



CRM Day

Critical Raw Materials and Industrial Policy

Hosted by Dr. Paul Rübig MEP

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Post CRM Day Report

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<http://www.criticalrawmaterials.org>



European Parliament CRM Day

Critical Raw Materials - Key to Innovation, Competitiveness and Economic Growth

CRM Alliance meeting

The CRM Day marked the first official day organised by the CRM Alliance. After an informal reception hosted at the Ridens Public Affairs office the evening before, CRM Alliance members convened in the morning at the European Parliament for their first meeting. The objectives were to further discuss both individual and common concerns that CRMs are experiencing at the EU level and to agree on a future organisational structure. Members reconfirmed the objective to ensure that CRMs receive a systematic consideration when drafting legislation, which should not be focused on substitution. In practice, this meant the establishment of a clear strategy of the CRM Alliance to promote the importance of critical materials to the EU and to support a CRM policy.



Following the CRM Day the Alliance received a letter from the European Commission that the Alliance will be granted a seat in the Ad Hoc Working Group on Raw Materials as observer because of the CRM Alliance's specific expertise. This means that the Alliance will be invited as observer during the course of the process of revising the list of "Critical Raw Materials for the EU" to technical discussions related to each of the relevant CRM under the Alliance!

At this stage, the CRM Alliance consists of 15 members representing 13 Critical Raw Materials: Tri-Star Resources (antimony); Beryllium Science & Technology Association; Etimine (borates); The Cobalt Development Institute; World Coal Association (coking coal); Eurofluor (fluorspar); German Engineering Federation (gallium arsenide); Indium Corporation; International Magnesium Association; Minor Metals Trade Association; Imerys Graphite and Carbon (natural graphite); Great Western Minerals Group (REEs); Tasman Metals (REEs); Euroalliages (silicon metal); Commerce Resources Corporation (former CRM tantalum).

Luncheon event

With a Member's Salon packed with European Commission, European Parliament, Permanent



Representations, Missions to the EU and CRM industry representatives it proved to be a good setting for an intense and constructive discussion. Austrian

MEP Dr. Paul Rübige, Vice-Chairman of the EP Scientific Technology Options Assessment Committee and longstanding member of the Industry Committee hosted the event which was sponsored by the CRM Alliance. It was apparent from the presentations that critical raw materials are being viewed as vital for the European economy and vital for energy efficiency. Therefore, measures need to be taken to ensure a continued supply of critical materials to and within the EU.

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Dr. Paul Rübige opened the event and emphasized the importance of integrated industrial policies with raw materials policies. He committed himself as promoting the interests of raw materials and manufacturing in Europe during his fourth term as Member of the European Parliament. He emphasized the importance of small and medium sized enterprises in those industries and that many of the critical materials are needed in f.e. increased standards for energy-efficiency. Therefore, a compromise was needed on how to use those critical materials when no other material fulfils the same criteria to fulfil the criteria. This does not only impact chemical or legislative decision-making, but also has a political impact. Mr. Rübige congratulated the Critical Raw Materials Alliance for its initiative to promote CRMs at European level and wished the CRM Alliance much success in its endeavours to advocate CRMs in EU policies.



good explanation of the intentions of the European Commission regarding critical materials and industrial policy. She stated that her door was always open to issues of concern to the CRM Alliance and that the focus of raw material initiatives is a high priority for the European Commission, European Parliament and European Council.



She mentioned that between 2010-2014 industry was still getting used to the report but by now almost everybody is using the list. The list is not only used as a policy making tool for the European Commission, but also for Member States and stakeholders. For the European Commission the list provides a benchmark that tells them which materials they need to focus on for research and innovation to be sure that in trade policy (defensive and active) those critical materials are taken care off. Furthermore, it helps the Commission in its negotiations with Member States and in exchanging best practices with mining. Therefore, the CRM list is used for all policies.



Rinalds Celmiņš, Counsellor Entrepreneurship, Industry and Export Credits of the Incoming Latvian Presidency provided the audience with a detailed overview of the main industrial priorities of the Latvian Presidency. He stated that the main priority of the Latvian Presidency is jobs and economic growth. And, based on their own experience, their conviction is to achieve the desired result by becoming more competitive and efficient.

Flor Diaz Pulido – Acting Head of Unit Raw Materials, Metals, Minerals and Forest-based industries - DG Enterprise and Industry gave a very



In June 2014 the Commission Staff Working Document on the implementation of the Raw

Materials Initiative was adopted. It shows that the EU should be even more active and that f.e. a well-functioning conflict materials policy should be put in place. A public consultation will be launched in the coming months. She reiterated that it is very

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important for the Commission to be in line with industry needs.

Mark Saxon, President and CEO of the CRM Alliance member Tasman Metals provided the audience with the industry's point of view concerning CRM developments in the EU.



Tasman Metals is a mineral exploration company that looks for deposits that may one day become mines. They have discovered and are developing a major heavy Rare Earths Elements (REEs) project in Sweden that can supply all of the EU's needs for REE's for the next 40 years. They are a member of the Alliance because for them being considered a CRM is very important as the heavy REEs experience the greatest supply risk due to the presence of a Chinese supply monopoly.

Although CRM's are not magic, they are certainly critical in modern technologies due to the properties they provide being unique and indispensable. The most obvious one in the REE field is magnetism – engineers want something to



be magnetic or not magnetic. There is nothing in between so the right metal needs to be chosen for the job. Currently, the majority of magnets used by Western companies are all made with Chinese raw materials. The major issue is that when the raw material is not present, the products do not get built. The material that is securing the EU comes from mines in southern China that have a fairly devastating environmental impact. Because

the use of CRM's is relatively low and the cost of CRM per unit is generally low, the consumption has been able to expand without awareness in the west. China has always had this awareness however, due to their spectacular growth in technology manufacturing, and their massive investment in science and research.

The CRM Alliance is now working hard to provide the information that industry and government need to understand CRM supply, and help level the playing field after about 30 years of lack of investment. Efficient and supportive government policy is very important to the development of the CRM businesses, as is industry being aware and realistic about the time and cost that is required to provide secure

alternate supply. Pricing needs to reflect the real production cost of these



metals, which includes paying for the environmental cost and social impact of their extraction. Water management, dust management and closure plans all need to be paid for in the cost of the metals.

One of the issues that is very concerning to CRM suppliers is the push for substitution. Mr. Saxon made it very clear he would prefer to see the western world focusing on using the right metals for the best technology solutions than focussing on substitution. Certainly China is not focussed on substitution away from REE's or tungsten or graphite. The push for substitution is driven by a view that resources of CRM's are finite. He stressed that for all the metals represented at the lunch, there is no global shortage in the metal itself, but there has been a shortage in investment in a secure supply chain and an unwillingness to

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pay a price that allows for sustainable production. A focus on substitution sends the message that the supply of these metals is coming to an end, which is certainly not the case. Therefore, Tasman Metals was proud to be part of the CRM Alliance and proud to be ensuring that Europe's engineers and scientists can continue to have access to the full pallet of metals so the best materials can be designed for the best solutions.

During the Q&A session the audience overwhelmingly commented that substituting critical materials was not even a solution. Rather, a focus should be put on investment in mining and on addressing trade related issues, particularly with China.

Wilhelm Smalberger, Economic Minister Counsellor at the South African Mission to the EU mentioned the importance of EU dialogues with third countries and urged the European Commission to liaise with the South African government.



Chris Dagger, Chairman Europe of the International Magnesium Association, mentioned that from the magnesium perspective they are very concerned about the EU approach to substitution. It is like 'chickens voting for

Christmas'. The policy that the EU has designed – the European Innovation Partnership – is based on three pillars. The CRM Alliance is trying to help the Member States with mining opportunities (pillar II) and with resource efficiency of which substitution is a part. However, the ultimate answer will come

from the market; if the market will substitute a substance than it will do so. Industry does therefore not need an EU funded policy focused on substitution. The CRM Alliance is doing a good job at actively engaging with the Commission on these issues. The main issue, however, is a trade issue because China has competed Europe out of mining. Therefore, the Commission should rather target its efforts to international relations and trade issues.

Inès van Lierde, Secretary General of Euroalliages also mentioned that silicon metal is facing a dominant position by China. She is all in favour of free trade, provided that the standards are the same. She felt not ashamed to say that an export tax for China has helped the silicon industry in the EU and she hoped the EU would continue to protect the EU silicon metal industry.



Ian Higgins, Managing Director of Less Common Metals, wondered what the Commission's response was to the current REEs situation where China is able to produce REEs for a very low price due to a lack

of environmental standards which the EU cannot compete with. The Japanese are a lot more active in the REEs sector and finding out where the REEs come from. Recently quite a few separation companies have closed down in China This consolidates Chinese REEs companies from 50 to 6, and is therefore much easier to control. Through this consolidation, mining companies will be part of the final consumers of the metals which will

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likely result in a situation where those companies will only supply into their own Chinese supply chain.

Terence Civic, Director Health, Safety and Regulatory Affairs at Materion Corporation wanted to know why there is not more cooperation between DG Enterprise, DG Environment and industry concerning REACH. While being identified as a critical material for the second time, beryllium is faced with being put on the Substance of Very High Concern list due to outdated data and an incomplete assessment of the substance which will have very negative consequences for the beryllium industry in Europe. Although the beryllium industry is actively reaching out to policy-makers across the EU to make sure the most up-to-date information is looked at, it would like to see more visible and active support from DG Enterprise in protecting those materials identified as critical to the EU economy.



environmental standards and economic importance by looking at the end use application. In the 2014 update four key themes were used: 1) Revision of the list of critical materials for the EU, using the same methodology; 2) Extension of the scope of abiotic materials and the inclusion of biotic materials; 3) Provide material profiles, with greater information on the CRMs; 4) Assessment of methodological refinements, including eight possible additional influences, e.g. price volatility and by-production. However, he also mentioned that the CRM list is only based on the current situation and can therefore look very different in 5-10-15 years' time. The result



of that meeting was that both parties had a better understanding of each other's position and a closer cooperation is envisioned for the next CRM report.

Closing remarks

Following the very successful CRM Exhibition in February 2014, CRM representatives decided to form an Alliance to provide more support for the advocacy of CRMs in the EU. Just like the CRM exhibition, also the CRM Day attracted a great response from both the CRM industry and European policy-makers involved in the EU. These events provided the opportunity for all parties to meet and discuss best practices with the ultimate goal to create a policy supported by both policy-makers and industry.

The CRM Alliance would like to thank all participants for their interest in the subject and their active contributions made during the meetings. We are looking forward to our next event, expected to take place in March 2014!

Meeting Oakdene Hollins

The day ended with an interactive exchange between the CRM Alliance members and a representative of co-author of the CRM report Oakdene Hollins to better understand the methodology used by them when writing the CRM report.



Dr. Adrian Chapman, Senior Consultant at Oakdene Hollins underlined that the main focus of the CRM methodology was on supply risk due to poor governance and/or risk due to low

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