



CRM Day

Critical Raw Materials and Trade Policy

Hosted by Prof. Dr. Godelieve Quisthoudt-Rowohl MEP

14 April 2015, Thon Hotel EU, Brussels

Post CRM Day Report

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Brussels CRM Day

Critical Raw Materials Alliance - A Single Voice For the Critical Raw Materials Sector

Summary

The CRM Day on 14 April 2015 marked the first event organised by the CRM Alliance as an officially established organisation. In the morning, the first official Alliance board meeting was held in the offices of Ridens Public Affairs to discuss the main strategic objectives of the Alliance. At lunch time, the board was joined at the Thon Hotel EU by CRM Alliance members, Members of the European Parliament, representatives of the European Commission and of various Permanent Representations and Missions to the EU to discuss critical materials and trade. The day ended with the first official meeting of the CRM Alliance where the Board was officially elected by the General Assembly of CRM Alliance representatives. Previously, the CRM Alliance organised a CRM Exhibition in the European Parliament in February 2014 and a luncheon event on CRMs and Industrial Policy in October 2014.



**Martin Tauber –
President CRM Alliance;**
**Mark Saxon – Vice-
President CRM Alliance**

CRM Alliance Board

Martin Tauber – President (International Magnesium Association)

Mark Saxon – Vice-President (Tasman Metals)

Ted Knudson – Treasurer (Beryllium Science & Technology Association)

Inès van Lierde – Board member (EuroAlliages)

Maurits Bruggink – Secretary General (Ridens Public Affairs)

Following the CRM Day, the Alliance received an invitation from the European Commission to attend the next Raw Materials Supply Group (RMSG) meeting as an observer. The Raw Materials Supply Group is a stakeholder group comprised of industry representatives, environmental NGOs, trade unions, Member States and the Commission. After the previous CRM Day organised by the CRM Alliance in October 2014 the CRM Alliance was invited to attend meetings as an observer of the Ad Hoc Working Group on Raw Materials, an expert sub-group of the RMSG.

Members

Currently, the CRM Alliance consists of 17 members representing 15 Critical Raw Materials and more than 300 companies globally: 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); EcoPhos (graphite rock); Indium Corporation; International Magnesium Association; Minor Metals Trade Association; Imerys Graphite and Carbon (natural graphite); Beta Technology (niobium); Great Western Minerals Group (REEs); Tasman Metals (REEs); EuroAlliages (silicon metal); and Commerce Resources Corporation (REEs and former CRM tantalum).

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CRM Luncheon event



Prof. Dr. Godelieve Quisthoudt-Rowohl – European Parliament

Presentation Prof. Dr. Godelieve Quisthoudt-Rowohl – European Parliament

The CRM luncheon event, held on 14 April 2015, was hosted by Member of the European Parliament **Prof. Dr. Godelieve Quisthoudt-Rowohl** and sponsored by the CRM Alliance. The event focussed on CRMs and Trade with speakers providing their views from a European Parliament, European Commission and industry perspective. The first speaker was Prof. Dr. Quisthoudt-Rowohl who has been a MEP since 1989 and is a member of the German Christian Democratic Party (which belongs to the EPP group). She is the EPP Rapporteur for the Transatlantic Trade and Investment Partnership (TTIP) and the first vice-chair of the EP Delegation for relations with Canada.

Ms Quisthoudt-Rowohl informed the audience that, together with Mr. Karl-Heinz Florenz MEP, in September 2013 she sent a letter to former Trade Commissioner Karel de Gucht to call for specific talks in TTIP to “address the importance of critical raw materials”. “Current negotiations on TTIP offer a unique opportunity for the EU and US to include critical materials policy so as to allow more coherence and a more comprehensive political approach”. The letter also called for the start of a technical Working Group on Critical Raw Materials. The European Commission replied stating that “the EU approach in these negotiations is to seek the elimination of all forms of export restrictions on all raw materials. This approach of course also applies a fortiori to those raw materials considered by the Commission as critical”.



From left to right: Carlos Zorrinho; Signe Ratso; Godelieve Quisthoudt-Rowohl; Mattia Pellegrini; Martin Tauber

As a member of the International Trade Committee Quisthoudt-Rowohl had to vote on conflict minerals earlier that day. Although she holds a PhD in physical chemistry, she found the conflict minerals vote dense and challenging. Because most Members of the European Parliament do not have this scientific background, voting on technical issues therefore becomes extremely difficult. She welcomed the establishment of the CRM Alliance and advised the CRM industry that if they want politicians to be concerned about their issues or understand the consequences certain regulatory developments will have on the EU society, they need to be more active and communicate their issues in an easily comprehensible manner. “If industry is unable to convince politicians, than how are politicians able to convince the public?” she said.

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**Signe Ratso – DG
TRADE**

Presentation Signe Ratso – European Commission

Second speaker was Ms **Signe Ratso** – Director of Trade Strategy, Analysis, and Market Access at DG Trade. She provided the audience with a clear overview of current challenges related to trade in raw materials. Her statements made it clear that the CRM list is of high importance to DG Trade as it is used in trade negotiations with third countries.

Ratso mentioned that the current global CRM trade market situation is defined by a surging global demand mainly due to BRIC and other emerging countries. There is high inter-dependency among countries, as no one country has access to all mineral resources, as well as an increasing number of trade restrictive measures, which are economically harmful. Although the EU trade strategy considers all raw materials, the identification of EU Critical Raw Materials will contribute to defining EU priorities. First, in intervention towards the removal of trade barriers with third countries (potential restrictions on chromium and platinum in South Africa, WTO cases against China's export restrictions on antimony, coke, fluorspar, magnesium, rare earths, silicon metal and tungsten). Second, in bilateral or multilateral trade agreements negotiations, e.g. Kazakhstan WTO accession. However, Ms Ratso also mentioned that criticality must be considered alongside core values of the EU such as human health, safety, security and environmental risks.

Finally, Ratso stated that although there is no specific mechanism foreseen for critical raw materials in TTIP yet, ongoing cooperation on critical raw materials between the EU and US is done through the Transatlantic Economic Council, with a focus on exchange on criticality methodology.

Presentation Dr. Ing. Martin Tauber – CRM Alliance

Third and last speaker of the day was **Dr. Ing. Martin Tauber** - President of the CRM Alliance who provided the audience with the experience of the CRM industry regarding trade issues and in particular magnesium.

Dr Tauber emphasized that CRMs are a part of our daily life and are responsible for our personal convenience and economic efficiency. Many trade and industrial interests which contribute significantly to national GNPs rely on CRMs for their essential functions. Therefore, since “critical” actually stands for a positive policy to enforce territorial production and setting strict demands on their supply chain, the CRM Alliance would have preferred to have been referred to as “essential” or “value added”.

The EU Raw Materials Initiative focuses on a fair and sustainable supply of raw materials from global markets; a sustainable supply of raw materials within the EU; and resource efficiency and supply of “secondary raw materials” through recycling. Dr Tauber underlined that the EU needs to emphasize policy to strengthen primary production within Europe as at times trade practices or geological reasons are the reason to classify certain raw materials as critical. The upcoming new assessment of CRMs needs to include a socio-economic analysis of potentially harmful impacts to the supply and use of those CRMs.



**Dr. Ing. Martin Tauber –
CRM Alliance /
International Magnesium
Association**

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Dr Tauber stressed that some CRM value chains are confronted with particular economic imbalances and an absence of a level playing field. To remove these market distortions, trade policy should incorporate principles of both free and fair trade for CRMs.

Speaking as a representative of the International Magnesium Association, Dr Tauber mentioned that the EU CRM report identified magnesium with a strong growth of 5% per annum until 2020 and large excess capacity in China with new projects coming on stream. China has become the single biggest producer of magnesium due to the closure of most of the electrolytic plants in Europe and elsewhere and a failing of big investment projects because of upcoming cheaper China Pidgeon technology. According to Dr Tauber, EU research and development will be spurred by new investment into primary production within Europe. This could secure long-term pricing using low carbon footprint technologies and provide a backbone to new magnesium applications in different industries. In terms of international trade, we have a complete diverse global situation for magnesium metal. China dismissed its export tax coming from former tax rebates. The US has blocked magnesium from Russia and China, and Europe is confronted by a high supply share from China and a local recycling industry because the nature of die-casting (mainly for automotive parts) leaves approximately 50% of immediate process scrap.



Wilhelm Smalberger – South African Mission to the EU; Signe Ratso – DG TRADE

Question and Answer Session

Mr. Wilhelm Smalberger – Economic Minister Counselor of the Mission of South Africa to the EU, underlined the weaknesses of EU developmental policy. The EU wants to develop its industry based on resources it does not have. An uninterrupted flow of those resources to the EU is the dominant motivation for EU engagement, which has a serious impact on the ability of developing countries to promote their own supply chain. There is a need to be systematically engaged.

H.E. Tadeous T. Chifamba – Ambassador of the Republic of Zimbabwe to the EU stated that the partnership with the EU should not continue to rely on aid, but on mutually beneficial partnerships. Most African mining countries are currently faced with either a lose-lose or lose-win situation regarding trade agreements with the EU. Export taxes or partial bans are seen as the only way to add value to those resources exported to the EU, as no processing and manufacturing occurs in African countries since raw materials are immediately exported by European companies.

In response, Ms Ratso mentioned that it is important to liberalise imports and exports with free trade. There are different means to develop one's own economy. Current export restrictions result in an economic cost due to lack of trade. The EU is actively engaged with third countries in developing a win-win situation for both exporters and importers of critical materials, which takes into account the level of development of a certain

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country. She also referred to recent studies already done by the OECD, which give concrete recommendations to developing countries on the points raised by H.E. Ambassador Chifamba.

Mr **Carlos Zorrinho** MEP - was also of the opinion that industry and politicians should cooperate more. Especially since parliamentarians can only follow a limited number of files in depth, they need input from industry and fellow parliamentarians to better understand the significance of other dossiers. He was therefore interested in working more closely with the CRM Alliance by setting up a MEP Interest Group on Critical Raw Materials.



Carlos Zorrinho – European Parliament



Matthew Kopetski – US Mission to EU

Mr **Matthew Kopetski** – Commercial Specialist at the US Mission to the EU believed there was a disconnect between the CRM list and other aspects of EU legislation such as worker safety. He wondered how the two intersect and how DG Trade and the European Parliament work with these other elements. Can the EU get these resources into the EU and does the EU industry have resources to maintain high-tech products?

Ms **Sylvi Claußnitzer** – REACH officer at the German Engineering Federation, wanted to know what more can be done to work with the Commission and the European Parliament on technology and materials. Several initiatives are already in place to improve communication such as the European Parliament Scientific Technology Options Assessment Committee (STOA). To what extent are different DGs working together?



Sylvi Claußnitzer – German Engineering Federation



Mattia Pellegrini – DG GROW

Mr **Mattia Pellegrini** – Head of Unit and in charge of the CRM list at DG GROW - mentioned that the European Commission has an ongoing cooperation with the African Union. Together with DG DEVCO they are actively engaged with several African countries regarding transport and development. Communication is ongoing concerning how to develop geological knowledge, mining, taxation and how to link raw materials and infrastructure. Furthermore Mr Pellegrini underlined that the EU has a huge unexploited potential to mine CRMs within its own borders. Different departments within DG Grow are working together on this very issue, including environmental legislation and health and safety. The priority for the Commission is to develop critical materials in the EU. Fair trade is important from an international point of view. He further pointed out that the EU is investing much more money on R&D projects for mining, metallurgy and other aspects of the European Innovation Partnership on Raw Materials, than on substitution initiatives.

CRM Alliance meeting

The day ended with a CRM Alliance meeting. The objectives of the meeting were to further define common concerns that CRMs are experiencing at the EU level and build on the 5 key recommendations for a CRM policy.

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From left to right: Jayne Evans (Beta Technology); Richard Wrigley (Beta Technology); Iva Ganev (Euroalliages); Maurits Bruggink (Ridens Public Affairs); Heleen Vollers (Ridens Public Affairs); Chris Dagger (International Magnesium Association); Bayram Ankarali (Etimine); Christian Payn (International Magnesium Association); Martin Tauber (International Magnesium Association); Maria Cox (Minor Metals Trade Association); Josef Denzel (Airbus Defense & Space); Claire Mikolajczak (Indium Corporation); Tamara Cox (Minor Metals Trade Association); Mark Saxon (Tasman Metals); Terence Civic (Materion); Peter Maehlmann (Tropag); Yannick Vancoppenolle (EcoPhos)

These recommendations are:

- 1: CRM policies should look for enhanced raw material supply and use rather than substitution of the CRMs;
- 2: Industrial Sector Policies should incorporate and highlight the economic and strategic importance of Critical Raw Materials (CRMs) and their value to future innovation;
- 3: Waste legislation should not include disincentives for usage of CRMs;
- 4: Legislation affecting CRMs should require a special socio- economic analysis of potentially harmful impacts to the supply of CRMs;
- 5: Trade policy should incorporate principles of both free and fair trade for CRMs.

Closing remarks

Following the successful establishment of the CRM Alliance and yet another very well attended CRM Day, the CRM Alliance will focus on setting up a **MEP Interest Group on Critical Raw Materials** initiated by MEP Carlos Zorrinho.

The CRM Alliance would like to thank all participants for their interest in the subject and their active contributions made during the meetings.

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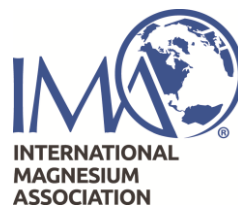


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