

Carbon Leakage-Copper Sector

ECCP Working Group on Emissions Trading
on Carbon Leakage and Auctioning

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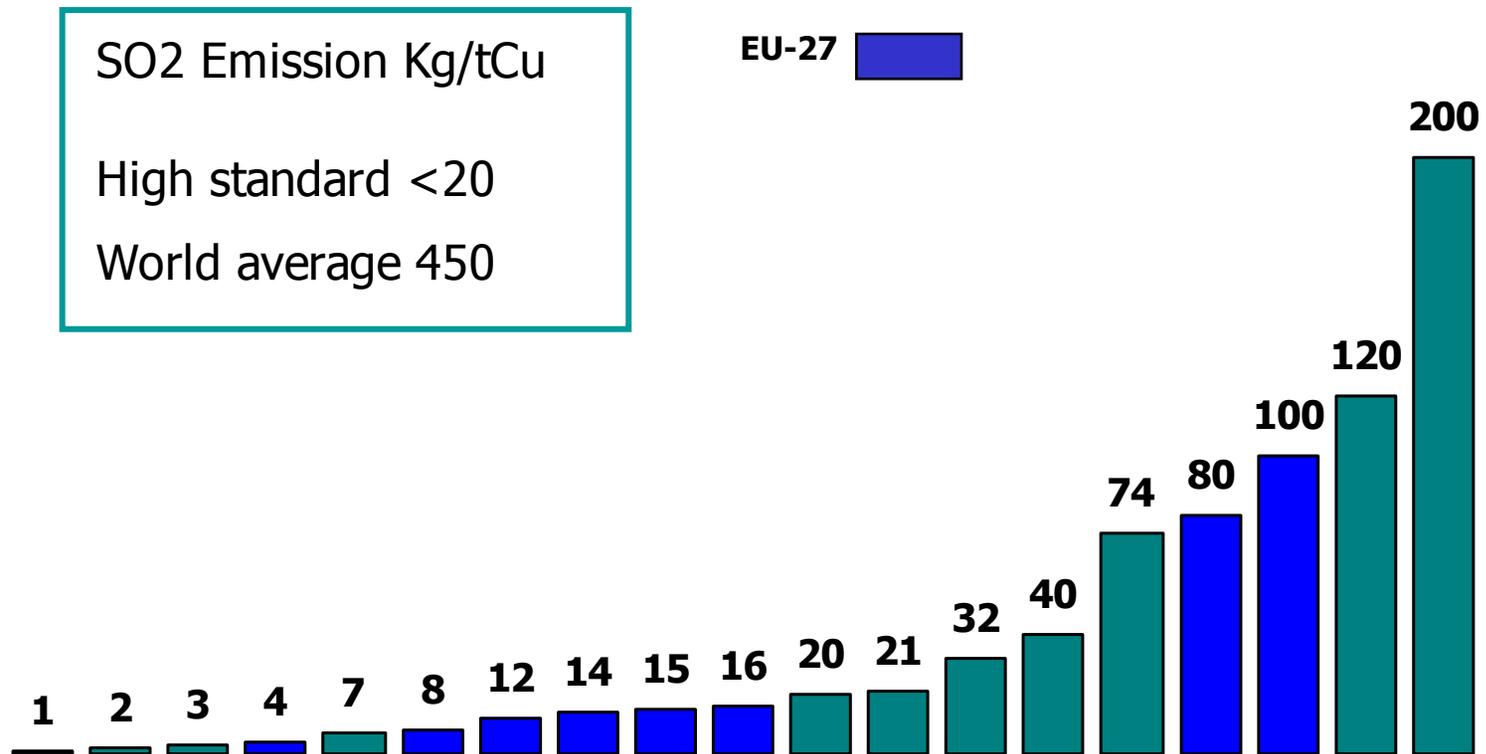
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Significance of European Copper Sector

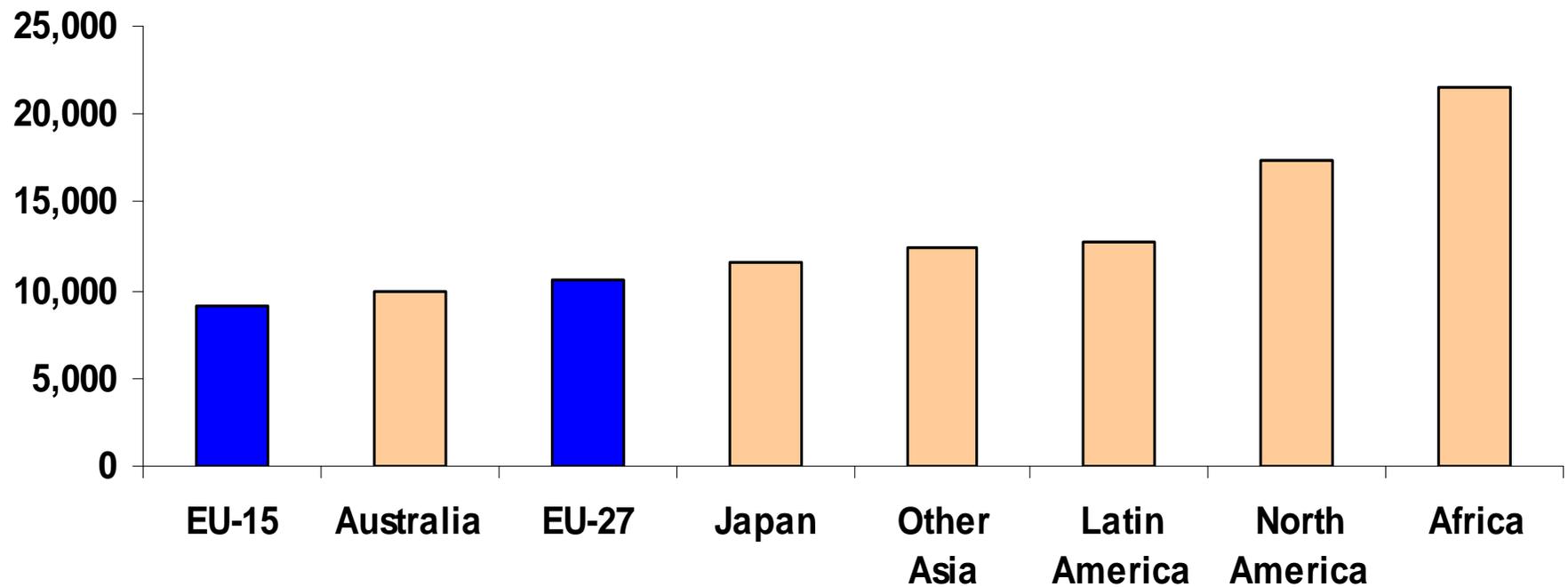
- 90% of EU refined Copper production is owned by EU companies
- EU refined Copper demand is 4.3 million tonnes of which over 50% is imported
- 65% used in electrical energy efficiency, renewables, and ICT
- Copper is 100% recyclable without any loss of performance
- Innovation eg. in Healthcare and fuel efficient transport
- Employs 50,000 people

European Copper Industry is among the cleanest in the world

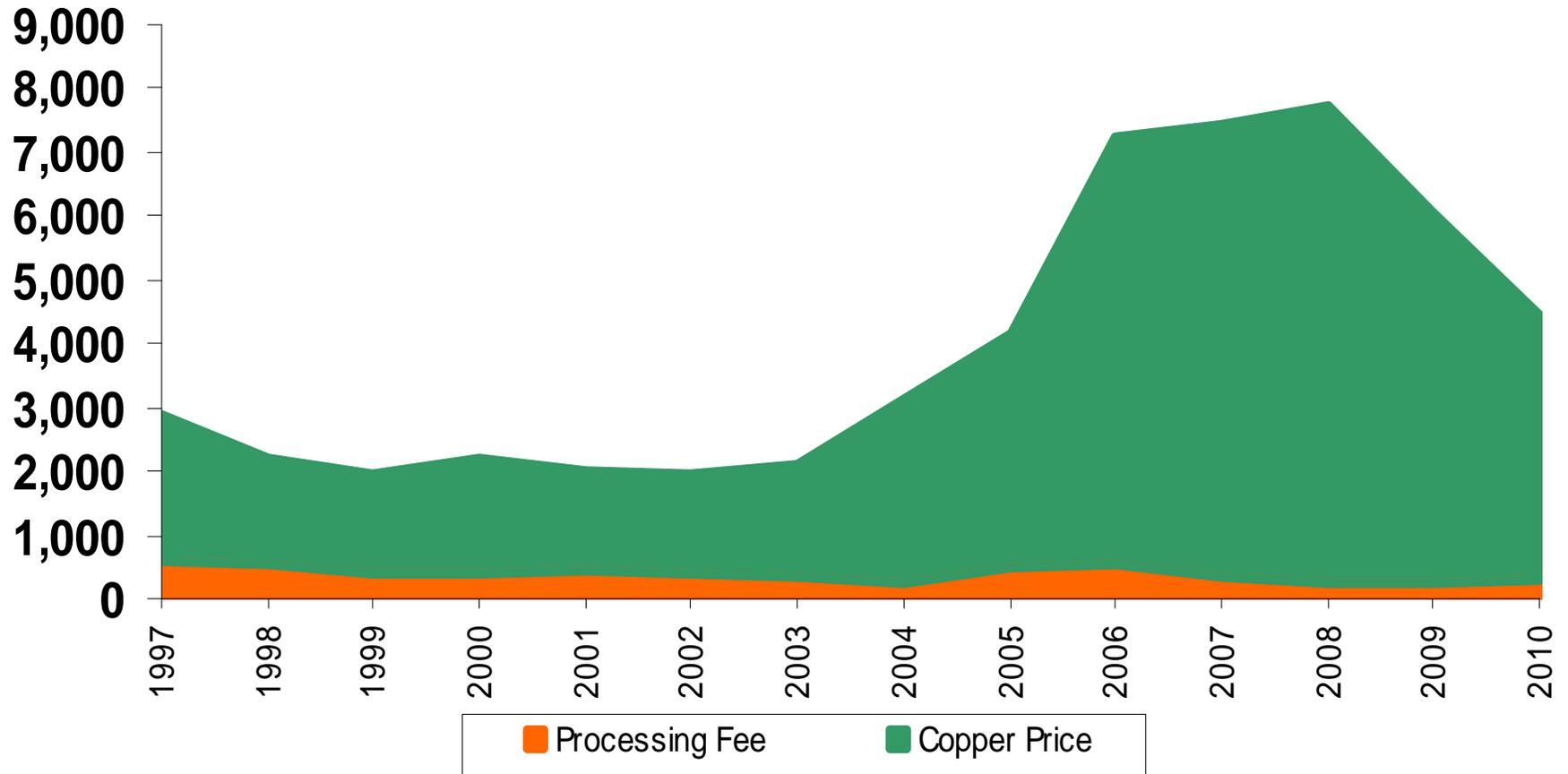


European Copper production is the most energy-efficient in the world

Energy Consumption (MJ/t cathode)



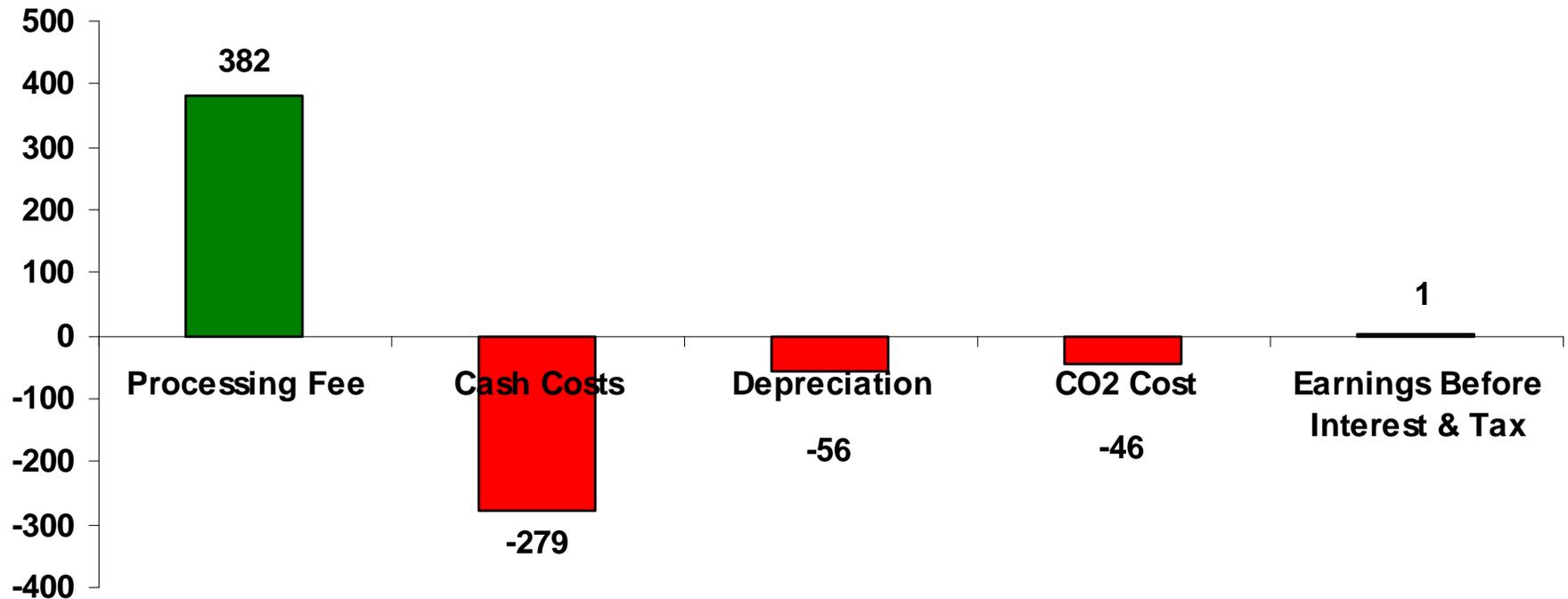
Processing Fee is independent of global LME Copper price



EU Copper production marginally profitable in 1999 to 2010



Additional CO2 cost makes European Copper production unsustainable



Summary

- EU Copper production is among the cleanest and most energy efficient in the world
- Global LME Copper Price is not a relevant criterion for CO2/energy intensity of EU Primary, Secondary and Copper Processing sectors
- Recognised Global Processing Fees must be used:
 - Treatment Charge & Refining Charge for Smelting & Refining
 - Production Premium for Copper Processing
- No possibility of CO2 cost 'pass-through' to customers
- EU Copper Industry unsustainable with additional ETS cost burden
- Serious risk of carbon leakage for the whole EU Copper value chain