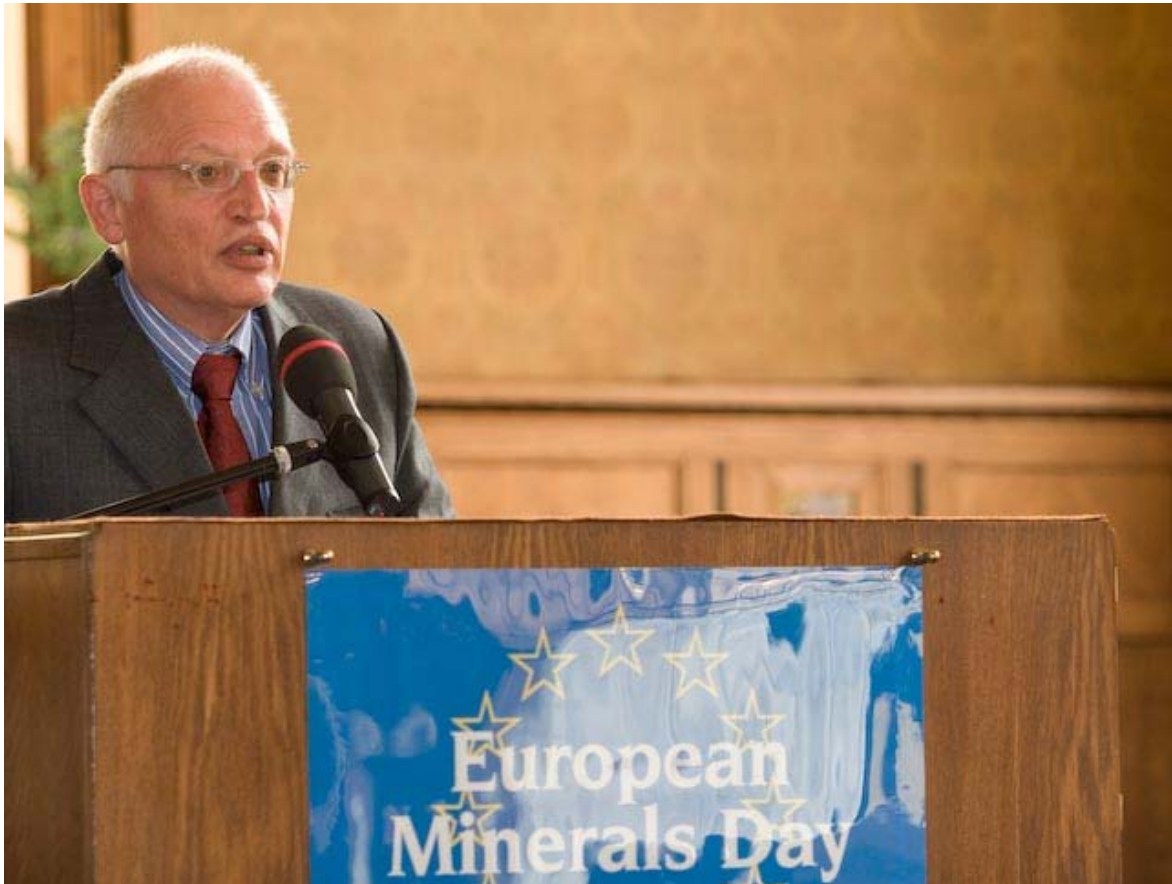




European Minerals Day – Launch Event  
Prague, 14 May 2009

Key-Note Speech

by **Vice-President Günter Verheugen**  
**European Commissioner for Enterprise & Industry**



Ladies and Gentlemen,

I am very happy to be here with you today in Prague on the occasion of the launch of the European Minerals Day 2009 to present to you the Raw Materials Initiative that the Commission adopted on 4 November 2008.

In fact, the European Minerals Day 2009 has been explicitly cited as a good example of a non-bureaucratic way to raise the public awareness on the use of minerals, essential for the innovation and competitiveness of the European economy.

It is an example of a bottom-up approach taken by stakeholders, not only in the Czech Republic, but in 22 Countries where simultaneously over 150 companies will open their facilities to the public over the next three days.

Minerals are everywhere, but, unfortunately, it is hardly realised by both the public and by politicians. Yet we rely on them every moment of our lives, and we seem to take it just for granted.

Just let the famous miner's phrase "If you can't grow it, you have to mine it (or recycle it)" sink in, and look around you. The car you may have travelled in today contains, apart from many metals, 100-150 kg of minerals, used in fillers for its plastics, paint and tyres.

New generations of environmentally friendly hybrid or electric cars will be increasingly sophisticated, like your computer or your cell phone, and will also require new complex alloys, metal matrix composites or high tech metals.

Almost 50% of the very paper from which I am reading consists of minerals. And an average family house contains up to 400 tonnes of minerals and aggregates.

And while everybody is aware of the supply challenges for energy resources like oil and gas, or food, we have not seen the same level of attention being given to challenges for non-energy raw materials.

However, there is cause for concern about the fundamental short and longer term challenges to the supply of raw materials to Europe.

On the one hand, as you all very well know, there are still valuable deposits in the EU, but exploration and extraction is facing increased competition in land use and a highly regulated environment.

On the other hand, the EU is hugely dependent on imports of strategically important raw materials, which are being increasingly affected by market distortions. The EU needs to buy these raw materials on global markets that should operate in a free and transparent way. We need a level-playing field.

Unfortunately many emerging economies are increasingly applying protectionist measures in favour of their own resource base. We have identified over 450 restrictions affecting more than 400 different raw materials.

This situation is compounded by the efforts of some emerging countries to secure privileged access to raw materials in resource-rich countries and by doing so excluding materials from the international markets to the detriment of EU economic operators.

Europe is also dependent on imports of important raw materials which, due to geological reasons, may be derived from only a small number of countries. Today we live in a world where, for example, China accounts for about 85 to 95% of the world production of rare earths, antimony, and tungsten.

In our assessment the situation is particularly critical for high tech metals, because:

- they have a high economic value and play a crucial role in the development of innovative green technologies; and
- the supply risks are very high and substitution possibilities are low.

These developments show the high degree of vulnerability of the EU economy that in fact has become even more acute in the current financial and economic crisis, where fighting protectionist measures is on top of our agenda.

## The need for an integrated response

The EU is not alone in facing difficult challenges related to sustainable access to raw materials. Industrialised countries like the US and Japan are pursuing specific policies in relation to access to raw materials.

Until recently, there had been some initiatives taken by Member States at national level, but there had been no attempt to develop a European policy and certainly not one that tied together the different policies.

However, today we are in a position to deliver an integrated response at European level and we have a strong political backing for this, since in 2007 the Council invited the Commission to develop a coherent political approach with regard to raw materials supply for industry.

This is why the Commission is proposing an EU integrated strategy – the Raw Materials Initiative - based on 3 basic pillars, which I will outline to you:

- The 1st pillar aims to ensure open and competitive global markets and encourage capacity building in developing countries.
- The 2nd pillar focuses on how to strengthen the sustainable supply of materials from European sources.
- The 3rd pillar aims to reduce the EU's consumption of primary raw materials and import dependence.

## Open and competitive global markets – the first pillar

It is important to underline that this initiative is not only addressing economic issues, but that there are important security aspects. For this reason a far-reaching external strategy is needed that encompasses the EU's external relations, security, trade and regulatory and development policies. This constitutes the first pillar of our strategy.

The EU will launch more effective raw materials diplomacy. We will make the best use of our external policy instruments to seek cooperation at EU level in the management of EU partnerships with different regions in the world, with the WorldBank and the United Nations Conference on Trade and Development.

Access to raw materials will also become a focal point of the EU's trade and regulatory policy. The EU will act strongly against the protectionist use of export restrictions by third countries. For example, by challenging measures which violate WTO or bilateral rules through the use of the dispute settlement system.

In addition to the trade in raw materials, we must also bear in mind that the majority of known mineral reserves are located in countries with a per capita gross national income of less than \$10 per day.

Their richness in raw materials presents many of these countries, particularly in Africa, with new opportunities to increase their national incomes. However, from past experience we know that such opportunities are often not translated into sustainable growth and poverty alleviation.

This shows that there is an obvious case for coherence between EU development policy and the EU's need for undistorted access to raw materials by creating win-win situations.

Therefore efforts are needed to build capacity in the developing ACP countries, to ensure good governance and transparency through an enhanced use of development policy instruments and support initiatives such as the Extractive Industries Transparency Initiative –EITI-. The Commission also strongly supports the objective of the European Investment Bank to step up its lending to the mining sector.

### Strengthening our domestic supply – the second pillar

Now let me move to the second pillar of the EU strategy : the internal dimension of our policy.

As you will be well aware, land use planning for extractive activities is a matter of Member State competence. But the development of an extractive activity in Europe takes 8-10 years on average, and sometime significantly longer. One of the major barriers to tackle here is the huge administrative and regulatory burden.

To counter this, in due respect of the principle of subsidiarity, the Commission has set up a working group with Member States and stakeholders to engage in an exchange of best practices on land use planning for the extractive industry. This should allow all to learn from each other how best to streamline administrative conditions and speed up the exploration and extraction permit processes.

Your input will be essential here. We already know of experiences from Sweden, which has introduced lead times in its permit process. Finland is preparing actions to reduce the lead time from 12 months down to 3 to 5 months and Romania has announced similar steps. Another commendable example is the Austrian Mineral Resources Plan which allows for safeguarding of valuable deposits as mineral protection zones in planning land use.

The Natura 2000 legislation is sometimes perceived to be a barrier for further development of the extractive industry, but it is also the cornerstone of the EU objective of halting biodiversity loss by 2010.

We need to stress that the Natura 2000 legislation does not create an absolute exclusion to extraction activities. There are however divergences, sometimes inconsistencies, in the implementation of the legislation. This is why the Commission and Member States have committed themselves to preparing guidelines that will clarify how extraction could take place in or near Natura 2000 areas while safeguarding environmental protection. These guidelines will be finalised before summer.

### Research innovation and skills

We will also need to step up our efforts in the area of research. Innovative exploration and extraction technologies are needed to find resources that are sometimes located very deep in the sub-surface or on the seabed. Extractive industries nowadays use very sophisticated technologies and this is important to attract new engineers.

### Reducing the consumption of primary raw materials and increasing recycling – the third pillar

Reducing our dependence on imports also raises a fundamental long term challenge. Although geological availability does not indicate an imminent physical shortage of raw

materials, we need to adopt a prudent approach, either through materials substitution, through increased recycling or by exploring ways to reduce consumption. This is the third pillar of our approach.

In the context of the recent Action Plan on Sustainable Consumption and Production and Sustainable Industrial Policy, the Commission has proposed measures that will foster the uptake by consumers of products that are more resource efficient.

Secondary raw materials already make up between 40 and 60 % of the metal production in Europe while recycled aggregates may substitute 10 to 20% of primary aggregates in construction. We need to strengthen our efforts here as recycling markets, and notably their collection systems, have recently been shown to be particularly vulnerable.

And although secondary raw materials are essential for industry, still too many end-of-life products do not end up in sound recycling channels, resulting in a loss of material and environmental leakage. The Commission will work with Member States to ensure a sound harmonised enforcement of the Waste Shipment Regulation.

### Conclusion / Way forward

In terms of priority, we need a clear endorsement of our Strategy by the Council, as the Commission can not solve the issue on its own. Meeting the critical needs of the European economy for raw materials is indeed a major challenge. It consists of many issues that are complex and interrelated. For this reason we are very grateful for the efforts of the Czech Presidency, and we are confident that the Conclusions to be adopted by the Competitiveness Council next month will reflect this.

Let me be clear: the challenges we face are likely to persist and may even increase in the coming years. The current financial and economic crisis should not distract us from the major risks facing Europe to ensure the sustainable access to raw materials.

It also means that the real work has started now. Therefore, apart from the Raw Materials Initiative consisting of 10 integrated actions tied together in major policy areas, we have created two specific working groups, consisting of experts from Member States, Geological Surveys, Industry and NGO's.

One group is focussing on defining critical raw materials; the other group is working on an exchange of best practices in land use planning for the extractive industry

Let me now finish my speech by stating that the 2009 European Minerals Day is an excellent way to inform, educate and enthuse European citizens about the importance of the minerals sector in providing raw materials that are essential for so many everyday products. The sector is vital for Europe's competitiveness and its success is built on sound principles of sustainability and innovation.

I wish you successful days ahead.