# Trade in raw materials and commodities

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The Committee on International Trade adopted an own-initiative report by Jens **HOLM** (GUE/NGL, SE) on trade in raw materials and commodities.

MEPs are concerned by the prospect of an increasing demand for raw materials on world markets and by the trend to restrict free access to raw materials in third countries by trade distorting measures. They insist on the need to guarantee the supply of raw materials to the European Union and to ensure access to raw materials on the world markets.

The report notes that the European Union currently does not provide a coherent strategy to face the challenges for the competitiveness of its economy due to enhanced competition in access to raw materials. Therefore, the Commission is called upon to:

promote investment in research and development in technologies for the recycling of raw materials and the efficient and economic use of raw materials;

- address the issue of free and fair access to raw material markets in the framework of the World Trade Organisation (WTO);
- actively pursue the objective of multilateral elimination of trade distorting measures in the sector of raw materials, while fully respecting restrictions based on developmental grounds for least developed countries (LDCs);
- give more weight to the issue of free and non-discriminatory access to raw material markets in all bilateral negotiations on free trade agreements or WTO accessions;
- include the issue of raw materials in the market access strategy.

MEPs regret that many developing countries, and in particular LDCs, have been locked into the production and export of raw materials and commodities whose volatile prices have been declining over the long term, constituting a serious impediment to the alleviation of poverty. However, they recognise that increasing commodity prices have contributed to significant improvements in the external accounts of some developing countries, dependent on primary commodities.

The report underlines the inherent opportunities for the producer countries in the exploration and management of raw material deposits. It supports current efforts in developing countries, and in particular in LDCs, to diversify their economies and to secure access to food for the local populations. Developing countries are encouraged to raise the necessary investments and consolidate economic diversification through strengthened infrastructure and institutional capacity building, promoting good governance in managing economic development as well as facilitating access and distribution of products from small-scale producers to local markets.

MEPs consider that in the long term regional economic and trade cooperation should be fostered and could lead to free trade agreements. In this respect, the EuroMed free trade agreement should be a priority given the importance of trade in raw materials in this region.

To enable developing countries, and in particular LDCs, to benefit from raw materials, MEPs call on the Commission to:

- implement a comprehensive and balanced strategy in the field of access to raw materials taking into account the interests of EU industry and developing countries;
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support national commodity development and diversification strategies in LDCs with support from the European Development Fund when necessary;

- use aid-for-trade as an important tool for development as well as strengthening existing mechanisms for transfer of technology, especially as a means to manage climate change;
- promote and invest in the transfer of environmentally friendly technologies;
- promote transparency of the revenues stemming from raw materials via programmes like the Extractive Industries Transparency Initiative (EITI) process;
- review its compensatory finance scheme, FLEX, to ensure it is responsive and effective in supporting developing countries and in particular LDCs;

- to step up its efforts to obtain an international agreement on conflict resources whose primary objective would be to prohibit all trade in resources fuelling or resulting from armed conflicts.

The Council and the Commission are called upon to:

- ensure that multilateral, regional and bilateral trade agreements signed by the European Union are in accordance with the objective of sustainable development;
- promote Fair Trade, and other independently monitored trading initiatives contributing to raising social and environmental standards.

Lastly, the parliamentary committee points out that the new trading policy of some emerging countries, especially China, searching for raw materials worldwide, in particular in Africa, is having a major and negative impact on the European Union's access to commodities in this continent, because of an approach based on one-to-one relations between states and neglecting references to human rights, corporate social responsibility and environmental and social standards.