Trade in raw materials and commodities

2008/2051(INI) - 20/05/2008 - Text adopted by Parliament, single reading

The European Parliament adopted by 602 votes to 19, with 62 abstentions, a resolution on trade in raw materials and commodities.

The own-initiative report had been tabled for consideration in plenary by Jens **HOLM** (GUE/NGL, SE) on behalf of the Committee on International Trade.

MEPs note with concern the prospects of an increasing demand for raw materials on world markets, and are worried about the trend to restrict free access to raw materials in third countries by trade distorting measures. They insist on the need to secure supplies of raw materials for the EU and to ensure access to raw materials on world markets.

The Resolution 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. The Commission is therefore called to:

- address the issue of free and fair access to raw material markets in the framework of the World Trade Organization (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);
- promote investment in research and development in technologies for the recycling of raw materials and the efficient and economic use of raw materials;
- negotiate non-discriminatory access to raw material markets in return for access to energy-saving, renewable and resource-efficient technologies in all bilateral negotiations on free trade agreements or WTO accessions;
- include the issue of raw materials in the market access strategy.

The Resolution underlines the opportunities for the producer countries, which lie in their own 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 to consolidate economic diversification through strengthened infrastructure and institutional capacity building, promoting good governance in managing economic development as well as facilitating the access and distribution of products from small-scale producers to local markets.

MEPs also consider that, in the long term, regional economic and trade cooperation should be fostered and that such a model 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.

The Parliament acknowledges that speculation plays a significant role in the setting of prices of raw materials and commodities, with increased volatility as a consequence. To enable developing countries, and in particular LDCs, to benefit from raw materials, MEPs call on the Commission to:

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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;
- 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 strengthen 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, and ensure it is responsive and effective in supporting developing countries and in particular LDCs;
- 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 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 Parliament points out that the new trading policy of some emerging countries, especially China, for raw materials worldwide, in particular in Africa, is having a major and negative impact on the European Union’s security of access to commodities, insofar as the approach, based on one-to-one relations between states, neglects references to human rights, corporate social responsibility and environmental and social standards.