

27 AUGUST 2020

To: Mr. Michel BARNIER, Head of Task Force for Relations with the United Kingdom, European Commission

**Copy: Mr. Maroš Šefčovič, Vice-President, Interinstitutional Relations and Foresight,
Mr. Valdis Dombrovskis, Vice-President for an Economy that Works for People, Interim for Trade,
Mr. Thierry Breton, Commissioner for Internal Market**

Subject: Eurometaux's call for strict Rules of Origin within EU-UK Free Trade Agreement

Dear Mr. Barnier,

In the context of current Free Trade Agreement negotiations between the European Union and the United Kingdom, Eurometaux, the European metals industry association, affirms its position in favour of strict rules of origin for the metals sector and against any further relaxation of the rules of origin. Please find this position paper in the Annex.

The risk from more relaxed rules of origin is that metals products coming from third countries would easily gain “origin” status and be exported to the EU market. This could endanger European production of metals, as well as the recycling activities of our industry.

Such a risk also concerns rules of origin on batteries. In April 2020, ACEA (European Automobile Manufacturers' Association) published a Position Paper on the EU-UK trade deal requesting an exception to the strict rules of origin for articles involved in trade of batteries for electric vehicles. This would result in less use of EU and UK produced metals (and other EU produced material) for car manufacturing and would open the door for even more Chinese metals into the European market. Our sector fears that a relaxation of rules of origin on imported batteries (e.g. for electric vehicles) could produce detrimental effects on Europe's battery value chains and their materials supply (e.g. non-ferrous metals).

Batteries are key enablers for the EU's Green Deal ambition for a climate-neutral economy by 2050. The European Battery Alliance was launched by the European Commission in 2017, specifically to enable a clean energy transition and to establish a competitive European batteries value chain: an ambition our industry fully supports. Granting relaxed rules of origin in the EU-UK trade deal would go in the opposite direction to the EU's industrial objective for batteries and their raw materials supply. Investments planned by our members in Europe – several of them linked to the European Battery Alliance – would be seriously threatened in such a scenario.

Moreover, the relaxation of rules of origin for batteries would set a dangerous precedent that would lead to many similar requests, making the overall trade relationship situation between EU & UK rather chaotic and unpredictable, while penalising overall investments in Europe.

Our industry has the capacity to meet the growing materials demands for batteries provided that an international level playing field and coherent regulatory framework are complementing our circularity and sustainability-oriented efforts. The European non-ferrous metals industry is a key supplier and recycler of metals for portable, automotive and industrial batteries. According to the World Bank's 2017 projections, 1000% more metals will be needed for batteries by 2050 on a global scale¹.

As such, while we are in favour of measures supporting Europe's automotive sector, we believe, that decisive EU actions are needed to build a full capacity of battery production in Europe, stimulating new investments into expanding metals mining, refining and recycling. This requires a global level playing field, as European metals producers currently struggle

¹ World Bank - The Growing Role of Minerals and Metals for a Low Carbon Future, 2017



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to compete with unfairly subsidised imports from China and other areas of the world, which have a significantly higher carbon footprint. We need the EU to be bolder in tackling global competition distortions, ensuring the 'technological sovereignty' of the European continent.

Thus, our industry recommends that there should be no exception to the strict rules of origin for articles involved in trade of batteries for electric vehicles. Such relaxed rules will only be beneficial to imports from countries with whom the EU does not have FTAs, such as China. In other situations, they will only aggravate the EU's rising dependency on other world regions for the range of metals required in its batteries.

In conclusion, we support the use of a stricter list of rules of origin. For the metals sector, we recommend the PEM Convention as a blueprint to the forthcoming EU-UK FTA. Furthermore, our sector believes that the potential risks associated with China's unfair trade practices should be attentively considered.

Eurometaux and its members look forward to working closely with the EU institutions to contribute to the EU-UK trade talks – which play an important part in future trade relationship between the EU and other third countries, as well as in the forthcoming EU Trade and Industrial Policy – with a view to building more resilient value chains in Europe and a good level playing field.

Yours sincerely,



Guy Thiran, Director General, Eurometaux

