Developing a sustainable European industry of base metals

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The European Parliament adopted by 467 votes to 118, with 116 abstentions, a resolution on developing a sustainable European industry of base metals.

The resolution stressed the **importance of the base metal industry for a whole range of downstream industries**, including the automotive industry, the aerospace industry, energy production, the construction industry and packaging.

However, the steel sector, which has seen over 40 MT of steel production capacity close since 2008 and has lost more than 60 000 jobs directly and over 100 000 jobs indirectly, is experiencing its most serious peacetime crisis ever, resulting in greater dependency of the industrial manufacturing sectors on imports from third countries and in losses of industrial know-how, with a direct impact on millions of jobs.

Members considered that Europe, which is already heavily dependent on raw materials, **cannot afford a new dependency to develop in respect of base metals.**

The overriding need to act on climate change and high energy prices: Parliament stressed that a redesign of the current EU emissions trading system (ETS) system is one of the most pressing issues in terms of ensuring the competitiveness of the base metals industry. It noted that the Commission has made proposals which will culminate in the reform of the ETS for the fourth period 2021-2030 and called on the co-legislators, in this connection, to ensure that the reform includes the issue of **carbon leakage** and promotes efficiency, **industrial innovation** and the optimal yields that this reform is supposed to guarantee, while considering supplementing the ETS with other innovative instruments and strategies.

Parliament called on the Commission, when reviewing the ETS, to **reward the best performers within energy-intensive industry** from the point of view of producing goods while achieving lower emissions. It called for energy-intensive industries to continue their efforts to **optimise recycling arrangements** and cut CO2 emissions with a view to ensuring future industrial competitiveness and meeting the EU's established binding reduction targets.

Carbon border adjustment –- a temporary and flexible measure of international dimension in line with the WTO: stressing that a comprehensive international agreement will reduce the risk of carbon leakage from the EU, Parliament stressed the fact that an **ambitious international agreement on combating climate change** that creates a level-playing field for all countries prepared to cooperate at multilateral level and forge a coherent global environmental regime to reduce carbon emissions would be the most positive way of dealing with global emissions.

Such an international agreement must necessarily include **reliable commitments by the strongest emitting countries** and comply with social and environmental standards.

The Commission is called upon to: (i) ensure that future trade agreements include provisions which significantly improve export opportunities and market access for European base metals products; (ii) include prohibition of distortive raw materials practices (dual pricing, export restrictions) in regional, bilateral and multilateral free trade agreements.

Members stressed that any measures affecting trade must respect international trade agreements.

Compensation for indirect emissions: Parliament regretted that the state aid-based compensation regime for indirect costs has created a new source of unfair competition on the EU single market among producers in electricity-intensive sectors, some of whom receive financial support from the authorities in their countries. It urged that this **compensation be harmonised and, if justified**, be granted at European level in order to ensure a **level playing field** with global competitors and among European producers and ensure effective carbon leakage protection.

Support for investing in the production of low carbon metals: Parliament urged that free allowances for the most efficient installations in the carbon-leakage sectors be allocated on the basis of programmes for investment in new equipment, R&D (including the capture, storage (CCS) and use of carbon (CCU)) and the **training of workers**, as soon as possible and at all events starting 2018 and during the fourth stage, covering the period 2021-2030. It stressed the absolute need for investment in research and development to **enable Europe to remain a centre of excellence** for the production of base metals.

Members called for ETS auction revenues to be **used to finance climate action** inside the EU and in developing countries, including for investments into renewable energy and energy efficiency projects in industrial sectors.

The resolution also stressed the importance of:

- increasing **transparency** in the use of allocation revenues by Member States which would help citizens see how ETS revenues are being used by national authorities;
- emphasising that installations and companies must respect all legal requirements on **social responsibility and reporting** in order to ensure equal and effective implementation of environmental regulations and ensure that competent authorities and stakeholders, including workers' representatives and representatives of civil society and local communities;
- improving the competitiveness of Europe's base metal sector of the possibility of concluding long-term contracts, under certain conditions to be clarified by the Commission, which must be compatible with a return on investment, the duration of which must be no less than 15 years in the case of highly capital-intensive industries;
- organising the **transfer of skills** between generations of workers to be organised in all plants putting in place active employment and industrial policies ensuring that this knowledge is developed and recognised as an important asset of the European base metal industry;
- creating **European diplomatic action** relating to raw materials for metal production based on strategic partnerships to share added valued between European countries and countries producing raw materials.
- establish an **in-depth steel market analysis instrument** that can provide precise information on the European and global steel supply-demand balance, distinguishing between structural and cyclical components of development of these markets;
- concluding the **revision of the two regulations on trade defence instruments** (TDI), in order to streamline, reinforce and speed up these instruments, ensuring that they are not weakened;
- press ahead quickly with the **modernisation of TDI**, in order to ensure that an appropriate response to unfair practices can finally be put in place and that the European market can be protected against dumping;
- facilitating the development and functioning of secondary metal markets and encouraging the establishment of a **circular economy** at every base metals production plant in order to link the exploitation of by-products and recycled metals with the aim of increasing their competitiveness.

Lastly, the Commission is called upon to: (i) develop economic incentives for recycling metals, including currently uneconomical critical raw materials such as rare earths, (ii) investigate how markets for recycled

materials can be supported by inter alia green certificates for recycled materials, eco-design requirements and fiscal incentives, (iii) ensure that cohesion policy and European Fund for Strategic Investments (EFSI) budgets are also leveraged to promote resource efficiency and recycling.