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## **Public consultation**

### *Review of the EU State Aid Guidelines for Environment protection and Energy (EEAG) post 2020*

#### **-Boliden Response -**

Boliden support the European commission's goal to become the world's first climate-neutral continent. A goal that can only be achieved through an extensive reduction of fossil fuel consumption and a strong increase in base metals production. More copper, zinc, nickel and other base metals are needed in order to change and develop industry and the transport sector, and to increase fossil free energy production.

Boliden has set an ambitious goal to reduce CO<sub>2</sub>-emissions by 40% (compared to 2012) by 2030. Our goal is to provide the metals essential to improve society for generations to come with consideration to people, the environment and the society. Our vision is to be the most climate friendly and respected metal provider in the world, and today, the climate impact of Boliden's value chain is already significantly lower than the global average for our industry. Boliden consider EU ETS to be the key tool for addressing the reduction of CO<sub>2</sub>-emissions and protect the competitiveness of the energy intensive industries. We believe that an adequate indirect compensation scheme and free allocation are the optimal way to protect our sector from carbon and investment leakage.

#### **State Aid for Environment protection and Energy**

Boliden's view is that the Green Deal, the European commission's plan to make the EU's economy sustainable, should not be driven by subsidies. Instead, the transformation of Europe towards a fossil-free future needs to be based on the development of better techniques and the incentive of profit. Our belief is that if an investment can only become profitable through financial support, it should never be implemented. Furthermore, if only certain companies/areas receive benefits, the market is disturbed. Therefore our opinion is that no forms of financial subsidy should be allowed.

Operating aid instead of investment aid will have the negative effect of supporting uncompetitive investments and techniques. This will result in a higher risk of even further increases in electricity prices, thus hampering the electrification in many sectors, especially energy intensive ones.

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Furthermore, when investments are evaluated, including national government support, this support will have to be in place throughout the whole lifecycle, which will hamper long term competitiveness in Europe.

### **Safeguard structures**

Boliden's opinion is that if safeguard structures are unclear, long-term predictability is also unclear, which makes investments uncertain, because future profits are uncertain. Boliden's view is that any regulatory system should be technique neutral. The main point is to create a level playing field in Europe between different techniques and regions.

The most important aspect is that if a safeguard is introduced in order to reduce the risk, this safeguard needs to have simple, clear rules and not add to the burden of administration and bureaucracy, which inevitably results in less transparency.

We do not want a system with subsidies or that sets quantitative targets linked to energy efficiency. The reason for this is:

- It would be very complicated to create fair targets because the various industries and operations concerned are so extremely different.
- We believe that there is a large risk for subjective goals.
- We are concerned that such a system may be used by authorities and politicians to set goals that industry can never achieve.

### **Electricity-intensive industries such as the Mining and Metals Industry cannot pass on costs in a competitive global market**

The mining and metals industry is global. Prices are set on a global market and are influenced mainly by economic growth rates and expectations of supply and demand. The mining and metals industry is therefore unable to pass on extra costs to customers, which creates a competitive disadvantage for European industry compared to producers outside Europe.

During the past decennia, the mining and metals industry in Europe has made a big switch of its energy usage from fossil fuel to electricity. Therefore, it has become a very electricity intensive industry, and electricity usage is expected to continue to increase significantly during the next few years. Consequently, access to fossil-free energy at competitive prices is a key for the industry to be competitive in a global market.

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Most renewable energy production relies on weather conditions (sun, wind and rain) and consequently production is irregular. In contrast, electricity produced from nuclear power gives stability to the electric grid. Therefore, we need to consider nuclear power as an asset. Nuclear power should be a part of EU's transition towards a fossil-free society.

There will be large decarbonisation costs linked to the transition. With regards to the electricity bill, there will be large costs (RES surcharges, network costs, financing for capacity mechanisms, etc). The costs for financing these measures should not be put on electro-intensive companies exposed to the highest degree of international competition. If we want to encourage industrial electrification as a decarbonisation pathway, we need to first ensure that the industrial electrification frontrunners (Non-ferrous metals) remain here in Europe and are not driven out as a result of the impact of regulatory costs on the electricity bill.

Due to the high level of electricity use, decarbonisation of EU power production will be the most important factor in the decarbonisation of non-ferrous metal production.

In the long term, assuming power can be decarbonised by 2045 and renewables can be fully integrated in the grid, non-ferrous metals indirect emissions will be reduced to zero. According to Eurometaux, the European Association of Metals, carbon-free electricity supply alone would imply a GHG reduction of 81% compared to 1990 levels and for the 19% remaining emissions, there are a wide-range of technological options with major potential for achieving GHG reductions in line with climate-neutrality by 2050.

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### **About Boliden**

*Boliden is a metals company with a focus on sustainable development. Our roots are Nordic, our market global. Our core competence lies within the fields of mineral exploration, mining, smelting and metal recycling. Boliden has around 6,000 employees and an annual turnover of SEK 50 billion. Shares are listed in the Large Cap segment on NASDAQ OMX Stockholm.*

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