Regulatory Affairs affecting Copper Industry’s license to operate in Europe

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Squaring the circle

- Competitiveness & grow to 20% GDP
- Climate change & Energy Efficiency
- Resource efficiency & circular economy
- CO2 ETS post-2020
- Pb classification
- Cu classification
Challenge # 1
CO2 ETS post-2020 reforms
CO2 Emission Trading Scheme

Direct CO$_2$ costs

Indirect CO$_2$ costs
Direct / indirect emissions costs

For NFM subsectors, the relative impacts of indirect emissions costs far exceeds that of other sectors

- **Primary aluminum production**: 16%
- **Refined copper production**: 48%
- **Slab zinc production**: 99%
- **Ferro-silicon and silicon metal production**: 65%

**Direct emissions costs (ex. process emissions)**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Direct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulp &amp; paper</td>
<td>23%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>31%</td>
</tr>
<tr>
<td>Ceramics</td>
<td>21%</td>
</tr>
<tr>
<td>Iron &amp; steel</td>
<td>23%</td>
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</tbody>
</table>

**Indirect emissions costs**

- **Assuming all RLE is hydrometallurgical**

**Copper producers:**

- Joined ETS 3rd phase
- “Fall back” sector, meaning benchmark of process emissions determines level of (direct) compensation
- 52%/48% share of direct/indirect costs
- Price taker and unable to pass through (carbon) costs (i.e. LME)
- Post-2020 estimated 0.5 billion € missing compensation (indirect only, if state aid to continue)
A globally competitive European copper industry is of strategic importance to EU:

- EU-based copper producers have reduced their unit energy consumption by 60% since 1990 (today’s CO2 emissions modest 0.1% of EU total)
- Copper-based product technologies have the potential to deliver 130 million tonnes of CO2 savings per year

Call for EU-harmonized rules and 100% compensation/free allowances for best performers under CO2 ETS post-2020
Challenge #2
Ecotoxicity Reference values (ERVs) used for Copper classification
Harmonized Classification (CLH) of Coated copper flakes and nine copper compounds mandatory under Biocidal Product Regulation

ECHA Risk Assessment Committee (RAC) expressed Opinions on Human health and environment, respectively Sept & Dec 2014

RAC Opinions proposed for adoption in next Adaptation to technical progress (ATP) and become mandatory harmonized classification (expected in June 2017)

ECI identified several important issues with RAC Opinions and their communication by ECHA
Core (technical) issues with RAC Opinions

Opinion on **Environment not aligned** with conclusions from the copper risk assessment and OECD-Cocam:

- Severe **chronic environmental classification** due to rejection of the chronic data base and non-acceptance of removal from water column concept

- Severe **Acute environmental classification** due to pivotal study chosen to derive the Ecotoxicity Reference Value (ERV)
Impacts on sector

Setting of unfortunate precedent for data rich substances in applying data-poor rules for deriving Environmental classification

Extremely severe socio economic impact IF the chronic and the acute ERVs were used to classify commodity products (eg copper massive chronic 2)

Avoid inclusion of RAC opinions into the upcoming 9th ATP until the ERVs are updated /corrected
Challenge #3
Specific Concentration limit (SCL) used for Lead classification
Lead in Copper alloys

Pb is already intensively assessed, regulated and managed:

- Drinking water: 98/83/EC
- Lead in jewellery and watches: EU/836/2012 (REACH)
- Lead in electronic devices: 2002/95/EC (RoHS) / 2011/65/EU (recast)
- Lead restriction for consumer articles mouthed by children (REACH)

For more than 20 years, the copper industry has invested in both process technology improvements, as well as in new alloy development, to reduce the lead content in copper alloys and in the slags co-produced out of the copper smelting process.
Harmonized classification (CLH) for Lead

Reviews led by the European Chemicals Agency’s (ECHA) Risk Assessment Committee (RAC) have resulted in the proposal to introduce a human health classification for lead.

All materials and/or mixtures containing a lead metal concentration above the proposed Specific Concentration Limit (SCL) of 0.03% would be classified as a Category 1 reproductive toxicant.

While ECI supports the proposed classification, it believes that more time is needed to evaluate the significant business consequences of an extremely stringent 0.03% SCL for all forms of lead as it would apply to lead content in all kinds of materials.
Lead migration from copper alloys

ECI has submitted, through the public consultation process, a socio-economic analysis showing the significant negative impacts on metals recycling (higher costs and lower recycling rates).

Data on lead migration from copper alloys and from lead massive versus powders are available.

Efforts have been coordinated closely with the International Lead Association, with advocacy managed by Eurometaux
Conclusion
A competitive European copper industry is of strategic importance to EU
Thank you

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