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Opening speech: How to really enable Europe's low-carbon transition? (19 October Event)

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Ladies, Gentlemen, Welcome to this Eurometaux conference. We will focus our attention this afternoon on the transition to a low carbon non-ferrous metals industry.

Now, I'm going to start on a personal note. Let me take you back to when I joined the steel industry in the late eighties. This is me at that time!

As this young engineer, I was impressed with the attention given to reducing energy consumption. Back then, we thought we were doing a good job.

But, now let's look 30 years forward from then, to 2017. Today, 30 years later, specific energy consumption per tonne of crude steel has decreased over 40%. A great performance!

A genuine achievement that - as a young engineer - I would have found hard to believe possible.

The non-ferrous metals industry has walked along a similar path these last 30 years. In the same three decades, we have made huge steps in reducing our CO2 footprint and improving energy efficiency.

For example, Aluminum has a 53% lower CO2 footprint than 30 years ago. The figures for improved energy efficiency in the last three decades are equally impressive:

- Zinc production: 35% higher energy efficiency.
- Nickel production: 48% higher energy efficiency
- Copper production: 60% higher energy efficiency.

But ladies and gentleman, it cannot and will not stop here. 30 years from now, I want today's young engineers to look back on the start of their careers. And feel the same sense of pride that I do at the progress we've made.

So, with this in mind, what about our future?

Let me be clear, the energy transition towards a low carbon future present us – as an industry – with not only challenges, but also opportunities.

But, experience tells us, it's not quite as simple as that. We all know – you all know – that the challenges we face are in the short- to medium term. The opportunities we face are in the medium- to long-term.

So, there's a clear risk that we as an industry could fall-in to the trap of focussing on the challenges now. The same trap other sectors have fallen into before, and others will again.

This means we will miss the opportunities that are clearly there. What are our primary challenges?

The non-ferrous metals industry – like other industries here in this room – is an energy-intensive one. But whereas some industries are predominantly carbon-energy intensive, the production of metals is mostly electricity-intensive.

For example, electricity makes up 30 to 40 per cent of an aluminium producer's total production costs.



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Now, today, and in the medium-term, this dependence on electricity means our industry is more affected than others by indirect carbon costs.

We all know the ETS brings significant indirect carbon costs. Costs we as a globally-priced industry have no way to pass-on to our end-customers

Let me illustrate this with an example. The European Commission's projections expect a carbon price of 30 euros per tonne by 2030.

What does this mean? It means – for example - our primary aluminium producers will have indirect costs of 20-25% of their sale price.

We as an industry – like any other industry – want to remain competitive. We want to keep our production in Europe. We want to keep our investment in Europe.

As you will hear from our CEOs later, this is a vision shared across our industry.

We are a reasonable stakeholder. But that said, we need the right framework conditions from regulators for this to happen.

So, short- to medium-term, we face the challenge of staying competitive globally, and having the right framework conditions to encourage the sorts of long-term investments required.

But enough about challenges. I also mentioned that we've got clear opportunities. What are our primary opportunities?

We're a key enabler of Europe's low-carbon economy vision by 2050.

As we will hear from the World Bank in our first keynote, Europe's low-carbon transition will dramatically increase demand for all non-ferrous metals.

Metals in renewable energy technologies. Metals in low-carbon transport. Metals in smart electricity grids.

Our big opportunity is to make these extra metals sustainably, as an integrated part of a low-carbon Europe.

Added to this, we are also a central industry in Europe's circular economy. Companies like my own recycle Europe's metals again and again, keeping them in the loop and minimising our carbon footprint.

I told you at the start about how the industry was when I started, many moons ago.

Now let's look forward. Let's imagine our industry in 2050. What do we want it to be?

A highly competitive industry that sets the global standard. A highly competitive industry powered by low carbon, renewable electricity. A highly competitive industry, like today, based in Europe.

This is clearly a bold vision. But is it an achievable one?

Let's compare this 2050 vision for our industry with the reality that we all know today. Our global competitors have much higher emissions than us. We're already the best in class globally.

For example, Nickel production in Europe is over 7 times less CO2-intensive than in China – our chief competitor today.



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But, we've hit the limit of improvements we can make with current technology. We will continue to make incremental improvements. But, to realise this 2050 vision for our industry, we also need new breakthrough innovations.

Breakthrough innovations that take at least 20 years to be operational. So, our opportunity is to start making these innovations happen now. We, as an industry, have to play an active part, if we want these opportunities.

Today marks the launch of our [Metals with Ambition](#) project.

We know it's important to have a vision for how Europe's metals industry can fulfil its 2050 potential.

So we will build on today's discussions, and take our time to develop a holistic 2050 blueprint for where our industry can go. Next year, I will report back to you on our progress. We want to have a permanent conversation about our industry's future.

This long-term project underlines our commitment to playing an active part. I invite all of you to help us play that active part.

But at the same time, we can't seize these opportunities just on our own. We are dependent on regulators and legislators giving us a stable framework to make these investments. The investments we need to stay globally competitive through to 2050.

And the investments Europe needs so its metals industry can cleanly produce the much higher demand for metals that the 2050 low-carbon future depends on.

I started off by telling you about the industry I remember as a young man 30 years ago, and how it's improved so much.

I've highlighted to you the challenges and opportunities we have for the next 30 years, where I hope to see the same improvements.

But please take note. Here, we doesn't mean only industry. It means industry working in partnership with legislators and regulators. With everyone doing their part.

So, today's event marks the point where we as an industry need to evolve our focus, onto the opportunities by 2050, and how we are going to best realise them.

A win-win partnership between industry, civil society and policymakers and regulators requires an honest and open debate.

I'm looking forward to that debate this afternoon.

