Effective raw materials strategy for Europe

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The European Parliament adopted a resolution on **an effective raw materials strategy for Europe** in response to the Commission communication entitled “Tackling the challenges in commodity markets and on raw materials”.

Parliament considers that the EU requires a strong industrial base, which is highly dependent upon adequate supplies of raw materials (RM). However, worldwide demand for RM has been steadily increasing, especially for ‘technology metals’ and advances in new technologies will continue to increase demand for resources central to the development of these industries. International supply is partly restricted by export quotas, and prices are reaching record heights. Increased competition over RM can aggravate international relations and lead to resource conflicts. In this context, Parliament makes the following recommendations:

(1) A raw materials strategy and resource diplomacy : the resolution emphasises that the availability of fair access to, and stable and predictable prices of, RM are of vital importance for the development potential, competitiveness, innovation and preservation of European industry. Members believe that **resource policy and resource diplomacy are of high importance for the EU**, not only with regard to industrial policy and international trade but also as a transversal issue concerning different fields of domestic policy, as well as foreign and security policy.

The responsibility for a coherent and effective EU diplomacy must lie with the EEAS and the relevant Commission services – and especially with DG Trade with regard to trade issues – acting in close coordination with the Council and Parliament.

Parliament calls on the Commission to give adequate focus to commodity markets and the Raw Materials Initiative (RMI) separately, since the two fields differ in nature and require specific measures to address their divergent problems. It calls on the Commission: (i) to update regularly the critical raw materials (CRM) list and to observe non-scarce but strategically important RM with a view to countering tendencies towards inflation that give rise to concentrations in ownership of suppliers; (ii) to establish a 'risk radar for CRM', to analyse current and future needs and prices as well as the negative effects of shortages in potential CRM, especially REE, with regard to the renewable-energy, high-technology, defence and even automotive sectors; (iii) to analyse the supply chains depending on CRM, the refining capacity, also leading to semi-finished products, and the interaction between CRM and their associated base metals.

Parliament recommends the **establishment of a high-level interdepartmental RM task force in 2011**, encompassing the relevant DGs, the Joint Research Centre (JRC), the European Environment Agency and the EEAS, to elaborate, monitor and review policies, including partnership agreements, to ensure strategic coherence and to promote the establishment of an early-warning system, inter alia for market distortion and resource-fuelled conflicts.

The Commission is called upon:

- to **set up a long-term 'European Raw Materials Roadmap to 2050'**, which would identify future developments, threats and opportunities in the RM and CRM sectors and which could help European industries, academic and research institutions to engage in long-term planning and investment;
- to **support Member States in developing their own RM strategies** and to foster coordination and the exchange of best practice among them, including on the external dimension.

(2) Resource efficiency, re-use, recycling and substitution: Members note that overcoming the RM challenges provides an opportunity to invigorate the EU's industrial base, technological capacity and know-how and to increase competitiveness and stable qualified employment via an ambitious industrial innovation strategy. They note that notwithstanding the importance of an effective trade policy and the use of own resources, good RM governance and increasing efficiencies, re-use, energy-efficient recycling, lowering resource use, also through improved product quality standards and the 'use-it-longer' principle, where appropriate, and employing green technologies will be key to competitiveness, sustainability and supply security in the medium to long term.

Members believe that:

- any initiative in this regard should be based on **proper impact assessments** focusing on potential environmental, social, and competitiveness impacts;
- it is important to **apply consistently the legally binding European Waste Hierarchy** as set out in the Waste Framework Directive, which prioritises prevention, reuse and recycling, followed by recovery and disposal;
- **social innovation**, lifestyle changes and new concepts such as eco-leasing, chemical leasing and sharing should be supported by the Commission.

The Commission is called upon to: (i) consider extending, based on a thorough impact assessment, the ecodesign approach to RM ; (ii) develop a recycling strategy with retrieval as close to the source of waste as possible, including the purification of waste water; (iii) submit a proposal to amend the Landfill Directive; (iv) identify priorities for research and innovation into sustainable exploration and production methods, product lifecycles and recycling (cradle-to-cradle), substitution and resource efficiency.

(3) Sustainable supply in the EU: Parliament calls for non-fiscal policies to support domestic RM sectors in attracting investments. It welcomes, therefore, cooperation between national geological surveys; calls for increased collaboration between them and encourages the use of common standards and practices that would facilitate the exchange and exploitation of available geological data. Members ask the Commission to assess whether the creation of an **EU Geological Service** that pools the work of national surveys and works with international partners is necessary.

Noting the **importance and supply of domestic RM supply in Europe**, the resolution calls, therefore:

- for better coordination with regard to exploration, extraction, distribution, processing, reusing and recycling;
- on the competent public authorities (national, regional and local) to apply clear, efficient and coordinated administrative procedures for the granting of authorisations to exploit domestic RM, possibly including establishing a one-stop shop to ease and accelerate the licensing process;
- on the Member States to draw up land use planning policies, including long-term estimates for regional and local mineral demand.

The Commission is called upon to assess the need for **setting up a stockpiling mechanism for CRM**, especially rare earth elements (REE), which would guarantee European companies access to strategic materials used in green, high-tech, defence and health industries and protection against monopolist pressure and price rises.

(4) International fair and sustainable supply of raw materials: noting the increasing incidence of trade restrictions and distortions of competition in trade in RM, Members call on the Commission to consistently monitor and address on regional, multi-and-bilateral levels the issue of export and import

restrictions. They support the creation in the WTO of a monitoring tool on tariff and non-tariff barriers to trade on RM and REE and the setting-up in the G20 of a '**Raw Materials and Rare Earths Stability Board**'. They stress the need for trade and technology dialogue with China.

Parliament welcomes the EU's intention of pursuing an **active RM diplomacy** which encompasses various policies such as foreign, trade, environment and development policies and which promotes and strengthens democratic principles, human rights, regional stability, transparency and sustainable development. It believes that concrete priority actions and a comprehensive strategy for sustainable supply of REE need to be developed in the very short term.

The resolution stresses the role that **corporate social responsibility** plays by adhering to high environmental and social and labour standards abroad and applying best available technologies. In this context, Members call on the Commission to come forward with a proposal of its own on country-by-country reporting concerning conflict minerals and to establish legally binding requirements for extractive companies to publish their revenue payments for each project and country they invest in, following the example of the US Dodd-Frank bill.

Members consider that EU **companies should be legally liable in their home countries** for any violation of human rights, environmental standards or ILO core labour standards by their subsidiaries abroad and the entities they control.

Members are concerned about the continuing trade in, and use of, minerals from conflict zones, whose production gives rise to unacceptable violence and illegal activities. They call on the Commission and the EU's strategic suppliers' countries to **jointly develop effective RM traceability systems** from import through to recycling or disposal and to introduce a mutual certification scheme for RM and their trading chains (Certified Trading Chains), so that trade can be guaranteed to be fair.

In addition, the Commission is asked to take the necessary measures to ensure there is transparency on commodity markets and to act decisively against unjustified commodities speculation, leading to commodity market abuse.

(5) Agricultural products and commodity markets: Parliament supports the analysis provided by the Commission with regard to agricultural products in the context of global food security, with diminishing global food reserves and increasing population and hunger.

The role of financial instruments and speculative behaviour as a possible cause of instability must be seriously considered. In this context, Members ask the Commission to propose concrete measures to guarantee food security, tackle market instability and, with sustainable overall responsibility, reinforce the operability of the derivatives markets for agricultural commodities as a matter of urgency.