Dear Sir/Madam,

I refer to the request from your Department for any observations that the Department of Enterprise, Trade and Employment (DETE) might have in response to your consultation on the Draft Policy Statement on Mineral Exploration and Mining in Ireland. Following consultation with colleagues across the Department, we are submitting the following observations for consideration.

Importance of Sustainable Mining Sector and Adoption of Low Carbon Practices

DETE welcomes the draft policy statement on mineral exploration and mining. As we move to a lower carbon economy, Ireland will need a mining sector that is sustainable while remaining cognisant of its role in delivering our climate action targets. A thriving mining sector has the ability to create important regional employment.

Given Ireland's Electric Vehicle targets and the recently announced Fit for 55 EU package, Ireland and the EU will require a significant level of raw materials. Bearing this in mind, DETE welcomes the inclusion of lithium to the critical mineral list due to its use in the development of Electric Vehicle batteries.

It is important that as the mining sector grows, sustainable and low carbon exploration and mining is pursued. Given Ireland's ambitious carbon targets, significant unsustainable mining activity could adversely affect our ability to reduce our emissions in the enterprise sector and potentially offset any positive contributions to the development of EV batteries. DETE welcomes that in order to remain low carbon that the DECC minerals exploration and mining advisory group will discuss international practice, including green mining innovations.

DETE also welcomes and encourages the use of research to further our understanding of low-carbon zero waste mining practices. The research sector is a high value sector and can provide solutions to key societal and economy wide challenges.

Going forward, as research identifies lower carbon and less environmentally harmful technologies, DETE would like to see a requirement placed upon new exploration and mining exercises to adopt low carbon practices.

Future Jobs Ireland 2019 – Preparing Now for Tomorrow's Economy (Section 2.8)

We are of the view that this section could be removed. The Future Jobs Ireland agenda has now largely been subsumed into the National Economic Recovery Plan (NERP), the Government's new medium-term economic plan. As such, the reference to Future Jobs Ireland is no longer as relevant and it may be better to refer to alignments with the ERP.

The National Economic Recovery Plan was published in June 2021 and is currently being implemented. D/Taoiseach are leading the work on the NERP.

EU Policy Context

A reference to the EU Industrial Strategy, and related work, would be a welcome addition to the EU Policy Context section. Information on the EU Industrial Policy Package, Strategic Value Chains, Important Projects of Common European Interest, and Industrial Alliances, all of which are relevant from a policy context perspective, is set out below.

EU Industrial Policy Package

In March 2020, the European Commission published "A New Industrial Strategy for Europe" in which it sets a clear direction for a globally competitive, climate-neutral, and digitalised industry. The Strategy is an integrated approach to supporting industry to lead on the green and digital transitions and stay competitive at a time of geopolitical uncertainty. These three drivers were expected to transform European industry, support our small and medium-sized enterprises (SMEs) and keep Europe sustainable and competitive.

The 2020 Strategy focused on three drivers for industry: the green transition; global competitiveness; and the digital transition. It was broad, covering topics such as business framework conditions; digital infrastructure; a level playing field; skilled labour; research and innovation; investment; new forms of work; the circular economy; and sustainable finance, with a focus on specific sectors / ecosystems, such as raw materials, pharma, space and defence, and technologies like 5G/6G, cloud, edge computing and AI.

On 5 May 2021, the Commission published an update to Industrial Policy Package. The 2021 Update does not replace the 2020 EU Industrial Strategy, published in March 2020. Rather, it reaffirms and builds on the priorities set out in 2020 and incorporates the lessons learned through the COVID-19 crisis.

The 2021 Update takes a more horizontal approach, and, while it does focus on some key ecosystems, there is a much greater focus on issues and supports across the ecosystems. The 2021 Update offers a tailored assessment of the needs of each industrial ecosystem and how all market players can best work together. It also identifies a set of strategic dependencies and capacities and proposes measures to address and reduce them.

The 2021 Update looks at 3 key areas:

- Strengthening Single Market Resilience

- Dealing with Strategic Dependencies: Open Strategic Autonomy; and
- Accelerating the Twin Transitions.

Both the 2020 EU Industrial Strategy and the 2021 Update note the importance of raw materials. The 2020 document recognises that industry will need a secure supply of clean and affordable energy and raw materials to become more competitive while transitioning to a green economy. It also indicates there is a possibility that the reliance on available fossil fuels could be replaced with reliance on non-energy raw materials and that there is a need to increase recycling and the use of secondary raw materials to help reduce this dependency. Finally, the 2020 EU Industrial Strategy underlines the need to diversify sources to increase security of supply.

To address these issues, the 2020 EU Industrial Strategy committed to the publication of an Action Plan on Critical Raw Materials, which would include efforts to broaden international partnerships on access to raw materials, as well as the formation of a Raw Materials Industrial Alliance.

The 2021 Update also highlights that *"critical raw and processed materials are essential to ensure energy security and the success of the clean energy transition."* It details work undertaken to understand strategic dependencies and capacities, which found that, from the more than 5,000 products analysed, 137 products were identified in the most sensitive ecosystems where the EU can be considered highly dependent on imports from third countries. Of these 137 products, 34 could be considered as possibly more vulnerable due to their possibly low potential for further diversification or substitution with EU production. 22 of these products are classified as raw materials and intermediates goods. Further detail on this analysis is outlined below.

<u>Dealing with the EU's strategic dependencies</u>

A Report on Strategic Dependencies and Capacities was also published alongside the 2021 Update as an initial analysis of the EU's strategic dependencies and capacities, with an in-depth review for a number of technological and industrial strategic areas.

This analysis provides first insights on strategic dependencies, looking at 5,200 products imported by the EU, for which the EU is highly dependent (representing 6% of the EU's total import value of goods). The analysis develops six in-depth reviews of strategic areas (raw materials, batteries, active pharmaceutical ingredients, hydrogen, semiconductors and cloud and edge technologies), providing further insights on the origin of strategic dependencies and their impact. The European Commission will launch a second stage of in-depth reviews of potential dependencies in key areas, including products, services, or technologies key to the twin transition, such as renewables or energy storage and cybersecurity.

The chapter detailing the in-depth review of raw materials, outlines the challenges facing the EU but also the measures in-place and / or required to address these challenges, many of which are included in the Critical Raw Materials Action Plan.

It is envisaged that the Industrial Forum, at which the Department of Enterprise, Trade and Employment (DETE) represent Ireland, will contribute to this work by:

- Discussing the methodology and results as published with the update
- Reflecting on possible gaps in the approach and in the main tools considered to address dependencies
- Feeding into the work of the European Commission on the second stage in depth review of strategic dependencies.

Strategic Value Chains

The Strategic Forum on Important Projects of Common European Interest (IPCEI), at which DETE represented Ireland, identified 31 key Strategic Value Chains (SVCs) that require well-coordinated actions and large-scale investments from industry and public authorities from several Member States.

As well as identifying the key SVCs, the Strategic Forum on IPCEI prioritised them. Currently, co-ordinated initiatives are already ongoing for Batteries, High Performance Computing, and Microelectronics. In addition to this, the following SVCs were prioritised for action:

- Clean, Connected, and Autonomous Vehicles
- Cybersecurity
- Hydrogen technologies and systems
- Industrial Internet of Things
- Low CO_2 Emissions Industry
- Smart Health

Additional strategic value chains prioritised after the first stage of the prioritisation process:

- Additive manufacturing
- Bio-based materials
- Critical raw materials for innovative applications
- Net zero energy building construction and renovation
- Smart vessels
- Space – launchers

- Wired and wireless networks

Important Projects of Common European Interest

The notion of "Important Projects of Common European Interest" is laid down in Art. 107(3)(b) TFEU as part of the State aid rules, describing a type of aid that can be compatible with the internal market; but was in the past rarely used (e.g., for some collaborative R&D programmes and some infrastructure projects). In 2014, the Commission revisited this clause by adopting a dedicated Communication laying out the conditions for its application. This Communication is due to expire at the end of 2021 and will be replaced by an updated Communication.

Important Projects of Common European Interest (IPCEI) are about disruptive and ambitious research and innovation, beyond the state-of-the-art innovation in the sector followed by first industrial deployment, where very important RD&I is still necessary (e.g., to scale up a pilot line). The IPCEI provide knowledge, expertise, financial resources, and economic actors throughout the EU in order to overcome important market or systemic gaps and societal challenges that could not be addressed otherwise. IPCEI must contribute to the EU's objectives and have a significant impact on economic growth, sustainability, or value creation across the EU.

Three IPCEI have been approved by the Commission to date; an IPCEI on Microelectronics, and two IPCEI on Batteries. There are also a number of new IPCEI in development; a first IPCEI on Hydrogen, an IPCEI on Microelectronics and Communications, and an IPCEI on Next Generation Cloud Infrastructure and Services. Additional IPCEI have been proposed in the areas of Health, Raw Materials, and Protein for Animal Feed.

As IPCEI cover the entire value chain, raw materials are of relevance not only to a potential IPCEI on raw materials but to many of the other IPCEI.

Industrial Alliances

Industrial Alliances, which include public and private actors and civil society for a given value chain or sector, have been developed by the European Commission as a tool to facilitate stronger cooperation and joint action between all interested partners. The Industrial Alliances are seen by the European Commission to make European economies more resilient, ensure the global competitiveness of industry (including SMEs), support successful transition to a carbon-neutral continent by 2050, and make Europe fit for the digital age. As such, Industrial Alliances are being used as a delivery mechanism for relevant EU Strategies.

The **European Raw Materials Alliance** (ERMA)[1] contributes to ensuring reliable, secure, and sustainable access to raw materials as key enablers for a globally competitive, green, and digital Europe. The alliance will initially focus on the most pressing needs: increasing the EU resilience in the rare earth magnet and motor value chain. They are vital to key EU industrial ecosystems, such as automotive, renewable energy, defence, and aerospace. The alliance will expand to address other critical and strategic raw materials needs, including those related to materials for energy storage and conversion (batteries and fuel cells). Many strategically important industrial ecosystems in the European Union depend on a reliable supply of sustainable raw materials. Raw Materials and advanced materials in the circular economy context are vital for European competitiveness and innovation capacity.

The European Commission launched the **European Battery Alliance**[2] in October 2017 to address this industrial challenge. For Europe, establishing a complete domestic battery value chain is seen as imperative for a clean energy transition and a competitive industry. The industrial development programme of the European Battery Alliance, the EBA250, is managed by EIT InnoEnergy. Today, EBA250 is a project-driven community that brings together more than 600 industrial and innovation actors, from mining to recycling, with the common objective to build a strong and competitive European battery industry.

Trade Policy

We note that the majority of minerals utilised by Irish and European industry are imported and the acknowledgement in the strategy about the importance of security of supply as well as social or environmental costs in certain countries of origin. As an export intensive economy IE relies significantly on open and stable supply chains.

DETE supports the reference to open strategic autonomy in EU key technologies. Open strategic autonomy is a key principle of the EU's recent trade policy review. From Ireland's perspective, it is vitally important that our continued "openness" to trade as well as a destination for investment remains at the centre of our future EU trade policy and EU industrial policy. Moreover, it is important that the direct links between that Open Trade Policy and the economic development & employment opportunities for our citizens it supports is in plain sight for all to see.

The strategy also acknowledges the need to secure sustainable supply chains of raw materials and that it should be undertaken in a responsible manner. Trade and Sustainable Development and

[1] https://erma.eu/

[2] https://www.eba250.com/

environmental issues have grown significantly as important EU policy objectives in our International Trade negotiations over recent years. We have also witnessed the demand from our citizens and stakeholders for ever-more tangible outcomes from trade policy in areas such as the environment, human rights and responsible business conduct.

Finally, the strategy statement also points to the contribution of minerals to the SDGs, which are also central to the trade and sustainable development agenda in both bilateral EU Free Trade negotiations and agreements and increasingly in the multilateral context, for example, in the WTO's increasing focus on the trade and environment agenda, decent work and gender equality.