# The role of EU development policy in transforming extractive industries for sustainable development in developing countries

2023/2031(INI) - 13/12/2023 - Text adopted by Parliament, single reading

The European Parliament adopted by 357 votes to 179 with 97 abstentions, a resolution on the role of EU development policy in transforming the extractive industries for sustainable development in developing countries.

***Enhancing EU development policy***

Parliament stressed the importance of mainstreaming sustainable development principles across all EU external action and invited the EU to promote a **partnership between equals between the EU and the developing countries** significantly dependent on the extractive industries. It underlined that all EU projects in extractives in developing countries should create **win-win situations**, including for local communities, and should place people-centred and environment-centred development at the heart of their objectives and all operational policy frameworks.

Members called on the EU to enhance its support for resource-rich developing countries in reducing their dependency on the extractive industries and in diversifying their economies, which are sensitive to economic shocks and price volatility, by promoting sustainable alternatives.

The Commission is called on to put forward an **EU Code of Conduct** on Responsible Investment in Extractive Industries in Developing Countries that would be voluntary for businesses and development finance institutions, drafted with inputs from industry and trade unions, as well as from civil society organisations and from representatives of indigenous communities and local communities.

This code should cover, at a minimum, commitments on:

- stakeholder involvement: the agreements should be negotiated within the framework of multi-stakeholder platforms meaningfully involving indigenous people and local communities, complying effectively with the principle of free, prior and informed consent and should be made publicly accessible;

- transparency, including proactive environmental, social and governance (ESG) reporting on projects in developing countries, in line with the principle of double materiality, as well as the publishing of contracts and financial transactions, including detailing the payments made to host governments;

- the rule of law and preventing corruption;

- human rights issues, such as the use of forced and child labour, workers’ rights, displacement, discrimination, indigenous rights, women’s and girls’ rights, education, health and safety, as well as safe working conditions;

- environmental protection, performance and impact;

- local content and economic diversification, including opportunities for adding local value, skills development and technology transfer to promote economic diversification and inclusive growth in partner countries;

- conservation and biodiversity;

- capacity-building initiatives, including training programmes and knowledge-sharing platforms.

Parliament urged the EU to redouble its efforts to **combat child labour** in the extractive activities and increase **technology transfers, knowledge sharing** and capacity building in relation to sustainable resource management in developing countries.

The Commission is called on to support incentives and capacity-building programmes, particularly those involving women, for developing countries taking steps to formalise the ASM sector and integrate it into the rural and national economy.

***EU actions at multilateral level***

Parliament called on the Commission to propose a **G20 initiative** on making extractives work for local sustainable development in resource-rich developing countries. The initiative should be tailored to each context and could comprise, inter alia, financial support, debt assistance, debt relief and cancellation, capacity building in governance, taxation and anti-corruption.

The Commission is asked to support the reform and expansion of the **Debt Service Suspension Initiative** to include vulnerable middle-income countries, many of which are dependent on extractives, and to operationalise a long-term Debt Swap Mechanism (DSM) to facilitate debt-for-climate and nature swaps.

Members called on the EU to support developing countries in building their capacity to negotiate fair and transparent contracts with extractive industry companies. They reaffirmed the urgent need for a **UN binding treaty on business and human rights** and called on the Commission and the Member States to play an active role in the current negotiations on the instrument.

***Strengthening the EU policy and legal framework***

Parliament welcomed the fact that EU has taken steps to develop binding regulations in the area of corporate due diligence. It called on the Commission to use the 2023 review process of the Conflict Minerals Regulation, which since 2021 has obliged EU companies to source their imports of tin, tantalum, tungsten and gold responsibly and to ensure that their supply chains do not contribute to funding armed conflict, as an opportunity to assess thoroughly the impact of the regulation on the ground and the possibility to include further mandatory measures and cover other minerals. The Commission is called on to better assess the impact of EU development assistance on sustainable development in the extractive industries sector in order to ensure effective and accountable use of EU financial resources.