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Europäische Metall-Union  
European Metal Union  
Union Européenne du Metal

## EMU INFO JUNE 2022

### Which metals are most affected by the war in Ukraine?

Russia's weight in the metal world market is so great that they will be difficult to replace in the short term. This is particularly true of palladium and nickel. Russian nickel accounts for about ten percent of world production in 2021. The Russian company Nornickel is already one of the world's largest producers of class I nickel, which is the only metal suitable for the production of nickel sulphates used in battery manufacture.

These metals, and others, are particularly useful for the automotive, aerospace and semiconductor industries. The automotive sector is likely to suffer the most, as it requires many different metals. For example, aluminium, copper, platinum and palladium are all useful in the manufacture of thermally propelled cars, especially for catalytic converters. For electric vehicles, cobalt and nickel are essential for batteries. Semi-conductors production requires two main resources, palladium and neon gas, the latter being produced at 50% in Ukraine, in companies which have already closed their sites.

EU sanctions are affecting the market: the logistics for minerals delivery are disrupted, and the suspension of the SWIFT system for many banks is slowing down trade. These disruptions are having an impact on prices, as this war is already taking place in markets that are already extremely tight. The fear of new sanctions also plays a role in this price variation.

It seems complicated to find another palladium provider than Russia in the short term, even if South Africa remains the world's leading producer. China has a significant weight in titanium exports, the Democratic Republic of Congo dominates the cobalt market, and Chile gives Europe access to copper. There is no shortage of suppliers, but taking Russia out of the equation will inevitably reduce supply, while demand is currently unabated. On the Russian side, metals are therefore much less strategic for Russia than hydrocarbons.

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### What is the effect of safeguards measures on steel-using manufacturers ?

As a steel user industry, EMU Members are affected by the Russian-Ukrainian conflict on the European steel market and European machine tool sector.

In June 2021, the European Commission prolonged for three additional years, the EU safeguard measures on imports of certain steel products. The prolongation of measures, introduced in July 2018, has a direct impact on the competitiveness of the manufacturing sector. Following the escalation of tensions between Russia and Ukraine, the EU implemented a series of trade restrictions raising the stakes for industries, that are already under pressure from soaring energy costs and critical raw materials. With the import ban on steel products from Russia and Belarus and reduced steel inflows from Ukraine, machine tool producers have encountered even more difficulties in sourcing steel.

There has been an adjustment to the EU steel safeguard quotas following the imposition of steel import bans from Belarus and Russia. However, one wonders whether it is an adequate and timely response to the current steel supply problems. The long-term consequences of the EU safeguard measures on sectors competitiveness and productivity, must be taken into consideration.

Since 2020, safeguard measures on steel imports remain closely linked to the rising energy costs and supply chain disruption. No need to say that rising energy costs, higher commodity prices, transportation problems, and strong inflationary pressures are negatively affecting metal industry competitiveness.

The European leadership in this sector, which is of strategic importance in order to support economic growth, may be jeopardized. The discussion is open to know whether the European Commission should review policies to safeguard measures on steel imports, in order to meet and stabilise prices and current steel demand.

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## EMU Green Manufacturing Working Group: what is the way ahead for the industry?

The third meeting of the EMU Green Manufacturing Working group took place online on 1st June. The meeting was dedicated to circular economy and the Fit For 55 package.

Guido LENA, SME United Director in charge of the subject, presented SME United position. Though the circular economy was regulated as of 2015, the Green Deal accelerated the trend. The Ecodesign for Sustainable Products Regulation initiative replaces the current Eco-Design Directive as the new EU's product legislative framework. If metal products are selected, it means that they have to comply with a set of new criteria, such as reparability. The Fit for 55 package of various measures was presented last summer. However, the European Commission is continuously updating the targets, which may hamper SMEs investment. For example, the renewable energy directive has just been changed at the last minute because of the war in Ukraine. To mitigate this, SMEUnited takes part in a European Commission pilot project, to provide technical assistance to SMEs in energy transition at EU level, together with national actors. SMEUnited is also pleading for technical assistance directly provided to SMEs organisations.

Mattheüs van de Pol, from the Dutch Ministry of Economic Affairs and Climate Policy, presented the Dutch circular economy plan, supported by the "groeifonds", in which SMEs develop their own strategy according to their business model. They need to upscale their processes, to create new growth models, as circular models are different from traditional ones. Social innovation is also important on this matter. Investment in energy efficiency, with high-tech circular capital equipment, is also a priority. The Dutch example deserves to be balanced with more practical approaches brought forward by other countries, such as Austria or Germany.

Guido Lena invited EMU representatives to come and join the SME United Sustainable Development Committee.

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## Presentation of PIMEC

EMU has been several times in the past in contact with PIMEC, whose acronym stands for SMEs in Catalan. PIMEC is the regional organisation representing SMEs. But who are PIMEC Members and what economic strength do they represent in Catalonia?

- There are 532,232 SMEs and 555,712 self-employed people in Catalonia (data from September 2021);
- SMEs and the self-employed represent 99.8% of the Catalan manufacturing industry;
- PIMEC has 141,000 members;
- PIMEC has 320 sector-specific associations as members;
- About 600 employers in the governing and management bodies;
- PIMEC has a secretariat of 180 employees and 200 partners;
- A network of 19 offices and delegations throughout Catalonia, one of them in Brussels.

PIMEC Metall is the committee and the sectorial entity that is in charge of the metal. It was established in November 2004, with the intention of bringing together the concerns and needs of entrepreneurs in the metal sector in Catalonia. Metal is a key industry in Catalonia, it represents more than 10% of the Catalan economy with more than 44,000 million euros and almost 170,000

jobs.

PIMEC'S traditional policy of membership only joins cross-sector SME organisations of a higher level, but not sectorial entities. That is the reason why they are not interested in joining EMU for the moment. PIMEC do not have a person who is exclusively in charge of the metal sector, but they have one representative in charge of several sectors at the same time. That is why accepting an affiliation with an exclusively metal sector association is currently not an option for them. Nevertheless, PIMEC has shown the willingness to maintain contact with EMU, and to explore other affiliation options in the future.

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### Dates of next EMU meetings in 2022 and 2023

You will find below an overview of the dates for the next EMU meetings already planned in 2022 and 2023:

- **9 September 2022:** EMU Working Group Standardization and Technology meeting in Essen, Germany (from 11:00 to 15:00 CET); online meeting (from 10:00 to 13:00 CET) if a physical meeting is not possible
- **29 September - 1 October 2022:** EMU General Assembly of Delegates and Social Dialogue Working Group meeting in Billund, Denmark
- **20-21 April 2023:** EMU Board meeting and EMU Administrative Council meeting in Bielefeld, Germany (in conjunction with the Hannover Messe)

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