



First French Presidency Conference: a stronger industry for a more autonomous Europe

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A keynote speech delivered by Mr Bernd Schäfer, Chief Executive Officer and Managing Director at EIT RawMaterials

How to reduce EU dependencies in raw materials?

Good afternoon Minister of State Bruno Le Maire, Minister Delegate Agnes Pannier-Runacher, ladies and gentlemen, and of course my fellow panelists: Philippe Varin, Hildegard Bentele, Matti Hietanen, Denis Redonnet and Raul Blanco Diaz. I would like to thank the French Presidency of the Council of the European Union for giving me this important platform.

Let me set the scene for you quickly.

- Historically¹, 70 years ago, the prosperity of the EU was built on raw materials – the European Coal and Steel Community.
- Raw materials are now back on a much greener political and economic agenda because Europe depends on the availability of raw materials. It is imperative to act now, in order to achieve the mandatory 2030 and 2050 climate targets.
- The transition from fossil fuelled to clean energy technologies will see soaring demand for metals and minerals – for example - a typical Electronic Vehicle requires six times the minerals input of a conventional car.
- In fact, according to the International Energy Agency, this will mean a quadrupling of mineral requirements by 2040 – particularly for Nickel, Cobalt, Lithium and Copper.
- But Europe lacks domestic production of raw materials.
- Also there is no Level Playing field: the cost of EU production within the same segment of raw materials is often intrinsically higher than the non-European production cost. In many cases production costs outside Europe are massively lowered by a set of direct and indirect state subsidies

¹ 1952 – European Steel and Coal Community / 1957 – Treaties of Rome / 1958 – Birth of the European Parliament



and lower social, labour, and environmental standards. Furthermore, trade facilitations, such as unilateral tax exemptions, discriminate against European and other global competitors.

- Added to this, the pandemic, market volatility, geo-political pressures, and energy price hikes are creating supply shortages of critical and strategic raw materials.
- Look at what is happening currently with Magnesium. Europe depends on China for 95% of its supply of magnesium. The Chinese Government's effort to curb domestic power consumption, resulted in an international supply crisis affecting important European industries.
- This can't go on.
- At EIT RawMaterials and the European Raw Materials Alliance, it's our mission to secure raw materials supply and to reduce Europe's dependencies in raw materials. We make Raw Materials MATTER.

What is the Opportunity?

- The potential for the European industry to source raw materials domestically for the green transition is huge.
- For example, we now know that we have the capacity to establish a full rare earth magnet value chain in Europe and to supply over 60% of the lithium demand from local sources. This is phenomenal.
- Take rare earth magnets, which are indispensable for the functioning of Electric Vehicles. There are significant rare earth reserves in Europe but no mining is taking place. To date, 20% of Europe's rare earth magnet needs could be sourced from the EU - fifteen times more than current supply. The actual capacity is much higher.
- We have the ability to set up multi-country value chains between EU members. For example, rare earths mined in Sweden or Norway and processed in Estonia and Poland. Which could be manufactured into magnets in Estonia, Germany and Slovenia - to be used in cars built in France, Germany, Sweden or elsewhere. The same applies to other raw materials.
- Responsible Mining of our raw material reserves must be expanded and scaled fast, fulfilling the highest ethical and environmental standards.
- European industries and research institutions are recognised leaders in everything from automation, digitalization to best practice in mining. It is within Europe's reach to become the world leading producer of sustainably sourced raw materials.
- Complementary to this, the implementation of a circular economy can become a major pillar of raw materials supply. There are enormous opportunities by closing material loops, optimising utilisation and applying smart product design principles.
- We support investments in the European mining sector as the enabler of the green and digital transition and as the foundation for a functioning Circular Economy.
- The radical shift required from a brown and linear to a green and circular economy will also present a huge education opportunity in the areas of skills and competencies predicted to bring a net increase of 700,000 jobs by 2030.



The Good news is, we have lift off.

- In September 2020 the European Raw Materials Alliance, ERMA, was launched by Commissioner Breton and Vice-President Šefčovič exactly to address these challenges and make Europe economically more resilient.
- ERMA, managed by EIT RawMaterials, is firmly embedded in the European Commission's policy framework. It is working closely with the European Parliament and our 600 partners to gather widespread support to securing sustainable raw materials supply for Europe.
- In its first year of operation, ERMA has identified investment opportunities earmarked for short-term financing until 2023. This investment pipeline today consists of 28 pre-screened projects worth more than 10 billion euros.
- Approx. 25 percent of financing will need to come from financial institutions with the remaining part by industry, private investors and public funding.
- By 2030 ERMA's activities will increase the production of raw and advanced materials substantially. When implemented, our current invest pipeline suggests a multiplier of at least 10 for important strategic raw materials such as Lithium, Cobalt and Rare Earths.
- To this end, we now have to come forward and step up investments in the European Raw Materials sector. In this context we highly appreciate the most recent French initiative to secure supply of strategic metals for the domestic industry, which could be an exemplary role model also for other European countries.

Let me summarise the key priorities that we urgently need to implement in order to reduce Europe's dependencies on strategic raw materials and to strengthen our resilience:

1. Establish financing possibilities through Important Projects of Common European Interest, addressing market failures and creating national investment facilities.
2. Create a level playing field to strengthen European international competitiveness.
3. Implement standards and regulations that facilitate the EU's primary and secondary resource production.
4. Step up investment for responsible mining and a circular economy and assure the necessary skills base for a successful green transition.
5. Build up local reserves of Raw Materials (similar to JOGMEC).
6. Launch a European Raw Materials Investment fund to coordinate Raw Materials investments and value chain integration across the EU.
7. Strengthen existing, and establish new trade and cooperation agreements with resource-rich countries to diversify supply chains.

This decade is critical and the momentum to act is NOW. Thank you.