

Roadmap Public Consultation: 2030 Climate Target Plan

Minerals, metals and advanced materials have a central role in the green transition, for example in the energy and transport sector. Ensuring a sustainable supply of raw materials in Europe is crucial for Europe's industrial leadership and to achieve a climate-neutral, resource-efficient and competitive economy.

SveMin welcomes the Commission's proposal to raise EU climate policy targets to 50-55% by 2030, and climate neutrality to 2050. This is in line with the Swedish mining and mineral industry's climate targets and roadmap to achieve fossil-free mining operations by 2035 and climate-neutral refinement processes by 2045. The mining and minerals industry is optimistic that the climate transition will be successful. However, the devil is in the details, and policy design will be crucial in order to support, not undermine, this transition. In this context SveMin would like to highlight certain key aspects that need to be addressed in a 2030 Climate Plan:

- ◆ **Climate transition and competitiveness must go hand in hand.** A holistic and long-term approach in political decisions is essential if the industry is to retain its global competitiveness. It is crucial that in the transition to become climate neutral, the industry can maintain and even improve competitiveness. For this reason, an **increase of the 2030 target cannot be carried by the ETS sector alone**, it must be distributed fairly between ETS sectors and the Effort Sharing Regulation.
- ◆ **It is crucial that changes to the ETS Directive followed by changes to the 2030 target address the risk of carbon leakage for companies with export to third countries.** The carbon and investment leakage that we already see today, i.e. that investments are prioritized in other countries with lower climate ambitions and higher CO₂ emissions in production, already has consequences for the Swedish mining, mineral and metal industries today in favour of more carbon intensive production outside the EU, which does not benefit the climate nor the European economy.
- ◆ **The indirect costs for industry of a higher electricity price need to be taken into account.** In order to reach the industry's climate targets, electrification is key. This requires access to fossil-free electricity at competitive prices. SveMin's member companies are mainly established in the Nordic countries, with a very high degree of fossil free electricity. Due to the marginal cost pricing of electricity, the industry still pays the price of the coal, natural gas and oil in the system, even if the electricity is fossil free. The consequence is that switching from fossil fuels to fossil free electricity does not give any price incentives and competitive advantages for the first movers, but rather increased costs due to the increased electricity consumption that follows from moving away from fossil fuels and thus a competitive disadvantage compared to the slow movers. **To get the incentives right to benefit the first movers**, not holding them back and/or punishing them, is crucial for the green transition and to achieve the EU climate targets.
- ◆ Both the development of existing technologies and a shift to new technologies and processes will be required for industry to become climate neutral. A linear trajectory to the 2030 target therefore risks being counterproductive. A stepped approach taking technology shifts for different sectors into account is crucial. For the same reason investments in research, development and innovation for fossil-free production processes and CCS, including test and demonstration facilities, is important. Development of bio-based,

electricity-based, and hydrogen-based processes for producing iron, copper, and other metals and minerals is an urgent priority.

- ◆ A thorough **assessment of the EU economy post Covid-19** should be included in the European Commission's impact assessment of the 2030-target. We believe this would benefit the 2030 climate discussion.