DIMENSION PARLEMENTAIRE

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Thematic Interparliamentary Conference on Strategic Economic Autonomy

Venue: Senate:
Date: 14 March 2022

Conclusions of the Presidency on Strategic Autonomy in the Energy and Mining Sectors

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In recent years, the energy transition has become an urgent obligation in order to achieve the climate commitments made by the European Union and its Member States in concrete terms.

These commitments have been enshrined at the international level.

On the one hand, the 21st Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change (UNFCCC), meeting in Paris in December 2015, set a target of limiting global warming to below 2 degrees by the end of the century, subsequently revised to below 1.5 degrees by COP26 in Glasgow in November 2021.

On the other hand, Article 4 of the Paris Agreement of 12 December 2015, requires the (more than 190) States Parties to achieve "carbon neutrality" by 2050. This is defined as striking a balance between the generation of anthropogenic emissions by sources and the anthropogenic absorption of emissions by sinks of greenhouse gases (GHG).

These commitments have been translated into actions at the European level.

Since the conclusion and implementation of the Paris Agreement, the European Union has rallied around in support of the energy transition, in which economic growth and technological progress are recognised as the underlying factors.

This is why the European Council, in its "Long-Term Low Emission Development Strategy", submitted on 6 March 2020 to the United Nations Framework Convention on Climate Change (UNFCCC), considered that "*the transition to climate neutrality will bring significant opportunities, such as potential for economic growth, for new business models and markets, for new jobs and technological development*".

In the European Green Deal, the European Union has reasserted its commitment to the energy transition by setting very ambitious climate and energy objectives.

Firstly, the European Union has set the target of reducing its greenhouse gas (GHG) emissions by 55% by 2030 compared to 1990 levels, and achieving carbon neutrality by 2050, in accordance with the European Climate Law, originating from Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021.

In addition, the European Commission, in its "Fit for 55" package presented on 14 July 2021, proposed limiting primary energy consumption to 36%, increasing the share of renewable energy in energy consumption to 40%, and promoting electromobility by developing recharging infrastructures for both light- and heavy-duty land vehicles, as well as for the maritime and air sectors.

To achieve these objectives, the European Union has specifically promoted the decarbonisation of energy and industrial systems, and the general framework of support for industry and innovation has been enhanced for this purpose.

In this manner, the "New Industrial Strategy for Europe", presented by the European Commission in March 2020 and updated in May 2021, sets out to support the circular economy and resource efficiency in the industrial sector.

In addition, the "Strategic Plan 2020-2024", defined by the European Commission on 8 October 2020, advocates promoting research and innovation activities with the aim of strengthening Europe's position in the world, in addition to implementing the energy and digital transitions.

In addition, the issue of decarbonisation has also prompted sectoral initiatives, particularly in the fields of batteries, renewable energy sources and hydrogen, such as the "European Strategic Action Plan on Batteries", published on 17 May 2018, which aims to create a value chain for batteries in Europe.

In addition, the European Commission's "EU Strategy for Energy System Integration", set out in a European Parliament resolution adopted on 19 May 2021, seeks to promote the electrification of uses and the circularity of the energy system.

Finally, the European Commission's "EU Hydrogen Strategy", presented in a European Parliament resolution adopted on 19 May 2021, envisages the roll-out of 40 gigawatts of renewable energy electrolysers and the production of 10 million tonnes of renewable hydrogen.

As tangible proof of the implementation of these strategies and actions, the European Battery Alliance was launched on 10 October 2017 and supports 750 projects, and the European Hydrogen Alliance, launched on 10 March 2020, supports 500.

All in all, this is an unprecedented change in energy production and consumption systems on the European continent.

Indeed, achieving climate neutrality by 2050 requires the doubling of electricity production,

as 75% of all greenhouse gas (GHG) emissions are produced by the energy sector.

The decarbonisation of energy and industrial systems has become all the more pressing a need since Russia went to war with Ukraine, highlighting the geopolitical consequences of the dependence of the European Union and its Member States on Russian hydrocarbon imports. Given that 38% of the European Union's gas comes from Russia, rising to 55% for Germany and 100% for several Eastern European countries, this conflict will have major economic repercussions for the global economy and for businesses and households on the European continent.

This conflict on Europe's doorstep therefore requires us to accelerate our abandonment of fossil fuels in order to reduce our dependence on Russian hydrocarbons and thereby increase our ability to ensure the security of the European Union. Ecological transition and strategic independence therefore go hand in hand and require Europe to increase its efforts to promote renewable energy sources and electromobility.

However, the energy transition hinges on an unforeseen factor: its reliance on rare metals, as it requires increased imports of rare metals (copper, aluminium, lithium, cobalt, nickel, rare earths), which are essential components in renewable energy technologies (wind, solar), electric batteries and hydrogen electrolysers.

These increased imports create a risk of dependence on the producing countries, with half of the world's copper production coming from Chile and Peru, half of the world's aluminium production from China, and half of the world's cobalt production from the Democratic Republic of Congo (DRC). Europe is also dependent on strategic metals, such as aluminium, nickel, palladium and titanium, from Russia.

These imports are also sources of negative externalities, such as greenhouse gas (GHG) emissions, environmental pollution and nuisances affecting the population, with aluminium production alone generating 1% of global GHG emissions.

They are associated with an inflationary risk, in the context of unprecedented rises in the prices of all types of energy and raw materials, with sharp rises in the cost of copper and aluminium already recorded in recent years.

From a circular economy perspective, these increased imports must be replaced by local production, but also by waste collection and recycling, as only 10% of lithium batteries are currently recycled.

The European Union and Member States still pay very little attention to the energy transition's dependence on mining, which will undoubtedly become a fundamental issue in the years and decades to come.

Indeed, while mining has recently been the subject of European legislation, this has so far focused on banning imports of certain ores from conflict zones.

For example, Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 aims to curb trade in four minerals (tin, tantalum, tungsten and gold) from such zones.

It is part of a wider corporate engagement on the issue, led by the Organisation for Economic Co-operation and Development (OECD), which drafted its "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" on 13 August 2018.

In this context, in order to truly accomplish the economic changes required to attain climate neutrality, it is absolutely essential to recognise the energy transition's dependence on mining so that we can take more effective action to avoid it.

Therefore, the Presidency of the Interparliamentary Conference on Strategic Economic Autonomy in H2 2022 calls for the following actions:

- **Adopt a European strategy for securing the supply of strategic metals for the energy transition**, associated with the "Fit for 55" package;
- **Accelerate implementation of the abandonment of fossil fuels by European economies**, as envisaged by the "Fit for 55" package;
- **Urgently reduce European economies' dependence on imported hydrocarbons**, especially gas, and **strategic metals,** particularly aluminium, nickel, palladium and titanium, **from Russia,** in view of the latter's war against Ukraine;
- **Identify the strategic metals that are critical to Europe's energy transition**, especially the components required for renewable energy technologies (solar, wind), electric batteries and hydrogen electrolysers;
- **Quantify the negative externalities of strategic metal imports**, in terms of their impact on greenhouse gas (GHG) emissions, environmental pollution and public nuisances;
- **Identify strategic-metal-producing countries**, particularly those outside Europe with

lower environmental, social or health standards;

- **Quantify the cost of strategic metal imports**, by integrating this "mining bill" into European economic indicators;
- **Help Member States to adapt and implement the above-mentioned tools** (adoption of a strategy, identification of critical metals, identification of producing countries, quantification of the cost and negative externalities of imports);
- **Provide Member States with a "toolbox" to help them reduce their dependence on strategic metals** (e.g. purchasing groups, supply contracts, equity investments);
- **Assess the effective implementation of the Due Diligence Regulation of 17 May 2017**, prohibiting the sourcing of four minerals (tin, tantalum, tungsten and gold) from conflict zones;
- Implement the **Carbon Border Adjustment Mechanism (CBAM)**, to favour European mining over external mining;
- **Include mining issues in current and future European strategies on energy** (including the European Strategic Action Plan on Batteries, the Strategy for Energy System Integration, and the Hydrogen Strategy), **on industry** (e.g. the New Industrial Strategy for Europe), and **on research** (e.g. the Strategic Plan 2020-2024);
- **Support mining projects in current and future support schemes for the energy sector** (e.g. European Battery Alliance, European Clean Hydrogen Alliance), for **industry** (e.g. Important Projects of Common European Interest), and for **research** (e.g. Horizon Europe Programme);
- **Promote the relocation of mining value chains**, from metal extraction and processing to waste collection and recycling;
- **Encourage the inclusion of mining activity in a sustainable development obligation**, by applying a high level of environmental, social and health standards at the European Union level;
- **Encourage the inclusion of mining in a circular-economy-based approach**, by promoting domestic metal production, the use of efficient processes in terms of their consumption of metals, energy and water, and waste collection and reuse;
- **Encourage the inclusion of mining activity in regional ecosystems**, by ensuring the

consultation of regional authorities and the public in advance of mining projects;

- **Assist Member States with the mapping of their mining potential** with a view to the relocation of mining activity;
- **Consolidate the European legal framework for mining activity**, by mentioning "sustainable mining" in European standards or labels.
- **Revitalise the European economic framework for mining activity**, by promoting fiscal or budgetary aid for mining projects, especially "sustainable mining" projects.