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# Steel and Metals Action Plan

## EPMF Position Paper

**The European Precious Metals Federation (EPMF)** is an international trade association representing the interests of the precious metals industry in Europe. The main purpose of the EPMF is to promote and support the interests of the European precious metals industry, including refining, recycling, trading, and fabrication of precious metals such as gold, silver, platinum, and palladium.

The EPMF aims to promote a fair and transparent precious metals market, as well as to represent the interests of its members in discussions with regulators, policy makers, and other stakeholders. The organization also seeks to provide information and resources to its members, including market data, analysis, and industry insights.

### Executive Summary

The EPMF welcomes the Commission's drive to create a European Steel and Metals Action Plan to strengthen Europe's economic security, resilience, and strategic autonomy on the global stage. The text that has been proposed, however, is a missed opportunity to fully unlock the metals sector's potential in driving the green and digital transition.

Steel and base metals are indeed essential for the economic security and social stability of Europe. But so are low-volume metals like precious metals, which are critical components necessary for decarbonisation, digital innovation, and defence technologies. What's more, the non-ferrous metal industry is an interconnected system both at economic and geological scale; non-ferrous metals often occur in nature together and are thus mined together and recovered together from the same waste stocks. They are refined and recycled by the same companies in the same facilities. Regulating metals individually without considering the interlinked nature of the non-ferrous metal ecosystem is short-sighted. This risks creating an unpredictable regulatory environment for the European non-ferrous metals sector.

The EPMF calls on the EU institutions to:

1. Remove the footnote indicating that low-volume and precious metals are "often critical raw materials" and therefore benefit from the rules outlined in the CRMA, which is not correct for silver and gold and creates regulatory uncertainty. Other metals (like aluminium) covered by the CRMA are still included in this action plan.
2. Expand the scope of metals covered by the action plan and adopt a multi-metallic approach when regulating metals.
3. Ensure a harmonised, predictable regulatory framework and trade policies for the entire EU metals industry.
4. Implement fit-for-purpose measures under the review of CBAM and ensure access to affordable energy for the entire EU metals sector.
5. Create the conditions necessary for a thriving circular economy for all metals.

## 1. Remove the footnote indicating that low-volume and precious metals are “often critical raw materials”.

The following footnote, included on Page 1 of the official text, outlines the Commission’s reasoning for the exclusion of low-volume and precious metals from the Steel and Metals Action Plan:

*(1) In addition to iron and steel, base metals include ferro-alloys, intricately linked with the steel value chain, as well as the non-ferrous metals aluminium, copper, and nickel. In this action plan, the focus is on base metals that are produced and traded in large volumes, **not on smaller-volume technology metals or precious metals, which are often critical raw materials and thus benefit from the provisions of the Critical Raw Materials Act.***

As the voice of the precious metals industry, we are taken aback by the Commission’s rationale to exclude precious metals from the plan’s scope. Not all low-volume metals are critical raw materials (CRMs) – In the case of precious metals, only Platinum Group Metals (PGMs) are considered critical; gold and silver are not. The exclusion of all low-volume and precious metals based on a false generalisation creates uncertainty for actors dealing with metals that do not fall into either camp. Lumping all low-volume metals as falling under the Critical Raw Materials Act (CRMA) when only some of them are included is misleading and excludes numerous crucial low-volume metals that, despite not being considered critical, have a profound impact on the European economy and decarbonisation. In addition, excluding precious metals on the false presumption that they fall under the CRMA while including aluminium, copper, and nickel in the plan (which are also CRMs and thus also fall under the CRMA) is inconsistent and lacks sufficient clarity and coherence.

All metals, including low-volume and precious metals, have an important role to play to achieve the green and competitiveness. Precious metals in particular are essential components for countless green technologies, renewable energy, and emissions reduction applications, including electric vehicles.

- PGMs are critical elements in catalysts for hydrogen production and silver in electric grids, both of which have been identified in the Steel and Metals Action Plan as key issues for industrial electrification and the security of the metals sector.
- Silver is used in semiconductors, solar photovoltaics, and EVs, which are crucial to power the European energy transition.
- Gold is also an essential tool and is used in vital components that make up the high-end electronics necessary for data centres, telecommunications infrastructure, aerospace and defence technologies.

**The reasoning for the exclusion of such metals from the scope of this plan is unfounded. We therefore call for the removal of this footnote from the official text, which lacks coherence and misrepresents the true regulatory reality of low-volume and precious metals.**

## 2. Expand the scope of metals covered by the action plan and adopt a multi-metallic approach when regulating metals.

Metals rarely occur on their own – Multiple metals are often found together in ores and deposits. When extracted, gold, silver, and PGMs are frequently found with other base metals including nickel, copper, and zinc.

The multi-metallic quality of the non-ferrous metals industry is not only found in nature; European metal recyclers and refineries recover complex, high-tech materials made from multiple metals and must therefore be able to treat them accordingly. Given the multi-metallic nature of extraction, production, and end-of-life treatments, measures outlined in the Steel and Metals Action Plan for non-ferrous metals like nickel and copper thus also impact precious metals.

Regulating metals separately creates a short-sited approach that does not consider the entire complex metals ecosystem – risking misaligned policies, regulatory gaps, and unnecessary burdens for multi-metallic producers, refiners, recyclers, and other actors in the metals ecosystem. It also risks creating regulatory hurdles and market distortions that can negatively impact the metal industry's contribution to the EU's competitiveness and reindustrialisation. The precious metals sector suffers from the same setbacks faced by the base metals included in the plan, such as high energy prices and limited access to secondary materials for recycling. Therefore, the generic measures outlined in the Steel and Metals Action plan, such as access to grids, affordable energy prices, and circular economy provisions like better access to scrap metals – while recognising well organised international supply chains – must also apply to the precious metals sector.

**We thus call for the scope of the Steel and Metals Action Plan to be expanded to include precious metals. Broadening the plan's scope will ensure meaningful actions are taken that reflect the multi-metallic nature of the sector.**

### **3. Ensure a harmonized, predictable regulatory framework and trade policies for the entire EU metals industry.**

To guarantee the non-ferrous metal sector's contribution to the objectives of the Steel and Metals Action Plan and broader EU objectives, it is imperative to ensure a stable, predictable, and future-proof regulatory framework. Any new measure regulating metals must be consistent and harmonious with existing legislation, including chemical legislation, and must be based on scientific evidence, risk-based approaches, life cycle thinking, and consultations with the non-ferrous metals industry. It is essential that the Commission deploys the planned initiatives of the Steel and Metals Action Plan while taking these elements into consideration, all while preserving the spirit of simplification proposed by the Omnibus packages, as outlined in the EU Single Market Strategy.

Regarding trade, the EPMF welcomes the introduction of a “melted-and-poured” rule for determining rules of origin; however, it is also relevant for the broader non-ferrous metals landscape, including precious metals, and must therefore be applied as such, taking the underlying dynamics of each metal into consideration. This will allow for improved tracking and full transparency across metal supply chains, which in turn will facilitate metal carbon traceability and avoid carbon leakage.

**We call on the Commission to prioritise regulatory harmonisation in the roll out of the Steel and Metal Action Plan's initiatives as well as other new initiatives, trade measures, and reviews of EU legislation impacting the non-ferrous metals industry.**

### **4. Implement fit-for-purpose measures under the review of CBAM and ensure access to affordable energy for the entire EU metals sector including precious metals.**

The precious metals industry requires access to clean and affordable energy to power the refining and recycling practices essential to the green and digital transitions. It is thus also impacted by the challenges

faced by the metals covered by the Steel and Metals Action Plan due to long-standing decarbonization efforts that have led to increased electricity use. The precious metals sector has also been hit by high energy prices and operating costs since before Covid-19, which have only been exacerbated by recent geopolitical events like the Ukraine War.

We thus support the Commission's proposal to lower energy prices for EU industries, notably work to facilitate Power Purchase Agreements (PPAs), and fully support the derisking of PPAs to ensure continued investments in electrification technologies and decarbonization efforts as outlined in the Affordable Energy Action Plan. We also support the Commission's approach to carefully analyse market and regulatory failures surrounding the optimal use of PPAs to ensure that any potential barriers and impacts on companies are addressed and mitigated. Above all, it is imperative that state aid for indirect cost compensation continues beyond 2030 to ensure EU competitiveness and continue driving decarbonization efforts.

Avoiding carbon leakage is a key element of the EU Carbon Border Adjustment Mechanism (CBAM). The EPMF supports the objectives of the CBAM and the introduction of measures to mitigate sidestepping and greenwashing via an anti-circumvention strategy. At the same time, we urge the Commission to carefully consider both the positive and negative potential impacts of expanding the policy's scope: The CBAM should not be extended to upstream CRMs such as PGM concentrates and raw materials for batteries. Unburdened access to such materials is crucial for the green transition and to avoid resource shuffling and trade diversion practices.

It is crucial that Scope 2 emissions are omitted from CBAM's scope while the EU electricity market is not yet sufficiently decarbonized. Indirect emission costs are affected by the price of CO<sub>2</sub> on the electricity market (as a result of the marginal price setting mechanism) and thus do not accurately reflect individual company efforts towards green electricity consumption and true indirect emissions from production across the non-ferrous metals industry. Any rules around indirect emissions should apply exclusively to electricity-intensive industries and those at risk of carbon leakage as outlined in the EU Emissions Trading System (EU ETS) and should be regulated by the ETS State aid guidelines.

The precious metals sector is also impacted by challenges regarding affordable energy access and carbon leakage. **We support the Commission's ambition to improve clean and affordable energy access and call for the Commission to prioritise a fit-for-purpose CBAM that excludes precious metals and Scope 2 emissions from its scope to ensure unburdened access to critical CRMs and avoid unnecessary burdens for precious metals companies.**

## **5. Create the conditions necessary for a thriving (circular) economy for precious metals.**

Enhancing circularity is essential to the decarbonization, resilience and competitiveness of the European precious metals industry while meeting increased demand. Numerous studies and life cycle analyses (LCAs) show that improving the collection and recycling of metals can significantly reduce the environmental footprint of their manufacture and entire life cycle. The precious metals industry is no stranger to recycling – precious metal recycling practices and recycling rates are well-established and highly efficient, making precious metals some of the most highly recycled materials in the world. Meeting the increasing demand for precious metals, notably due to their essential roles in decarbonization and clean energy technologies, would be impossible without circular economy practices. What's more, improving circularity and developing urban mining is a fundamental tool in improving Europe's strategic autonomy and reducing dependencies on third countries for critical metals and CRMs.

As rightly noted by the Commission, however, there are significant challenges regarding access to secondary materials, including metal scrap for recycling, for the entire metals sector. Metal scrap and secondary materials (like e-waste) should circulate freely across the EU without barriers to improve recycling and circular investments. In the case of precious metals like PGMs, highly specialised recycling and refining processes require cross-border and international transportation between the EU and the third countries providing such services. Any disruptions or threats to these well-established supply chains (such as tariffs, import restrictions, or protectionist policies) threatens the competitiveness, access, and economic viability of critical materials. To tackle these challenges, it is imperative that the EU develops and supports the creation of a Single Market for Waste with tailored rules to facilitate waste shipments, fast-track shipment approval processes, improve collection schemes and infrastructure, and introduce proportionate standards and financial guarantees. It is also important that the security of well-established international value chains for materials essential to the green and digital transitions like precious metals is guaranteed. We therefore fully support the Commission's ambition to erect a functioning secondary raw material market and improve recycling rates via the upcoming Circular Economy Act.

As a sector that is highly specialised in recycling practices, however, we would like to underline that introducing recycled content requirements in the context of the metals may have unintended negative consequences. Unlike other materials, metals and precious metals are infinitely recyclable without losing their inherent properties, value, or performance. This fundamental property of metals makes recycled content percentages less relevant to their sustainability or material efficiency, as a primary metal source can still be 100% recyclable and low carbon, especially if it is mined sustainably. A more relevant circular metric for metals is whether the material returns into the loop at end-of-life, not whether it came from recycled input at the start. Therefore, recyclability and collectability standards, including design for recycling, minimum collection rates, and separate collection obligations, are more fit-for-purpose for the metals sector and should be prioritised instead.

**Improving circularity in the precious metals sector requires a Single Market for Waste with tailored rules that facilitate access to metal scrap and incentivises clean recycling practices. We welcome the Commission's ambitions of its Circular Economy Act but urge policymakers to take the specificities of the (precious) metals sector into account when exploring the feasibility of recycled content requirements and recommend prioritising recyclability and collection standards for metals instead.**

## Conclusion

All metals are essential for the reindustrialisation and decarbonisation of Europe. Precious metals, despite their small volume, have a key role to play in achieving the aims of the EU's Green and Clean Industrial Deals as outlined in the Steel and Metals Action Plan. We urge the Commission to set clear objectives and guidelines for *all* metals, including precious metals, to ensure regulatory certainty and guarantee their uptake, circularity, and contribution to a strong, resilient, and green European industrial sector. Adopting a multi-metallic approach that takes the unique characteristics of metals and the metals sector into account will allow for this essential industrial sector to be competitive, resilient, and continue its well-established efforts towards circularity and decarbonisation.