



WEBINAR

13/07/2021 | 10.00 a.m. – 12.00 a.m.

ONLINE EVENT



## Webinar Highlights

Following the publication of the European Commission's Update to the New Industrial Strategy, the European Economic and Social Committee (EESC) has been carrying out a series of activities to fulfil its role of representing the views of organised civil society. A first event in this process has been a [conference](#) held on 17 June 2021, from 2.30 to 6 p.m., on *Updated industrial strategy: towards a more resilient and strategically autonomous EU industry?*

This is followed by a [series](#) of 7 webinars, aimed at hearing the view of civil society organisations on the future of European industry. Each event focuses on a specific aspect of the strategy, from the role of critical raw materials to industry's role to achieve the Green Deal, from Europe's competitiveness on the global stage to a truly Just Transition and public & private investments. The first appointment in this series has been a [webinar](#) on *The role of Critical Raw Materials to form a strong industrial base*, held on 13 July from 10 to 12.

### Welcome address



#### **Pietro Francesco de Lotto, President of the Consultative Commission on Industrial Change**

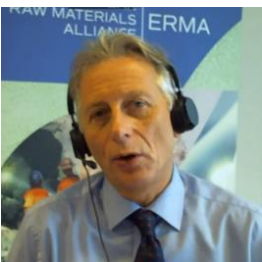
- On 17 June CCMI held a conference concerning the updated industrial strategy, and that was the first of a series of initiatives that the EESC is carrying out to convey the voice of organized civil society on the different aspects of the strategy. This is followed by a series of 7 webinars on different topics linked to the future of EU industry that will take place until the end of the year, and today is the first appointment in this series.
- These initiatives are also meant to feed into two ongoing EESC opinions on the updated industrial strategy, namely [JNT 935](#) dealing with general aspects of the strategy and [CCMI 185](#) dealing with the specific impact on the health industrial ecosystem.
- In March 2021 the EESC has delivered opinion [CCMI 177](#) concerning the Commission's action plan on critical raw materials. That opinion gave very clear indications of how civil society sees the threats and opportunities linked to the supply and resilience of critical raw materials for our industry and our society.
- The opinion sent 6 main messages: 1) we need to find support instruments for sustainable primary sourcing in Europe; 2) we must strive to maintain extractive and processing capacities in the EU by supporting workers and regions; 3) we need to foster secondary sourcing from waste and circular reuse, also by carefully assessing the waste we ship outside the EU; 4) it is key to invest in activities that can foster substitution; 5) it is essential to diversify trading partners while at the same time supporting developing countries; 6) we need a review of the critical raw materials list once every two years, to ensure a dynamic review of the CRM list and a degree of stability in the listed materials.
- This shows several points of convergence and coherence with the industrial strategy, for instance on the side of dependency. The critical raw materials action plan and the industrial strategy identify respectively 30 materials and 137 products that are essential for our industry and society and for which the EU is highly dependent. These are a worrying figures, but also a necessary reality check.
- That is why, a more assertive and realistic approach of the EU to these issues is needed, that on the one hand works on strengthening its internal market, fostering substitution and reuse as well as securing some parts of some supply chains, while on the other hand works within the multilateral framework to ensure a level playing field that is beneficial for EU industry. In that sense, the signing of the Strategic Partnership between the EU and Ukraine on Critical Raw Materials and Batteries in Kiev is a good path to follow.

## Setting the scene: The European and international scenario for raw materials



### Janez Potočnik, Co-Chair of UNEP International Resource Panel

- The starting point for the reasoning is a [report](#) produced by SYSTEMIQ and the Club of Rome concerning “A System Change Compass – implementing the European Green Deal in a time of recovery”, describing the principles for a deep transition to achieve the goals of the EU Green Deal, namely carbon neutrality before 2050, decoupling of natural resource use from economic growth and environmental impacts, both linked to social fairness.
- The main concept expressed is that humanity will not be able to remain within Planet's boundaries in terms of natural resource use without changing the current economic model.
- For that reason, 3 key actions are needed: 1) reducing absolute global demand for natural resources by changing consumer habits; 2) better circulating materials to minimize virgin resource use; 3) making the production of that material that cannot be avoided nor circulated much cleaner, for example by using renewable energy in heavy industries or by using regenerative farming methods in agriculture.
- All of this requires active policy guidance and a shift in mentality for consumers, citizens and enterprises. Rather than maximising the number of products, we need to focus on meeting human needs in mobility, housing, food and consumer goods.
- If it is true that critical raw materials extraction is less harmful to the environment compared to the extraction of fossil fuels, it is also true that there is still an important impact. This is the reason why dependency from such materials must be tackled at its root, and the strategy on critical raw materials must clearly state the need for systemic efficiency measures to reduce demand, next to the recycling efforts. This also applies for example to measures linked to areas such as mobility, hydrogen or steel.
- Two important elements of the transition are the shift from a quantity-driven to a purpose-driven economic model and the greening of production processes.
- All in all, the real issue will be the scale and speed of transition and the matching systemic shifts and investments to govern such transition. This is a field on which the EESC, supporting the other institutions, can contribute in creating space to discuss and understand systemic change in production and consumption.



### Peter Handley, Head of Unit Energy Intensive Industries and Raw Materials, DG GROW

- There is a clear engagement of the EU institutions and of the Commission on resilience of critical raw materials. This was addressed in the Action Plan published last September, but has continued through the updated industrial strategy and the accompanying analysis of strategic dependencies last May and, now, with the Fit for 55 package.
- We need to change how we source and where we source critical raw materials. In order to do this, in the action plan we have set ourselves to try and understand where primary raw materials are needed and where secondary use or substitution can do the job.
- This is particularly relevant as work is now starting on the development of transition pathways for the EU industrial ecosystems, and it will be of particular interest to the energy-intensive industry pathway, which covers energy intensive industries, raw materials and the forest based industries.
- The outcome of this process must also be the creation of sustainable jobs in the EU, and especially in those coal regions in transition affected by the phasing out of coal, where many competences can be transferred to the critical raw materials sector.
- We are using regulation to create markets for sustainable products. The batteries proposal is a good example of this approach, based on responsible sourcing, recycling targets and minimum recycled content requirements.
- Diversifying external sourcing and making it more sustainable is also important. A Partnership with Ukraine is being signed today in Kiev, and talks are ongoing with a series of other countries, including for instance Serbia.
- Lastly, critical raw materials will also play a key role in the upcoming Fit for 55 package, which will provide a wide range of measures to match the Green Deal ambitions.

## The importance of critical raw materials through the eyes of organised civil society



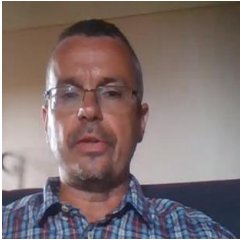
### **Moderator: Kęstutis Kupšys, EESC Member**

- Welcome to all panellists and thank you for being with us today.
- CCMI and the EESC have already produced an important opinion on the topic, CCMI 177, where we have had extensive discussions with civil society, especially through a hearing held last December.
- Today, this issue acquires a renewed significance in connection with the updated industrial strategy and with the upcoming Fit for 55 package.
- Today we will therefore try to explore what critical raw materials resilience implies for the different industrial ecosystems, or better said industrial systems, as ecosystem is a term that should remain linked to nature and natural dynamics, not man-made ones.



### **Dumitru Fornea, EESC Member, CCMI/177 Rapporteur**

- The debate concerning critical raw materials, and raw materials more in general, has deep and ancient roots, even though the need and the demand for these materials has changed and evolved constantly over time.
- The consumption-based society in which we are living is of course a huge driver in the demand for raw materials.
- Next to this, all ICT technologies, all green technologies, which are fundamental in the context of twin digital and green transition we are undergoing, are based on critical raw materials.
- All this clearly provided for the critical raw materials having expanded more and more over time, reaching 30 materials in the latest update. It is clear that therefore a change is needed in the political debate, and in turn in the habits of consumers.
- This trend is accompanied by another dangerous trend that puts Europe even more at risk of dependence in terms of raw materials: the identification of mining as a dangerous and detrimental activity in the public discourse narrative.
- Political actors and civil society need to work together in ensuring that there is social acceptance for sustainable mining.
- If we don't succeed in this, not only we will lose sustainable jobs and opportunities in Europe, but we will be shifting these capacities to other places outside Europe, where mining is less regulated, and the end result will be that our products will be less green.



**Michal Pinter, CCMI Delegate, CCMI/177 Co-rapporteur**

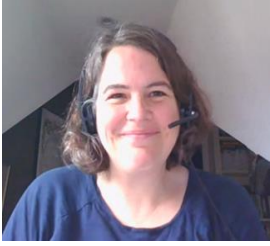
- Raw materials have the potential not only to enable the implementation of the ambitious objectives of the Green Deal, but also to help to maintain and develop industrial technology in the EU while ensuring new permanent and decent jobs and a fair transition in communities affected by the industrial changes.
- As much as it is clear that we need to shift from fossil dependency to green technologies to produce energy, it is also clear that raw materials are necessary for such technologies, and that the EU climate ambition will increase the need and demand for critical raw materials.
- Coming from an important part of the EU industrial ecosystem such as the steel sector, the effort by the Commission to set a strategy to reduce our dependence on critical raw materials is essential and welcome. There are, however, a number of elements that need to be properly taken into account if this strategy is to succeed.
- First, we need funding for green and sustainable projects in the mining and extractive sector, to be accessible by companies that are already green but also by those companies that are not yet green but seriously commit to this goal.
- Second, we need streamlined authorisation procedures for sustainable projects.
- Third, it is essential to map the secondary resources that could potentially come from waste, and in this respect the decision to further postpone the review of the waste shipment regulation is worrying to many stakeholders.
- In fact, the availability and quality of secondary raw materials is essential to the EU's industrial eco-system. It represents a win-win situation as it helps to reduce, especially in the case of steel, greenhouse gas emissions and the dependency on raw materials imports, thus adding resilience.
- Last but not least, the use of secondary raw materials by itself cannot alone satisfy the entire EU needs. What we truly need are strategic partnerships in order to secure the raw materials availability in the EU and sustainable and fair extraction – giving in turn back to citizens in those countries an opportunity to develop and progress – and to export EU's technical and environmental standards and procedures for sustainable mining.



**Corina Hebestreit, Secretary General, European Carbon and Graphite Association**

- In the context of today's discussions, graphite is a good case study for several reasons.
- First of all, the EU's Green Deal and higher climate ambition will accelerate Europe's demand increase for carbon and graphite products in low-carbon technologies, ranging from recycling of steel, clean steel processing, renewable energy technologies to batteries.
- In addition to this, natural graphite already has a substitute (synthetic graphite), which is already widely used and, even though in batteries it cannot substitute natural graphite to 100% for technical reasons, it has already reached substitution rates around 50%.
- For this reason, the first point is that synthetic graphite should also be considered in the initiatives related to critical raw materials. This is particularly true under the EU subsidy regulations and several other initiatives under the Fit for 55 package, where the fact that the Commission is using an analysis based on NACE codes produces a bias towards larger sectors.
- Natural graphite also provides a good example in terms of dependency. Looking at changes between 2010 and 2018, we can see that the EU has expanded the number of countries it sources its material from, and at the same time it has increased domestic production. All this led to a relative decrease in its dependency from the main provider of such material, China.
- Again, this calls for a more assertive approach to trade policy, but also for more funding for investments in sustainable mining and processing.





### **Judith Kirton-Darling, Deputy General Secretary, IndustriAll Europe**

- This is high time for discussing critical raw materials, as EU industry and society are in front of the most significant transition industry has faced in modern history.
- Our priority must be to achieve all our collective goals, such as climate neutrality and circular economy, within the frame of a 'just transition'.
- For these reasons, IndustriAll Europe's Executive Committee has recently adopted a comprehensive [position](#) on critical raw materials and the EU strategy.
- Mineral/raw materials sector accounts in Europe for 350.000 direct jobs, and underpins 30 million indirect ones in downstream industries. An ambitious raw materials policy has the potential to be a good jobs story for the Green Deal.
- In this sense, we welcome the development of transition pathways that have the potential of ensuring a holistic framework. It is clear that an effective raw materials strategy must be balanced on the circular economy but cannot fully succeed if it is not accompanied by a fully-fledged mining policy and strategy. Strong social acceptance is vital and this demands robust social and environmental standards, social dialogue and engagement with local communities.
- We should look at the potential in coal regions in transition when we speak about critical raw materials and the shift to green and sustainable technologies, because these regions have the need and the potential to benefit from the shift, but need to be supported in doing so.
- In addition, the circular economy and development of a secondary raw materials market as well as research and development and innovation, fostering substitution and reduced demand, are desperately needed in order to reduce our dependence and create new sustainable jobs in Europe.
- Lastly, we must ensure that our transition does not harm other countries in the world, especially vulnerable ones. In this respect we need EU legislation on mandatory human rights due diligence covering all companies with sanctions and liability for breaches.

### **Closing remarks**



### **Monika Sitarova, CCMI Co-President**

- Today's discussions were very interesting thanks to the fact that we could bring to the table the institutional perspective, as well as the workers' voice, the employers' side and also an environmentalist perspective.
- It is by now clear that the issue of critical raw materials, and of raw materials more generally speaking, is something that will continue to dominate the debate on the present and the future of our industry. The EU, with the updated industrial strategy and the critical raw materials action plan, has charted a path. It now needs to implement the whole range of actions foreseen to achieve our aims.
- For that, we cannot wait any longer to fully exploit the potential that comes from our waste and our stocks. And we cannot wait any longer to plan massive investments on research and development that can support the EU in devising substitution or new technologies. Also, we need to act on our dependencies and think strategically in our relations with third countries, always keeping in mind the objective of contributing to the preservation of the planet and the development of developing countries.
- We need to face these issues if we want to ensure that EU industry prospers in a competitive, responsible, green and digital way, that does not leave anybody behind.
- This is the reason why it is important for CCMI and the EESC to be active in representing a unitary vision from organised civil society on these matters, coming from the experiences of the different industrial sectors.