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New Study Identifies Five Key Regulatory Impacts for Copper

Increased role of government will have critical influence on sustainable development

NEW YORK (May 17, 2017) – New research conducted by MetalsPlus Research & Consulting for the International Copper Association (ICA) looks into the significant role that government will have on industries, including copper, as regulations continue to influence the marketplace. The study identifies five key regulatory trends that will impact copper: resource conservation, carbon footprint/climate change, toxicity, product integrity and social license to operate (SLO).

“Our research found a strong regulatory trend toward promoting human wellbeing and sustaining the planet,” said Paul Dewison of MetalsPlus Research, who authored the study. “As this trend expands and is advanced by government regulations, consumers and investors will increasingly favor companies that fit into these social goals, particularly sustainable development. This gives companies what we refer to as a social license to operate.”

Once the sustainability trend has seen a boost from government action – whether incentivized control, mandatory action or punitive legal requirement – a virtuous cycle is created between industry and consumers/investors to help ensure that both individual and societal goals are met. The significant impact for copper is already very apparent in China, where regulatory efforts led to a net increase in copper demand in 2016. This was largely driven by efforts to lower the carbon footprint, which helps to create demand for efficient motors and transformers that use copper, as well as renewable technology and low carbon building components.

Resource conservation will be shaped by sustainable resource policy and legislation, as reflected in the circular economy concept. This trend focuses on eliminating waste through better designed and more efficient materials, products and systems. Regulations to date have largely focused on recycling at end of life through manufacturer obligations and disposal restrictions. Copper is fully recyclable and has a positive Life Cycle Analysis (LCA), which helps ensure that it will fare better than competing materials and see a positive impact on demand.

Global regulations have sought to tackle climate change by reducing energy use and carbon emissions, and by promoting clean electricity generation. Positive impact on copper is noted in legislation that seeks to raise the efficiency of motors, transformers and HVAC, and by incentives/penalties that apply to renewable energy and electric vehicle use. Copper is essential to these initiatives, due to its use in both efficient low emission equipment and renewables technology.

The third regulatory trend involves the control of toxicity to human health and to the environment. This results in specific and constantly changing legislation regarding chemicals content in products and systems, in the supply chain and in the environment. Copper, like other materials, can be affected by the specific terms of these rules in its use as a raw material, in process and in its final product form.

Product integrity issues impact the individual design criteria for specific products, as regulated by regional and national standards and regulations. As a whole, product standards are a large contributor to market impact. They can be positive for copper, because they provide a minimum specification benchmark. The introduction of new standards can also drive product replacement.

By actively managing SLO beyond the scope of legal requirements and into acceptance by the wider community, industries can gain better access to key community resources like land, sales or capital. For copper, SLO management comes down to business integrity within social and environmental grounds, and the integrity of the entire supply chain from mining to recycling. Legal requirements increasingly impose supply chain audits, and consumers and investors increasingly consider SLO in their estimation of a company.

“We understand the importance that these regulations have on all industries, including copper,” said Colin Bennett, Market Analysis and Outreach, ICA. “In order to navigate the ever-changing relationship between government action and the marketplace, it is vital for us to understand how these trends will continue to evolve.”

As societal and regulatory trends converge in overarching “megatrends” like efficiency, sustainability, infrastructure development and urbanization, the demand for copper will accelerate. Market impacts from the increasing demand for efficient building systems and electrical equipment, electric vehicles and renewables generation could add more than four million tonnes of annual copper use by 2030.

For more information about the impact of regulations on copper, contact ICA or visit copperalliance.org.

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About International Copper Association (ICA)

ICA brings together the global copper industry to develop and defend markets for copper and to make a positive contribution to society’s sustainable development goals. Headquartered in New York, ICA has offices in four primary regions: Asia, Europe and Africa, Latin America and North America. Copper Alliance® programs and initiatives are executed in nearly 60 countries through its regional offices. For additional information please visit copperalliance.org.