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A 2030 framework for climate and energy policies

Finding the right balance between safeguarding European companies' competitiveness, while providing new impetus towards growth, will be a challenge given the current demanding economic times. IMA-Europe is therefore very willing to contribute to the debate on the EU's climate and energy priorities for 2030 by emphasising a number of points that are crucial for the extractive industries.

General

Climate and energy policy towards 2030 should be fully aligned with the EU's objective to foster industrial competitiveness. The current 20-20-20 targets were only later enshrined in a Europe 2020 **growth strategy** with a strong emphasis on a green growth. However, green growth is too often understood as stimulating new "green" sectors such as the wind and solar industries. It is regularly forgotten that for producing these "green" technologies you need primary raw materials such as minerals and aggregates, as well as processed goods such as steel, ceramics, glass, etc. Economy-wise it makes sense to have these "basic" materials and products also produced in Europe as manufacturing generates employment, and demand for services and innovation, while at the same time producing locally reduces the impact on the environment.

IMA-Europe therefore suggests that for 2030 the European Institutions first agree on a 2030 growth strategy that covers all sectors: "new" and "old". Any climate or energy target should fully support this EU growth strategy so that win-win solutions can be found for all industry sectors.

Targets

The key prerequisite for setting any targets should be ensuring a **level playing field** both within Europe and especially with countries outside the EU that do not impose similar conditions on their industry. IMA-Europe supports the EU's effort to convince other countries to take similar measures. However, when determining any new levels of ambition, the EU institutions need to take account of the fact that the EU objectives in climate, and also energy policy, are only partially shared by the rest of the world.

Furthermore, **the impact of any targets should be assessed at a more detailed level**. IMA-Europe doubts that a relatively simple EU-economy-wide modelling exercise is able to capture the significantly different impacts that sectors may face at a micro-economic level, not to mention the impact that a policy decision has all along the value chain.

The **economic and technical feasibility of a target at sector level** also needs to be well considered. For example, a GHG reduction target should be set at a level that can be attained by a sector in a cost-efficient way given the current state of technology or with breakthrough technologies that are expected

to become available by 2030. The remaining GHG reduction potential of the major emitting manufacturing sectors may actually be very different and it may be worthwhile examining this in more detail. The total EU-wide GHG reduction target should be set on the basis of the results of such a bottom-up approach.

If climate and energy targets are required, **IMA-Europe favors a single EU-wide GHG reduction target to avoid inconsistencies with other policies** (renewables, energy efficiency, etc.). A single EU-wide GHG reduction target should be further split up amongst the different (sub)-sectors according to their remaining potential. IMA-Europe opposes any additional national initiatives that could actually distort a level playing field.

Instruments

The **EU ETS** remains the most effective instrument for capping and controlling GHG emissions – at least if it is used to reach an economic and technically feasible target in a predictable way; and as long as any potential distortions of competition are compensated by means of carbon leakage measures.

The Commission and the Member States may however consider further action in a number of sectors which are at the moment not covered by the EU ETS, but which could clearly contribute to a reduction of GHG emissions. A good candidate could be the **building sector** where buildings could be retrofitted or newly built to increase their energy efficiency and reducing their carbon footprint.

In order to decrease the costs of a low-carbon fuel mix, the EU should further explore the availability of **unconventional gas**. The development of shale gas in the US has led to a significant difference in energy prices between the US and the EU. Energy prices in the EU are now on average 3 to 4 times higher. A further shift towards a low-carbon economy in the EU is expected to further increase EU producers' reliance on natural gas in the mid-term which will result in further price hikes. Unconventional gas may keep these price increases under control, and may make manufacturing in the EU cheaper again. Moreover unconventional gas may be available in places not having access to natural gas at the moment. However, it remains to be seen if it will be available at a commercial scale by 2030.

Despite the fact that government budgets are under strain, IMA-Europe calls for long-term visions and a **continued support of research projects** that could help identifying new breakthrough technologies to reach the targets. There are a number of examples of projects in that sense in which IMA-Europe participates:

- ***“SPIRE¹”***: A *proposal* for a European public-private partnership dedicated to innovation in resource and energy efficiency in the process industries and that has as its ambition to find ways to reduce fossil energy intensity by up to 30% from current levels; and to reduce non-renewable, primary raw material intensity by up to 20% from current levels. Both ambitions will contribute to efficiency improvement in CO₂-equivalent footprints of up to 40% by 2030.

¹ <http://www.spire2030.eu/>



- **“STOICISM²”**: A FP7 research project which has the ambition to develop sustainable and innovative solutions for minerals processing, thereby reducing the carbon footprint of several calcined industrial minerals along the supply chain from extraction, waste valorisation and optimisation of the functionality for the end users.

Competitiveness and security of supply

The EU's climate and energy policy framework should be an integral part of a growth strategy that is beneficial to all sectors along the **value chain**. Competitiveness should however not only be about “keeping” companies in Europe, but also about attracting new investments.

As the Commission is well aware, energy prices (especially for natural gas and electricity) have been raising over the past years. The expected liberalisation of the energy market to be completed by 2014 is not achieved; and in several Member States the energy market maintains monopolistic features. Competition seems not to work properly, leading to excess prices for electricity across Europe; which results in higher production costs. The Commission and the Member States may want to further investigate how **competition on the energy markets** could be increased by further fostering the uptake of an EU-wide energy market.

In addition, as already mentioned, the EU and the Member States also need to further investigate the availability of **unconventional gas** in Europe. As was the case in the US, shale gas may reduce the price of natural gas, and goes hand in hand with falling CO₂ emissions. One should urgently start exploring the availability, quantity and accessibility of unconventional gas in Europe.

IMA-Europe is an umbrella organisation which brings together a number of European associations specific to individual minerals: Calcium Carbonates (GCC/PCC), Dolomite, Andalusite, Bentonite, Borates, Diatomite, Feldspar, Kaolin, Lime, Mica, Plastic Clays, Sepiolite, Silica, Talc, Vermiculite. Together, IMA-Europe's associations represent over 500 companies in 28 countries.

² <http://www.stoicism.eu/>