



European Metals Call for an Industrial Accelerator Act to support the European Non-Ferrous Metals Industry

The development of the Industrial Accelerator Act (IAA) is a golden opportunity to put industrial strategy into the heart of European Union (EU)¹ policy. The European non-ferrous metals industry is, and will be, critical in achieving our climate, digital and security objectives. The IAA represents an opportunity to ensure that the right policy framework is put in place to support a thriving metals sector in Europe. **It is also crucial that the IAA covers all non-ferrous metals, given their strategic importance.**

The central objective of this initiative must be to re-establish a business case for producing metals in Europe. This business case has been compromised in recent years by persistently high energy prices and costs, among other elements correctly identified in the Draghi report. To ensure its success, the initiatives rolled out under the IAA must be accompanied by targeted support for energy prices and costs. Ensuring competitive energy prices is therefore fundamental to the IAA's credibility as an industrial strategy instrument.

The IAA should deliver the following key elements:

- 1. Lead markets** can only support decarbonisation if they are realistic, flexible and reflect sectoral differences. Any lead market must be accompanied with incentives such as VAT reductions or public procurement criteria to avoid cheaper third country material being used. Linking lead markets and local content requirements is necessary to ensure that such initiatives genuinely support European industry.
- 2. Local content requirements** can reduce dependencies on Critical Raw Materials and should be prioritised through the build out of European production, which facilitates a 'Made in EU' approach. Similarly, to low-carbon requirements, they might entail higher EU production and end-product costs. For this reason, local content requirements should reward products produced that support the creation and reinforcement of the EU strategic autonomy. Local content requirements could be used in national EV incentives, national state aid and EU-level support schemes. We recommend that any local content requirement should be assessed based on the specificities of materials and availability.
- 3. Union Origin & Third Countries Content.** For the non-ferrous metals sector, it is essential that special consideration is given to the EEA, EFTA, and like-minded countries (i.e. the UK,

¹¹ For the purposes of this paper, we refer to the European Union (EU) but we also include the EEA and EFTA within this term.



Australia, Canada, Japan, etc.) in the “made in Europe” concept, preserving the relationship with trusted and strategic allies. The Union origin for third countries' content must be determined following strict rules of origin and a tailored approach, taking into account trade relations, materials availability and domestic capacity.

4. **Green Public procurement.** We recommend that the EU establishes minimum EU green public procurement requirements, based on the life cycle approach and in line with the EU’s circular economy and climate goals and in line with our points on local content and lead markets. Such requirements should be realistically achievable, avoiding mistakes made in previous EU initiatives (e.g. the EU Taxonomy) where overly ambitious criteria made it effectively impossible to ensure compliance.
5. **Permitting** for Non-Ferrous Metals, we recommend the introduction of an EU-level requirement for time limits on granting new environmental permits for all installations, similar to those in the Critical Raw Materials Act.
6. **Simplifying Access to Finance:** The IAA should help to support, and where possible to decarbonise European industrial processes while safeguarding their competitiveness in the global market. This can be achieved by facilitating investments, focusing on predictable finance tools and measures that address specific barriers, e.g. high CAPEX & OPEX costs.
7. **Critical Raw Materials & stockpiling:** Stockpiling can be beneficial and support short-term supply security but should be tailored to the characteristics of each material, with adequate EU coordination and financial support. On the long-term, a broader industrial strategy is necessary to ensure a business case for viable and competitive domestic extraction, processing, and recycling.

The following paper outlines our recommendations on the key elements that we have identified as necessary for the success of the IAA.



Recommendations on Lead Markets

Low-carbon requirements in products can support low-carbon production only if they are realistic, flexible, and reflect sectoral differences. EU non-ferrous metals are price takers and are traded on global markets meaning that such metals cannot currently pass the additional substantial costs driven by decarbonisation efforts onto their consumers, which are often not willing to pay green or security premiums without significant policy signals impacting on the price structure. We must therefore compete with other global producers, including those that receive state subsidies to support their production. Certain metals produced in other countries can be two or even three times more carbon intensive than European production.

In addition, EU producers incur greater costs due to higher costs of energy, labour, inputs and raw materials, waste disposal, product logistics, land cost and availability, property tax and insurance costs. To make low-carbon and locally produced strategic raw materials commercially viable, requirements should be coupled with downstream users' willingness to choose cleaner options that come with a premium. Such willingness to pay is currently far from guaranteed.

Incentives should be considered to stimulate demand, for example through VAT reductions, state aids requirements, incentives at end customer-level and public procurement criteria. Without ambitious incentives, there is a clear risk that buyers turn to cheaper imported options, negatively impacting EU production rather than stimulating it.

Therefore, any rules must consider the possibility for the downstream users to gain benefits from using low-carbon European products. This initiative will not work if it simply compromises the competitiveness of downstream industries in Europe by increasing their costs.

An additional difficulty is the lack of a global harmonised definition or reporting framework for low-carbon products, which makes comparison highly complex. EU producers operate in a globalised world with multi-faceted value chains – lack of harmonisation or failure to take this into account can create market distortions, administrative burdens, and regulatory uncertainty. Low-carbon requirements are meaningful only if well designed, based on current EU Product Environmental Footprint (PEF) methodologies and aligned with the complex reality of raw-material value chains, ensuring that they do not undermine EU competitiveness while taking into consideration the specificities of each raw material value chain

Any lead market must therefore be designed in a way to support EU industry; linking lead markets and local content requirements is necessary to ensure that such initiatives genuinely support European industry.



Local content (Made in EU) Recommendations

EU content requirements for European made metals can boost domestic competitiveness. However, they need to be paired with additional measures and structural adaptations to ensure they are successful. Reducing dependencies on Critical Raw Materials should be prioritised and promoted through the build out of European production, which in turn would potentially help in the development of a 'made in EU' label.

Well-designed European content requirements can stimulate projects within the EU, or led by European actors, ensure resilience, create additional job opportunities and contribute to the development of EU industry. Similarly, to low-carbon requirements, they might entail higher EU production and end-product costs. The main focus should be on reducing the cost of producing non-ferrous metals in Europe by addressing high energy prices and re-assessing the regulatory costs imposed on European industries.

For this reason, local content requirements should not preclude market access to products produced outside of the EU but should instead reward products that support the creation and reinforcement of the EU strategic autonomy or sustainability. To achieve this, local content requirements could be used in public procurement, but also for national EV incentives, national state aid and EU-level support schemes, vehicle CO2 standards, the upcoming fleet legislation, battery and vehicle passports and labels and preferential trade agreements.

A careful assessment of the materials where Europe would be currently able to deliver on these requirements should be carried out. The specificities of different materials and markets must also be considered to ensure requirements help EU industry, rather than hindering it.

Traceability across the value chain and proof of origins would be necessary to track the materials, as already provided under the Battery Regulation.

We recommend that any local content requirement should be assessed based on the specificities of materials markets and availability, supported by the ability of the measure to reduce production costs. Due consideration should be given to the possibility of favouring friendshoring and partnerships with like-minded countries, particularly for the materials where the EU production is insufficient. In this regard, the countries that have signed Strategic Partnership Agreements with the EU under the Critical Raw Materials Act should be considered positively in the context of any Made in the EU initiative.

For example, for platinum group metals we have a mature globally organised market, while for battery raw and advanced materials, such as cathode active materials, where local content requirements make sense for this emerging European industry facing overcapacities in Asia.

Nevertheless, a gradual approach should be implemented, both in timing and in scope, to reflect the availability of raw materials, in coordination with the objectives of the CRM Act and with the strategic projects already labelled under this framework.

This approach can be modelled on the *Inflation Reduction Act*, which modulates bonuses and tax credits according to local content requirements.



Union Origin & Third Countries Content

The proposal should develop a mechanism that is fully WTO-compliant and supports the EU non-ferrous metals industry. In this regard, it is essential that the IAA respect the existing EU strategic partnerships on critical raw materials and other international trade commitments to ensure the stability of the EU raw materials value chain.

A balanced and effective outcome should be achieved that avoid unnecessarily disruptions in the intertwined raw materials value chain with like-minded and strategic partners, ultimately ensuring the integrity of the Single Market. The equivalence of Union origin for third countries' content for critical raw materials must follow a tailored and strategic approach. This approach must strike the right balance between preserving investments in building EU capacity in the critical raw materials that the EU is currently dependent on third-country imports and safeguarding Europe's production capacity and industrial base (i.e. aluminium sector). The design of local content requirements must also consider differences in the degree of import dependency between different stages of the value chain of each raw material, to avoid requirements that would negatively impact EU production capacity.

We also reaffirm our position in favour of strict Rules of Origin for the non-ferrous metals sector and against any relaxation of the rules. The risk of more relaxed rules is that products coming from third countries would easily gain the origin and be exported to the EU market, endangering European production and the "Made in Europe" label. Implementation must be practical and not overly burdensome, and traceability systems must be interoperable and efficient.

The Role of Green Public Procurement

The IAA should lay the groundwork for changes to Green Public Procurement rules. Any local content requirements in Green Public Procurement should adhere to our recommendations outlined earlier in this paper.

There is a great experience in European public institutions of running green public procurement schemes, but too often these have been based on the purchase price rather than the overall life cycle analysis of products.

Minimum mandatory Green Public Procurement sustainability requirements should be established, including holistic sustainability aspects covering elements such as material efficiency criteria (e.g. reparability and recyclability) and clear requirements for quality treatment of products at the end-of-life. This will ensure that the valuable materials embedded in these products are duly recovered and reused.

We recommend that the EU establishes minimum EU green public procurement requirements, reflecting our asks on local content requirements, based on the life cycle approach and in line with the EU circular economy and climate neutrality goals.



In this context, it is also important to ensure the availability of scrap metals in Europe, such as aluminium and copper scrap, to achieve the objectives of the Critical Raw Materials Act, the RESourceEU Action Plan, the Steel and Metals Action Plan and the decarbonisation of industry. The Commission should also consider adopting trade measures to address the scrap leakage of non-ferrous metals outside Europe.

Permitting for the non-ferrous metals industry

The IAA should deliver streamlined permitting procedures for the non-ferrous metals industry. The current processes for obtaining or renewing environmental permits can take many years, slowing down investment and the green transition. Revisions to Directives often happen before full implementation of existing measures, forcing industries to restart the permitting process after a change in law.

We recommend the introduction of an EU-level requirement for time limits on granting new environmental permits, similar to those in the Critical Raw Materials Act for all installations. Clear EU timeframes would help reduce uncertainty, but this needs to be paired with action from Member States.

We also confirm that the sector would benefit from small adjustments to time limits for the implementation of environmental regulation e.g. extending the BREF reference documents review from eight to at least ten years in the Industrial Emissions Directive.

To support Member States in meeting these timelines, the IAA should actively promote good administrative practices such as one-stop shops, digitalised procedures, and standardised documentation. These measures do not interfere with national competences, but they do help reduce fragmentation, speed up processing and make permitting more predictable for industry.

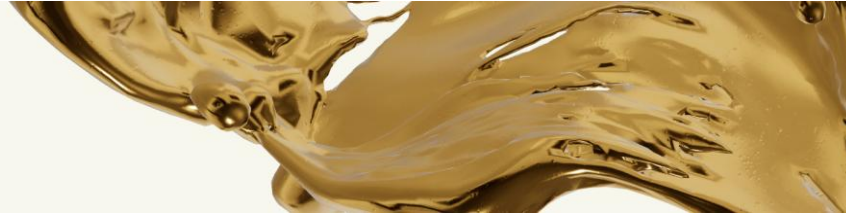
Lastly, harmonising the exemptions set out in Article 4.7 of the Water Framework Directive is essential for securing permits for several strategic projects, while safeguarding the environmental objectives of the Green Deal.

Simplifying access to finance

The IAA should help to decarbonise European industrial processes while safeguarding their competitiveness in the global market. This can be achieved by facilitating investments, focusing on predictable finance tools and measures that address specific barriers, e.g. high CAPEX & OPEX costs.

Our recommendations for the approach of the IAA:

- **Covering CAPEX and OPEX via long term and predictable support**
 - Financing instruments must explicitly fund OPEX and CAPEX – both for existing industrial assets as well as investments in new critical and strategic minerals and metals production capacity - with long-term support (e.g., predictable schemes of ~15 years), giving both lenders and investors certainty and creating appropriate business cases.



- Competitions for support should be held *within* sectors, not across sectors, so solutions are tailored to each industry's technological pathway.

- **Addressing shaping/firming costs and PPAs**
 - Dedicated instruments to cover or hedge the shaping and firming/profile matching costs of RES PPAs are essential to remove one of the largest OPEX uncertainties and barriers for electrified processes. This would also help the uptake of more PPAs, which electro-intensive consumers are currently struggling to sign.

 - Support for the uptake of PPAs should be applied in all geographical areas, not just in acceleration areas.

- **Carbon Contracts for Difference (CCfDs), scaling up technology and developing a business case for investment**
 - CCfDs and other similar tools should be used to de-risk first movers, paying for the difference between market prices and the cost of low-carbon production until technologies scale.

- **Create an Innovation Fund-style scaling fund for existing innovative decarbonisation technologies**
 - We call for an Investment Fund to scale proven, existing innovative and new innovative technologies (electric boilers, industrial demand response expansions, grid-connected heat, advanced recycling/sorting) to drive faster CO2 abatement where high-risk R&D is unnecessary.

- **Ensure synergy with other funding instruments to avoid a fragmented approach**
 - The IAA should facilitate investments ensuring the competitiveness of energy-intensive industries and clearly provide a link to the European Competitiveness Fund and the Industrial Decarbonisation Bank.

- **Avoid creating a two-tier system; 'industrial acceleration areas' must be implemented without disadvantaging or excluding existing industrial sites.**
 - If there are to be "industrial acceleration areas" these must be carefully designed to ensure that existing industrial sites are included within them. Otherwise, we will risk negatively impacting existing installations or ones that are mothballed and could be restarted with the right policy framework.

 - Such areas could be a positive step towards streamlining administrative procedures and improving access to finance and providing targeted support for energy costs.



However, restricting incentives solely to these areas risks marginalizing established plants and leading to internal market fragmentation. Given that existing industrial sites lack the mobility to move into these new clusters, it must be ensured that these clusters do not result in existing plants exclusion from vital energy and financial support. The industrial acceleration areas must be established around already existing industrial sites and in new locations, providing equal opportunities.

Regarding the measures to be taken by Member States in industrial acceleration areas, we welcome the coordination of pooled demand for PPAs to facilitate entities' participation in the PPA market. When combined with financial mechanisms to mitigate the costs associated with profiling renewable PPAs with baseload industrial electricity demand, this approach would support greater deployment of renewable energy sources and accelerate the decarbonisation of industrial electricity consumption.

Critical Raw Materials and stockpiling

Any proposal establishing obligations on undertakings in third countries by imposing restrictive measures on critical raw materials and the products containing them must be properly vetted.

While actions might be necessary to swiftly respond to a changing geopolitical context, and a clear framework could be helpful in this regard, coherence with existing legislation, in particular the Critical Raw Materials Act should be ensured. This is essential to facilitate predictability and to avoid inconsistent definitions and use of a same concept.

As for stockpiling, we understand that it can be an effective tool to strengthen supply security and reduce the risk of disruptions. However, given the heterogeneity of the non-ferrous metals sector, we caution against a one-size-fits-all approach. Instead, we support tailored solutions based on the unique characteristics of each material and their markets.

Stockpiling strategies should also be tailored to the needs and domestic presence of downstream users, in order to ensure that the stockpiled materials can be effectively used at subsequent stages of the industrial value chains.

The European Commission's role in coordinating and releasing the stockpiling as well as supporting financial instruments would be necessary to de-risk investments and enhance the effectiveness of stockpiling measures, for example through the use of two-way contracts for difference.

It should also be noted that stockpiling is a short-term solution to a long-term problem. Safeguarding the security of Europe's CRM supply over the longer term will require an increase in the domestic extraction, processing and recycling of CRMs, where this is possible. We are hopeful that the IAA can help the EU achieve this.



Finally, we recall that the viability of CRM investments in Europe is affected by EU legislation across various subject areas, including energy, environment, chemicals, trade and climate policies. Barriers established by this legislation can jeopardise the potential for CRM investments in Europe. Removing these barriers can quickly improve the prospects for these investments to materialize. Examples include the “principle of Do No Significant Harm” that is taken from the EU Taxonomy and is applied across several other pieces of legislation (blocking CRM projects from receiving public funding while also making private financing more difficult).