

Brexit

Recommendations from the European Non-ferrous Metals Industry

Summary

Eurometaux, the European non-ferrous metals industry association, recommends that the EU and the UK work to reach the closest relationship possible after Brexit, to avoid supply chain disruptions that would harm the non-ferrous metals industry. In particular, Eurometaux:

- 1. Advocates for frictionless trade and reciprocal market access based on a level playing field;**
- 2. Believes that companies need predictability and better communication from regulatory authorities.**

Priorities in detail

TRADE

Brexit is of particular importance to the European metals sector, because the UK and EU non-ferrous metals industries are highly integrated. UK companies produce, transform and recycle several metals including aluminium, copper, nickel, lead, silicon and precious metals. This represents an important part of EU production, notably including over 20% of Europe's refined nickel and lead production. EU-UK Trade flows are also very significant, having a positive balance on both sides¹.

Eurometaux has identified three main priorities for the non-ferrous metals industry related to future EU-UK trade relations:

- 1. A zero tariffs agreement & a high-level of market access.** The European non-ferrous metals industry recommends that future EU-UK trade conditions should be as **frictionless as possible**. **A high level of market access should be ensured** between the bloc and the departing Member State, including deep integration of markets for goods and services.
- 2. Customs clarification and simplification.** Since the UK is likely to have the status of third country, Brexit will therefore mean changes to the way the UK border operates. This is independent of whether the UK continues as a member of the single market, creates a new customs union, or signs a comprehensive FTA. Thus, we request **simplified customs procedures** to ensure that trade remains as smooth as possible. In case of an FTA, we consider it important that the EU and the UK reach an agreement for **simplified and harmonized rules of origin**.
- 3. Minimization of any potential Non-Tariff Barriers (NTBs).** NTBs - such as additional administrative requirements or customs formalities - create costs and cause delays in the supply chain. We request that NTBs are minimised, to avoid burdening businesses and harming competitiveness.
 - It is important that the EU and the UK reach an agreement for the **mutual recognition of technical and regulatory standards**.
 - In scenarios where UK leaves the Customs Union, the UK will have to develop trade defence instruments (TDIs) of its own. It is therefore fundamental that the future UK **TDI regime remains closely aligned** with that of the EU to avoid the risks of trade diversion.
 - Finally, we also recommend that **simplified VAT procedures** are secured.

¹ In 2017, for aluminium (ch.76) UK imports from EU constituted 3.6 billion €, while UK export was at 1.6 billion €. For copper (ch.74) the same numbers were 1.5 billion € and 960 million €, while for lead (ch.78) for 64.6 million/ 300 million € and for nickel (ch.75) - 309 million and 470 million € respectively. (based on Eurostat data)



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ENVIRONMENT

The UK has been an important contributor to the current EU chemicals legislation. To ensure continuity, Eurometaux believes that it is vital to **strive for alignment in all existing regulations**. If no agreement can be found to enable good cooperation on the available knowledge (e.g. via ECHA or EU projects like HBM4EU), there is a significant risk of duplication of work and delays in implementing appropriate risk management. The UK will also need to build its own specialist staff and technical expertise in parallel with continuing its international obligations (e.g. OECD & UN). To support this alignment, Eurometaux strongly recommends that a common platform should be established for exchange and dialogue.

Eurometaux also recommends:

1. **Regulatory alignment of all post-Brexit UK and EU chemicals legislation**, to ensure a level playing field;
2. **A transition period and grandfathering** to avoid disruption of the market and supply chain. Ideally, a parallel/REACH-like system should be developed in the UK, mirroring what exists in the EU. This system would recognise the existing REACH work (e.g. Registration, Authorisations) and avoid duplication. A reasonable and practicable timescale should be foreseen to allow registrants to move UK Registrations into the EU system and/or comply with the new UK system.
3. **A mechanism to preserve ‘pragmatism’** in Chemicals Management regulation, by creating a structure (e.g. a forum for regulatory alignment) where the UK could participate with the EU in discussions on assessment and management of regulatory changes. This group could also discuss sharing of information, new approaches and cases of divergence between the UK and EU regulatory regimes.
4. **Quick solutions for existing Regulations** - such as REACH, CLP, Medical Devices, Biocidal Products Regulation - on very practical aspects like data sharing, registrations, authorisations and restrictions and evaluation.
5. **More transparency** in discussions about chemicals management, as well as technical challenges faced.

ENERGY & CLIMATE CHANGE

Eurometaux’ overarching recommendation is that regulatory convergence to the greatest extent possible is in the interest of both sides. To ensure continuity and a fair, level-playing field, Eurometaux believes there should be alignment on all key aspects of EU Climate & Energy legislation. Eurometaux therefore advocates for the following three key points:

1. **EU Emissions Trading Scheme. Regulatory convergence** for Phase III period must also be continued into Phase IV (from 2021). Ideally, the UK should remain a part of the EU ETS, akin to the current structure with EEA members Norway, Iceland and Liechtenstein.
2. **State Aid rules should continue to apply to the UK with regards to the Internal Energy Market**. It is a fundamental need for our industry that policymakers **ensure maintenance of a level playing field for State Aid** rules between EU and non-EU production post-Brexit.
 - EU competition law plays an essential role in ensuring that all Member States must abide by the minimum environmental standards.
 - For electro-intensive industries such as non-ferrous metals production, it is essential that the rules governing compensation for the indirect costs of the EU ETS and energy and environmental state aid guidelines, do not result in distortions of competition or a fragmentation of the internal energy market.
 - The EU must ensure the UK does not attempt to gain an unfair competitiveness advantage for instance by introducing lower environmental standards. For this reason, EU policymakers **should insist on a “non-regression” clause in any future deal with the EU**. This will ensure that the UK does not attempt to undercut current regulations to gain a competitive advantage.
3. **Market-based instruments**. The EU needs to continue with **market-based instruments and practical solutions** to climate change challenges. These approaches have been long championed by the UK and should be continued by EU members in the post-Brexit world.

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