and end-of-life vehicles. These illicit practices represent a loss of materials that could otherwise be recycled in the EU and which can lead to environmental damage in third countries.

One other hurdle to recycling lies with the technologies we have at our disposal. In many cases cost effective technologies for recycling of certain materials – in particular rarer metals – does not yet exist or is not in mainstream use. To tackle this problem we need greater innovation in the sector so that recycling can better compete with other sources.

This brings me to an area of increasing importance at this point in time, that is, to **innovation in the area of raw materials**. While I gave the example of technical innovations in the recycling industry, innovation in raw materials can be a key driver for progress within each of the three pillars of the Raw Materials Initiative and hence should be applied across the entire value chain. With the recently adopted EU2020 Flagship on Innovation Union the Commission intends to launch some partnerships covering different topics of relevance for our societies while tackling common societal challenges. One candidate for an innovation partnership is the topic of raw materials. Such a partnership would aim to develop innovative

solutions for the extraction, processing, recycling and substitution of raw materials throughout the entire value chain. The title of this workshop mentions “management” and for me the management of raw materials means that an Innovation Partnership on Raw Materials might start with exploration and exploitation of raw materials but it is not to end there.

In its Conclusions of March 10th, the Competitiveness Council "INVITED the Commission to further promote innovation and research and development efforts in the raw materials value chain to assess the case for launching a European Innovation Partnership (EIP) on raw materials and to come forward with proposals for this as appropriate, whilst fully respecting the principle of subsidiarity".

As most of you are aware, the European Commission is considering to launch a strategic Innovation Partnerships on Raw Materials. The aim is to speed-up research, development and the introduction of innovation to the market in order to solve difficult social problems, bundle know-how and resources and increase European competitiveness.

Let me be clear on this: Innovation as it is seen in the proposed Innovation Partnership on Raw Materials shall aim to provide jobs and growth for our society. It is not only about research, it is also about innovative approaches and solutions. Close co-operation between academia and companies is therefore essential. The already-existing

excellent cooperation between Industry and Research Institutes would be an example of how Innovation can be achieved and how it can provide jobs and growth.

Before I conclude I would like to remind you of the resource efficiency EU2020 flagship, the output of which should have a big impact on our sector. As you know, in January the Commission published a 'chapeau' communication on the resource efficiency flagship which referred to efficiency in the use of a number of resources, including raw materials. The next milestone in this multi-sector flagship will be the adoption of a Roadmap towards a Resource Efficient Europe, expected shortly.

Although there are many aspects of the RMI which lie outside this flagship (e.g. trade, development issues) and while there are many resources which go beyond raw materials (such as food), the strong overlap between the two areas means that we will continue to work closely with our colleagues within the Commission to ensure coherence in policies designed to promote sustainable and fair access to, and use of, materials in Europe.

Coming back to the implementation of the RMI and while the Communication adopted in February presents a large number of targeted policy measures aimed at achieving these goals, it is now time to implement these measures. My colleagues and I look forward to receiving your support in achieving our common goals.

Thank you for your attention.