

European Competitiveness Fund

European Metals position paper

Our main recommendations:

1) **Ensure alignment with the objectives of the Critical Raw Materials Act and the Industrial Accelerator Act**
    - Introduce a dedicated envelope for critical raw materials of at least €10 billion under the 'Resilience and Security' policy window, notably to ensure that the Critical Raw Materials Centre has the funding it needs to fulfil its tasks.
    - Projects awarded Strategic Project status under the Critical Raw Materials Act or the STEP Seal prior to December 31, 2027, shall benefit from priority evaluation, streamlined application procedures, and dedicated selection advantages under calls launched by the European Competitiveness Fund.
    - Support the restart of curtailed critical raw materials production capacity.
    - Reference the Critical Raw Materials Act and the Industrial Decarbonisation Acceleration Act to ensure consistency and legal coherence
2) **Prioritise competitiveness and creation of a business case in Europe**
    - A financing window dedicated to energy intensive industries' competitiveness should be carved out in the legal text.
    - Funding should not be limited to industrial decarbonization but also support the modernisation of existing facilities and expansion of industrial production capacity of existing value chains.
        - Introduce provisions that support industrial growth by supporting the expansion of research, exploration, extraction and production capacity, increasing the circularity potential of non-ferrous metals and reducing production costs via the reduction of fossil fuels use including through electrification and other vectors.
        - Funding for decarbonisation and electrification should be complemented by measures supporting the consumption of renewable and low-carbon electricity and pooling of industrial demand.

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Introduction

The European Non-Ferrous Metals (NFMs) industry is a critical enabler of the twin transitions and is vital to providing European made materials necessary for our defence in an increasingly unstable world. All the technologies that are needed for the energy transition – wind turbines, solar panels, batteries, EVs, etc. must be made using NFMs such as aluminium, copper, zinc, nickel, rare earth elements etc. Securing reliable and competitive access to these materials is therefore fundamental to Europe's decarbonisation efforts, industrial competitiveness and technological sovereignty. The same is true of the digital transition where metals such as gallium, indium, arsenic, platinum and other precious metals, etc. must be used to spur digitalisation and development of infrastructure to support the deployment of smart technology. Likewise, we need antimony, bismuth, germanium, nickel, titanium, aluminium, lead, etc. for our defence industry to manufacture ammunition, flak jackets, etc.

Without NFMs made in, and for, Europe we will not be able to have the strategic autonomy that we need for renewable energy, digitalisation and our defence. The need to have a European NFM industry is a first order magnitude must, otherwise we will neither have physical security, nor economic security in the months and years to come.

Our capacity to deliver these processed metals in Europe is diminishing at a time when we should be growing the number of mines, refining, smelting and recycling facilities of NFMs. Since 2020, twenty such aluminium, silicon and zinc facilities have been shuttered in the EU. This is the opposite of the strategic autonomy championed in the Draghi Report and is catastrophic news for our ownership of our own defence, renewable energy technology production and digitalisation. It is occurring alongside the Critical Raw Materials Act and ResourceEU policy packages, which are intended to create more favourable market conditions for NFMs in Europe. In order to rebuild the competitiveness of our NFM industry, the only way is to ensure globally competitive production costs, starting with access to energy.

European Metals has long been calling for the European Commission and the Member States to create the right conditions for these industrial facilities to come back into production and to invest in the development of 10 new mines for NFMs, 15 new processing facilities and 15 new recycling facilities. These industrial installations will be needed if we stand any chance of achieving the objectives of the Critical Raw Materials Act by 2030.

We welcome the proposed initiative of a European Competitiveness Fund which must play a vital role in reversing deindustrialisation and delivering Europe's strategic autonomy. To achieve this, the following improvements are needed:

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1. Ensure alignment with the objectives and provisions of the Critical Raw Materials Act and the Industrial Accelerator Act

- **Introduce a dedicated envelope for critical raw materials of at least €10 billion under the 'Resilience and Security' policy window**.
    - We strongly support the inclusion of critical raw materials under the 'Resilience and Security' policy window. However, to ensure that the Critical Raw Materials Centre has the funding it needs to fulfil its tasks and to leverage substantial additional public and private investment, a dedicated envelope for critical raw materials production should be clearly introduced. Strategic Projects should have access to adequate funding, ensuring that they can effectively move from designation to implementation.
    - In this context, we fully support the European Parliament ITRE rapporteurs' draft report proposal for a €10 billion dedicated Critical Raw Materials envelope. This level of support should be regarded as the minimum credible starting point, rather than a level of funding commensurate with the scale of Europe's critical raw materials challenge. Canada has deployed a $15 billion strategy, while the US has allocated over $30 billion for critical raw materials processing, including a recent $2 billion direct investment in a zinc smelter.

- **Projects awarded Strategic Project status under the Critical Raw Materials Act or the STEP Seal prior to December 31, 2027, shall benefit from priority evaluation, streamlined application procedures, and dedicated selection advantages** under calls launched by the European Competitiveness Fund. Establishing this priority mechanism ensures that strategic projects launched in 2026 or 2027 are not penalized for taking early investment risks but are instead granted priority evaluation and expedited access to financial support under the European Competitiveness Fund.

- **Support bringing the curtailed critical raw materials plants back online is also needed**, as this is cheaper and faster than fuel-switching, while also creating more demand for electricity and lowering renewable energy curtailment. It would also create a good positive case for electrification while also helping the achievement of the CRMA objectives.

- **Reference the Critical Raw Materials Act and the Industrial Decarbonisation Acceleration Act.** Despite Critical Raw Materials Act's objectives of strengthening EU's strategic autonomy, the draft proposal on ECF does not adequately ensure legal coherence between these two acts, particularly in Article 20 which aims to set up accelerated and targeted actions for competitiveness. Similarly, the Industrial Accelerator Act must also be mentioned in the same article of ECF.

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2. Prioritise competitiveness and creation of a business case in Europe

Despite its title, the draft proposal fails to place competitiveness at its heart.

- **A financing window dedicated to energy intensive industries' competitiveness should be carved out under the 'Clean Transition and Industrial Decarbonisation' policy window.** Alignment with Clean Industrial Deal's objective of increasing sustainable and resilient production in Europe should be ensured. To achieve this, the draft proposal should provide clear legal certainty over the financing made available to energy-intensive industries.
- **Funding should not be limited to industrial decarbonization but also support the modernisation of existing facilities and expansion of industrial production capacity of existing value chains.** Investing in modern facilities creates energy and resource efficiency gains while supporting overall competitiveness.
    - We therefore call for the introduction of provisions that support industrial growth by supporting the expansion of CRM research, exploration, extraction and production capacity, increasing the circularity potential of non-ferrous metals and reducing production costs via the reduction of fossil fuels use including through electrification and other vectors.
    - Funding for decarbonisation and electrification should notably be complemented by measures supporting the consumption of renewable and low-carbon electricity and pooling of industrial demand (while also achieving GHG emissions reductions). For example, targeted support mechanisms are needed to address the costs of matching renewable energy production with baseload industrial demand. It would contribute to the reduction of fossil fuels consumption, electrification of industrial capacities and decarbonisation of energy supply of industry. Such support should form part of a broader approach to improving the business case for industrial investment and ensuring that the NFM industry can access the financing needed to maintain and expand its production in Europe.
- The European Competitiveness Fund should provide direct, non-discriminatory financing across all Member States, while ensuring that national support frameworks, such as energy cost support and public funding, are adapted so that strategically important facilities facing temporary financial difficulties are not inadvertently excluded from support or prevented from accessing the financing needed to maintain and restore competitive production in Europe.

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