

An industrial plan for strategic net zero value chains to deliver a resilient, climate-neutral EU

How the copper industry can support the EU's political goals during the next five years
Policy Priorities 2024-2029



International Copper
Association Europe

The copper industry can play a key role in supporting the transformation of the EU into a climate-neutral and resilient economy. **Copper stands at the forefront of the EU decarbonisation journey as a strategic raw material that enables electrification, energy efficiency, and renewables.** The production of copper can also allow the generation of other critical raw materials such as cobalt, rhodium, and palladium. Largely because of its crucial role in decarbonisation technologies, copper demand is expected to grow by 35% in the EU by 2050.

The copper industry is also committed to reducing the impact of its operations on the environment and communities. **Members of the International Copper Association (ICA) have committed to a goal of bringing their copper production to net zero Scope 1 and 2 greenhouse gas emissions by 2050,** based on a thorough analysis of technologies and conditions to decarbonise copper production. **ICA members are also prepared to contribute to the EU's resilience by developing more mining, refining, and recycling capabilities within EU borders and abroad** while implementing high environmental protection and community development standards.

The upcoming European Commission and Parliament must put the European Union on a solid track toward climate neutrality and resilience. To achieve this, **bold action must be taken to strengthen the strategic value chains for net zero industries, based on a broad approach encompassing raw materials, intermediate as well as final products.** This journey requires a collective effort in which policymakers, industry leaders, and civil society must closely work together.

The Critical Raw Materials Act is a good first step to establishing an inviting and stable environment for investments in strategic raw material value chains that will fuel growth, spur innovation, create jobs, and bolster social stability. Yet, **a more coordinated approach is needed to create a genuine EU Industrial Policy** that balances the interests of citizens, businesses, and the environment **to create the conditions for attracting investments in the strategic raw material value chains needed to deliver a climate-neutral, resilient EU.**

Concretely, this requires 5 elements to be in place:

Policy Priorities

01.

Making the resilience and competitiveness of strategic net zero value chains a defining political priority.

02.

A stable, coherent, and inviting regulatory environment to promote investments in strategic raw material value chains

03.

Streamlined permitting for mining, refining, and recycling in the EU, and stronger partnerships outside the EU.

04.

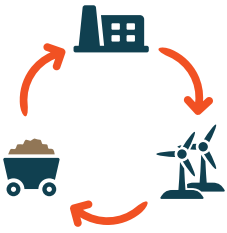
Access to competitively priced, fossil-free energy in sufficient quantities.

05.

Effective policies to promote electrification, energy efficiency, and renewables, in particular in buildings and transport

01.

Making the resilience and competitiveness of strategic net zero value chains a defining political priority.



The next European Commission should make the resilience and competitiveness of strategic EU industries a key political priority, starting with appointing a **Commission Executive Vice-President dedicated to Strategic Net Zero Value Chains**. The EU must accelerate the green transition while enhancing its open strategic autonomy, and the EU industry should be supported in its major role in this transition.

This Executive Vice President should be tasked with defining an EU Industrial Policy that ensures that coordinated regulatory frameworks facilitate investments in strategic net zero value chains, boost their competitiveness and resilience, ensure sustainability, and unlock economic growth. Such policy convergence should be underpinned by a broad engagement of the Executive Vice-President, industry leaders, and civil society in a constructive dialogue to strike the right balance between economic, societal, and environmental ambitions.

02.

A stable, coherent, and inviting regulatory environment to promote investments in strategic raw material value chains



A stable, coherent, and inviting regulatory framework is key to attracting investments in extracting, processing, and recycling the strategic raw materials needed by Europe. Mining, refining, and recycling copper involve substantial capital investments with a return that spans many years and hence require stable and predictable operating conditions.

The EU regulatory framework must also maintain fair competition among European and international players. **EU climate regulations** must ensure effective protection against carbon leakage for EU operators.

To improve the business case for **recycling** strategic raw materials, the EU regulatory framework should facilitate the development of recycling capacity through higher collection rates of products at their end of life, improved metals sorting technologies, as well as chemical management policies that do not hinder metals recycling.

The regulatory framework should provide **financial incentives** for investments into strategic raw material value chains: grants (via an EU Fund for Strategic Raw Materials), subsidies, tax credits, and low-interest loans to support investments in decarbonisation and sustainable projects. These incentives should be complemented by an ambitious but workable **taxonomy for sustainable finance**, that directs capital to support industry investments into the transition to net zero, circularity, and environmental protection.

03.

Streamlined permitting for mining, refining, and recycling in the EU, and stronger partnerships outside the EU



Streamlined permitting processes are essential to encourage responsible mining, refining, and recycling of strategic raw materials like copper in the EU. It is also important that industrial projects get the opportunity to demonstrate their relevance and sustainability, even in areas currently covered by the Habitats Directive and the Birds Directive, specifically by highlighting their connection to the public interest.

As we approach 2030, with copper demand expected to increase by 3% per year, it is clear that the EU must not only bolster its domestic copper supply from primary and secondary sources but also protect the open global flows of primary and secondary production. In this respect, it is important to establish and strengthen **trade agreements with third countries** and to develop **strategic partnerships** to de-risk investments in partner countries and facilitate the diversification of imports.

04.

Access to competitively priced, fossil-free energy in sufficient quantities



Copper production is energy-intensive and EU producers cannot pass higher energy or regulatory costs to their customers since copper is traded on global commodity markets. Investments in the expansion of copper production in the EU can only be made based on predictable and competitive energy and electricity prices. The role of electricity in particular is crucial because process and equipment electrification is the biggest lever to decarbonize copper production. **Access to competitively priced, decarbonised electricity is, therefore, a pre-condition for decarbonizing copper production.**

Current EU electricity prices are higher than in most other countries where copper is produced, which impacts the global competitiveness of EU producers. Due to the marginal pricing system for electricity, gas is expected to continue to set high wholesale electricity prices in the EU still in 2030. **The next Commission must take action alongside Member States to ensure that strategic electro-intensive industries, like copper, have access to competitively priced electricity.**

05.

Effective policies to promote electrification, energy efficiency, and renewables, in particular in buildings and transport.



Strategic net zero value chains must be developed to enable decarbonisation of all sectors. This also requires a **predictable market outlook with clear transition trajectories** defined by electrification, energy efficiency and renewable policies in key sectors.

A rapid transition to a **greener electricity grid** must be achieved, the **energy efficiency first principle** must be applied and **direct electrification prioritised** in construction, transportation, and significant portions of the industry. To give a clear signal on the need to accelerate electrification, the Commission should put forward an EU electrification target for 2030.

The renovation wave must unlock the untapped potential in buildings and accelerate the transition to **clean heating**. It should be supported by an **EU fire safety strategy** to ensure the safe deployment of electrification technologies in buildings across Member States, among others, through the inspection and upgrading of obsolete electrical installations.

Meeting the 2030 energy and climate targets will require full implementation of the Fit for 55 Package. The 2040 trajectory must maintain the focus on **energy efficiency, renewables, and electrification** with initiatives in the replacement of inefficient equipment like old electric motors, the application of heat recovery solutions, and the development of the electricity grid at multiple levels.

"2030 is around the corner. Let us be bold and ambitious, let us create the conditions for strong net zero value chains to deliver a strong, resilient, and climate-neutral EU. It is time for action, and you can count on the support of the copper industry!"



Quentin de Hulst, Director General,
International Copper Association Europe

