Basic information

2011/2056(INI) INI - Own-initiative procedure	Procedure completed
Effective raw materials strategy for Europe **Subject** 3.40.16 Raw materials 3.60.10 Security of energy supply 3.70.12 Waste management, domestic waste, packaging, light industrial waste 3.70.20 Sustainable development 6.30 Development cooperation 6.40 Relations with third countries	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ITRE Industry, Research and Energy	BÜTIKOFER Reinhard (Verts/ALE)	29/09/2010
	Shadow rapporteur RÜBIG Paul (PPE) ULVSKOG Marita (S&D) PANAYOTOV Vladko Todorov (ALDE) SZYMAŃSKI Konrad (ECR) TZAVELA Niki (EFD)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	BROK Elmar (PPE)	22/03/2011
DEVE Development	SCHNIEBER-JASTRAM Birgit (PPE)	03/03/2011
INTA International Trade	LANGE Bernd (S&D)	15/03/2011
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
ENVI Environment, Public Health and Food Safety (Associated committee)	MERKIES Judith A. (S&D)	01/03/2011

IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	
AGRI Agriculture and Rural Development	SÂRBU Daciana Octavia (S&D)	14/03/2011

Council of the European Union

Council configuration	Meetings	Date
General Affairs	3092	2011-05-23
Competitiveness (Internal Market, Industry, Research and Space)	3074	2011-03-09

European Commission

Commission DG	Commissioner
Energy	TAJANI Antonio

Key events

Date	Event	Reference	Summary
26/01/2011	Non-legislative basic document published	COM(2011)0025	Summary
09/03/2011	Debate in Council		Summary
24/03/2011	Committee referral announced in Parliament		
24/03/2011	Referral to associated committees announced in Parliament		
23/05/2011	Resolution/conclusions adopted by Council		Summary
30/06/2011	Vote in committee		Summary
25/07/2011	Committee report tabled for plenary	A7-0288/2011	
12/09/2011	Debate in Parliament		
13/09/2011	Decision by Parliament	T7-0364/2011	Summary
13/09/2011	Results of vote in Parliament		
13/09/2011	End of procedure in Parliament		

Technical information

Procedure reference	2011/2056(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Other legal basis	Rules of Procedure EP 165

Stage reached in procedure	Procedure completed
Committee dossier	ITRE/7/05029

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE458.600	10/03/2011	
Amendments tabled in committee		PE462.749	18/04/2011	
Amendments tabled in committee		PE462.883	18/04/2011	
Committee opinion	AFET	PE462.807	31/05/2011	
Committee opinion	DEVE	PE460.898	14/06/2011	
Committee opinion	INTA	PE464.763	23/06/2011	
Committee opinion	AGRI	PE462.634	28/06/2011	
Committee opinion	ENVI	PE464.768	28/06/2011	
Committee report tabled for plenary, single reading		A7-0288/2011	25/07/2011	
Text adopted by Parliament, single reading		T7-0364/2011	13/09/2011	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2011)0025	26/01/2011	Summary
Commission response to text adopted in plenary	SP(2011)8668	30/01/2012	
Follow-up document	COM(2013)0442	24/06/2013	Summary

Effective raw materials strategy for Europe

2011/2056(INI) - 09/03/2011

The Council examined a recent Commission communication on raw materials and commodity markets and adopted conclusions on the subject.

It highlights that **secure, open and affordable access to raw materials**, including renewable raw materials, commodities and energy at undistorted and equitable prices is crucial to the sustainable competitiveness and growth of European industry, including small and medium sized enterprise. It recalls the **importance of a competitive EU non-energy extractive industry**, both in terms of value creation and employment and as a means of reducing the vulnerability of the European economy.

Considering that the two main issues at stake are excessive price volatility on the one hand and the risk of interruptions or reductions of supplies on the other hand, the Council calls for a considered, market-based EU response to these challenges, based on a coherent approach that takes into account, where appropriate: (i) the Raw Materials Initiative; (ii) commodities and security in food markets; (iii) regulation of financial markets; (iv) energy policy; (v) external relations; (vi); competition; (vii) trade; (viii) development; (ix) industrial and environmental policies; (x) agriculture and forest policy.

Welcoming the communication from the Commission from 2 February 2011, the Council made the following recommendations:

(1) Fair, sustainable and undistorted trade in raw materials: the Council fully supports the intention of the Commission to reinforce it with the objective of ensuring the secure, sustainable and undistorted supply of raw materials in a manner that continues to integrate development objectives and thus takes into account, as appropriate, the level of development of individual developing trading partners, especially of LDCs.

The Commission is called upon to:

- to pursue firmly the inclusion of binding disciplines on trade and investment measures related to raw materials;
- to speed up the establishment of a monitoring mechanism for export restrictions;
- to increase efforts to tackle existing barriers distorting raw materials markets through all appropriate means, mechanisms and instruments, including the Market Access Strategy and, where justified, through dispute settlement;
- to intensify outreach and diplomatic activities on raw materials with all relevant partners and in all relevant international fora.

(2) Sustainable supply of raw materials; relevant dialogues; partnerships; development policy: the Council calls for:

- continued support to the **Extractive Industries Transparency Initiative**, the sharing of best practices with the World Bank, the International Monetary Fund and regional development banks, as well as promoting transparency, good governance and sustainability standards throughout the raw materials supply chain in, amongst other things, EU development instruments;
- promoting transparency, good governance and sustainability standards throughout the raw materials supply chain in, amongst other things, EU development instruments;
- the Commission to come forward with initiatives on the disclosure of financial information by companies working in the extractive industry;
- the need for promoting the equal application of **high, sustainable standards** by both EU and non-EU companies operating in developing countries and the application of Best Available Technology Requirements, as well as the need to promote Corporate Social Responsibility and other relevant codes of conduct;
- the need for a "**raw materials diplomacy**" anchored in wider policies towards third countries.

(3) Fostering sustainable supply within the EU: the Council stresses the need for better coordination to improve the way in which Europe's own resources and raw materials are extracted, distributed, processed, re-used and recycled.

The Commission is encouraged to:

- act as a facilitator in the exchange of best practices and to continue to offer its support for: (a) defining a minerals policy in the Member States based on principles of sustainable development; (b) setting up a policy for land-use planning for minerals in the Member States; (c) putting in place a clear process for authorisation of minerals exploration and extraction
- in the Member States;
- further promote **innovation and research** and development efforts in the raw materials value chain, including exploration, extraction, processing, recycling, ecodesign, resource-efficient production and substitution;
- assess the case for launching a **European Innovation Partnership (EIP) on raw materials** and to come forward with proposals for this as appropriate, whilst fully respecting the principle of subsidiarity;
- take **coordinated action** across different policy areas to make the use of resources and materials, as well as the design and production of goods, within the EU more efficient and more sustainable.

(4) Boosting resource efficiency and promoting recycling: the Council looks forward to the forthcoming EU roadmap for a resource efficient Europe, the roadmap for the way towards a European low-carbon economy by 2050 of April 2010, the European Energy Efficiency Plan 2020 of November 2010, as well as other Commission initiatives to:

- address the main obstacles to efficiency and recycling,
- take effective action against the leakage of waste to sub-standard treatment within or outside the EU,
- encourage the retrieval (including recycling) of raw materials from mining waste,
- promote the development of the recycling industry across the entire value chain, for the benefit of European industry,
- stimulate innovation in resource-efficiency and design of recyclable products, and
- apply an integrated lifecycle approach in which consideration is given to the containing of hazardous substances resulting from recycling.

The Council encourages **eco-innovation** and looks forward to the forthcoming eco-innovation plan. It invites the Commission to ensure that its current and forthcoming initiatives and instruments promote **products with improved material efficiency**, **optimal lifetimes and improved recycling and re-use potential**. It calls for stronger cooperation in applied research in order to identify substitute solutions, including materials, that will **reduce the EU's dependence on raw materials**, including critical raw materials.

Lastly, the Council supports the Commission's plans for **promoting an annual public discussion** on the security of supply of raw materials and commodities by means of a regular thematic event, for promoting awareness of the challenges ahead and for taking stock of progress achieved in these areas.

Effective raw materials strategy for Europe

2011/2056(INI) - 13/09/2011 - Text adopted by Parliament, single reading

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.

Effective raw materials strategy for Europe

2011/2056(INI) - 26/01/2011 - Non-legislative basic document

PURPOSE: to present an integrated strategic vision to overcome the obstacles on commodity markets and difficulties regarding raw materials.

BACKGROUND: in recent years, commodity markets have displayed **increased volatility and unprecedented price movements**. Prices in all major commodity markets, including energy, metals and minerals, agriculture and food, increased sharply in 2007 to reach a peak in 2008, declined strongly from the second half of 2008 and have been on an increasing trend again since the summer of 2009. Fluctuations in prices of agricultural commodities have consequences for farmers, the food industry and consumers, including in the poorest of countries.

Markets are experiencing the **growing impact of finance**: between 2003 and 2008, for example, institutional investors increased their investments in commodities markets from 13 billion euro in 2003 to between 170 and 205 billion euro in 2008. Investment by index traders in particular has increased strongly.

Faced with these developments, the European Commission has taken a number of initiatives: in 2008, it already drew attention to the strategic importance of defining policies for raw materials by launching the raw materials initiative (RMI). Since then, it has taken actions within this framework to address sustainable access to raw materials both within and outside the EU, as well as on resource efficiency and recycling. It also began an in-depth reflection on commodities market in general and on food prices and security of food supply in particular. In response to the financial crisis, it has launched a range of measures to improve the regulation, integrity and transparency of financial markets, and most recently it has made a proposal for the regulation of energy markets.

This Communication presents an overview of what has been achieved in each of these areas and of the steps which are planned to take the work forward. This work is part of the Europe 2020 strategy which is closely linked to the flagship initiative for a resource efficient Europe. It will feed into the work of the G20 which agreed at the Pittsburgh summit "to improve the regulation, functioning, and transparency of financial and commodity markets to address excessive commodity price volatility". This commitment was reinforced in November 2010 by the G20 summit in Seoul.

CONTENT: the European Commission presents an overview of the main developments that have affected the financial and physical commodity markets (energy, agriculture, raw materials) and outlines the measures taken since the launch of the raw materials initiative. These include:

- the identification of **14 critical raw materials** at EU level which display a particularly high risk of supply shortage in the next 10 years and which are particularly important for the value chain;
- the implementation of an **EUtrade strategy** for raw materials;
- actions in the area of **development** in particular under the 10th EDF or projects financed by the EU-Africa Infrastructure Fund, EIB lending to mining projects or the 7th Framework Programme for R&D for geological surveys;
- the drawing up of **guidelines** specifying the points that need to be respected to ensure that the extraction of raw materials in the EU is compatible with the Natura 2000 criteria;
- the creation of new areas of research within the Framework Programme for R&D and the drawing up of "**End-of-Waste"** criteria.

While significant progress has been made in implementing the RMI, further improvements are necessary. An integrated approach based on the **three pillars** is essential, as each contributes to the objective of ensuring a fair and sustainable supply of raw materials to the EU.

1) Fair and sustainable supply of raw materials from global markets (pillar 1): the Commission will follow the issues posed by critical raw materials in order to define priority actions. It will regularly update, at least every three years, the list of critical raw materials already identified.

The EU will actively pursue a "**raw materials diplomacy**" with a view to securing access to raw materials, in particular the critical ones, through strategic partnerships and policy dialogues. Among other things, the Commission proposes to:

- enhance European financial and political support for the Extractive Industries Transparency Initiative (EITI), and help developing countries to implement it;
- examine ways to improve transparency throughout the supply chain and tackle in coordination with key trade partners situations where revenues from extractive industries are used to fund wars or internal conflicts;
- promote the application of EU standards by EU companies operating in the developing countries;
- examine, in co-operation with African national and regional authorities, how to promote the most appropriate infrastructure, and deal with related governance issues;
- help developing countries increase their geological knowledgeto allow them to better estimate national mineral reserves, better plan budgets based on expected revenues from these reserves and give increased bargaining power vis-à-vis mining firms.

The Commission intends to reinforce the Raw Materials Trade Strategy in line with development and good governance objectives. The Commission considers that the EU should:

- continue to develop bilateral thematic raw materials dialogues with all relevant partners, and strengthen ongoing debates in pluri – and multilateral fora (including e.g. G20, UNCTAD, WTO, OECD);
- carry out further studies to provide a better understanding of the impact of export restrictions on raw materials markets, and
- further embed raw materials issues, such as export restrictions and investment aspects, in ongoing and future EU trade negotiations in bilateral, plurilateral and multilateral frameworks.

2)Fostering sustainable supply within the EU (pillar 2): extractive industries fall under this category but its development is hindered by a heavy regulatory framework and competition with other land uses. Many regulatory issues in this area are the competence of Member States. The Commission therefore acts mainly as a facilitator for the exchange of best practices. At the same time, the Commission considers that the following practicesare particularly important in **promoting investment in extractive industries**:

- defining a National Minerals Policy, to ensure that mineral resources are exploited in an economically viable way, harmonised with other national policies, based on sustainable development principles and including a commitment to provide an appropriate legal and information framework;
- setting up a land use planning policy for minerals;
- identification and safeguarding of mineral resources (taking into account other land uses) including their protection from the effects of natural disasters;
- putting in place a process to authorise minerals exploration and extraction which is clear and understandable;
- increase the synergies between national geological surveys.

3)Boosting resource efficiency and promoting recycling (pillar 3): to promote a Europe that is more efficient in its use of resources, it is vital to strengthen the measures that counter obstacles that restrict recycling and to improve the implementation of the EU's existing legislation in the waste field. In particular, the Commission proposes to:

- review the Thematic Strategy on waste prevention and recycling in 2012 to develop best practices in collection and treatment of key waste streams, in particular those which contain raw materials with a negative impact on the environment;
- develop new initiatives to improve the competitiveness of the recycling industry in the EU, notably by introducing new market instruments that will encourage the development of secondary raw materials;
- consider mobilising funds from the 7th Framework Programme for R&D in order to improve techniques for detection, identification, tracking and location of illicit shipments;
- examine the feasibility of applying a global certification scheme for recycling facilities to the export of waste streams.

4) The regulation of financial markets: in view of these developments, the regulation of financial markets is a critical element. Regulatory initiatives have already been taken or are planned in the coming months to increase the integrity and transparency of the commodity derivatives market. The revision of **Directive 2003/0006/EC on Market Abuse**, in spring 2011, will aim to clarify what trading in commodity markets constitutes abuse, and to ensure that all venues and transactions where abusive practices can occur are properly covered under pan-EU rules.

In its communication, the European Commission also observes that further research is required to understand better the **interaction between physical and financial commodities markets**. The Commission intends to continue its work in the area, in the context of the G20 at global level.

Effective raw materials strategy for Europe

2011/2056(INI) - 23/05/2011

The Council adopted conclusions on regulation and supervision in commodity markets and related financial markets.

It **welcomes the Commission Communication** of 2 February 2011 on tackling the challenges in commodities markets and on raw materials, noting the ongoing discussion in international fora, in particular the G20.

The Council:

- **highlights that transparent and well functioning financial markets are crucial** in ensuring appropriate price discovery and in shaping expectations of price formation for raw materials and commodities;
- concurs with the need to avoid excessive volatility and misalignments of prices with economic fundamentals;
- acknowledges that one of the main roles of commodity derivatives markets is to hedge the exposure of both producers and consumers of raw materials and commodities to risks associated with physical production and price uncertainty;
- takes note of the growing influence of financial actors in commodity markets, in particular the rise in financial investment flows into commodity derivative markets in recent years, including agricultural and oil markets, and recognises that the full effects of the interconnection of financial and raw materials markets must be fully apprehended;
- agrees that the transparency of commodity derivatives markets needs to be improved without compromising the positive functioning of these markets; and stresses the need to ensure effective regulation and supervision of trading in commodity derivatives as well as an adequate regulatory and supervisory framework governing physical markets;
- encourages **the Commission to come forward with proposals for better transparency and regulation on derivative commodity markets**, within the framework of the revision of the Markets in Financial Instruments Directive (MiFID) and the Market Abuse Directive (MAD) and bearing in mind that the proposal for regulating OTC derivatives, central counterparties and trade repositories (EMIR) has already a bearing in this area.

The Council **stresses the need to improve the quality and availability of data on physical markets and derivatives markets**, in particular OTC (e.g. by strengthening the cooperation among the relevant bodies and adjusting the methodologies and processes for collecting data); to extend position reporting; and to give sufficient powers and tools to the respective supervisors to ensure a better coverage of physical and commodity derivatives markets, notably OTC, while preserving market liquidity. It emphasis **the need for an effective regime to identify and prevent market abuses**, in particular cross-market manipulation between physical markets and derivatives markets, and of reviewing both the effectiveness of the available instruments and enforcement mechanisms.

The Council recognises therefore the need for regulators to have the necessary instruments to prevent market abuses in an effective way, and notes the Commission's intention to consider the inclusion of the means to set position limits in its forthcoming MiFID proposal. It stresses the need for ensuring that financial market participants are **subject to adequate and proportionate regulation and supervision**, especially when trading in commodity derivatives.

Lastly, the Council calls for ongoing monitoring of commodity markets and for ensuring an effective regulation and supervision of raw materials markets and better cooperation between financial regulators and regulators of such markets.

Effective raw materials strategy for Europe

2011/2056(INI) - 24/06/2013 - Follow-up document

When the European Parliament endorsed the Effective Raw Materials Strategy for Europe, it asked to be regularly informed on the development of non-energy raw materials in the framework of the RMI and on the fulfilment of the latter’s objectives via an annual progress report, also focusing on policy coherence with regard to trade, development and environmental policies and social impacts, as well as data on Critical Raw Materials (CRM). This report presents the state of play with respect to the implementation of the Raw Materials Initiative (RMI) and an overview of the ongoing initiatives while highlighting the joint interest for the EU and third countries rich in raw materials to work in partnership.

- Critical Raw materials: in June 2010, the Commission published an expert report, which established a methodology for the identification of raw materials deemed critical to the EU. The assessment was based on a quantitative methodology using the criteria of economic importance, supply risk and environmental country risk.

The **critical raw materials list** has proven successful in serving as a tool to raise the attention of policy-makers, promote co-ordination of national policies regarding mineral supply and critical materials, challenge trade distortive measures regarding critical raw materials, analyse the functioning of the markets, promote research (exploration, substitution, recycling) as well as promote access to deposits in the EU, address problems of illegal exports end-of-life products containing critical materials and undertaking measures for specific materials. In order to revise the list of critical raw materials by the first half of 2014, and to take into account inputs and recommendations from the public consultation and Parliament’s resolution, the Commission has contracted a study. The **review** will cover the current list of 14 critical raw materials; selected “nearly critical raw materials”, such as rhenium and tellurium; selected additional materials, such as hafnium, selenium and tin, and, lastly, wood and natural rubber. The Commission plans to issue a report to the European Parliament and the Council on the review of the critical raw materials list by the end of 2013.

- Stockpiling: to explore the option of stockpiling, the Commission contracted a study to carry out a preliminary assessment which analysed different stockpiling policies and practices, and examined the current raw material stockpiling schemes employed worldwide, as well as the potential costs and benefits of a stockpiling programme of critical raw materials. The study considered as a valid option the possibility of organising a **voluntary stockpiling scheme by the industry with public financial support**. It also recognises that **stockpiling can only solve short-term problems** whereas long-term shortage of raw materials requires **structural solutions** with regards to supply (substitution, recycling, domestic extraction).

- Raw Materials European Innovation Partnership (EIP): the EIP will aim to provide Europe with enough flexibility and alternatives in the supply of important raw materials, whilst taking into account the importance of mitigating the negative environmental impacts of some materials during their life cycle. It will address all stages of the value chain, as well as innovations in the area of substitution. One of its concrete targets is actually to support up to ten innovative pilot actions / demonstration plants in the various sectors of the value chain.

- Fair and sustainable supply of raw materials from global markets: with regard to the EU's Trade Strategy for Raw Materials, the Commission will continue to **monitor ongoing and future negotiations of FTAs** and other bilateral frameworks to ensure that the issue of raw materials is considered and integrated, where appropriate. The EU has also engaged in **raw materials dialogues and diplomacy**. This aims to engage with partners through strategic partnerships and policy dialogues to exchange information and work together to address the challenges on raw materials' markets.

- Development policy: the EU's development policy also has an important role to play in Raw Materials Diplomacy, building beneficial situations for both developing countries and the EU in the area of raw materials. In the context of the Strategic Partnership between Africa and the EU, both sides agreed to intensify their co-operation in the area of raw materials. Action has also been taken to **promote financial transparency** (e.g. the legislative proposal requiring the disclosure of payments to governments and the Extractive Industries Transparency Initiative). Among other things, the Commission is closely involved in international efforts to **address the issue of conflict minerals** and strongly supports the OECD's Due Diligence Guidance on Responsible Supply Chains of Minerals of Minerals from Conflict-affected and High Risk Areas. As regards **traceability of mineral**s, the Commission is exploring ways of **improving transparency throughout the supply chain**, including aspects of due diligence, thereby building on the experience of the well-established Kimberley Process, the EITI, the Forest Law Enforcement, Governance and Trade (FLEGT) Action plan and the Timber Regulation.

- Fostering sustainable supply within the EU: the Commission acts mainly as a **facilitator for the exchange of best practice** as many of the areas related to extractive industries fall within the competence of the Member States. Following the launch of the Commission's Raw Materials Initiative in 2008, an increasing number of Member States (such as France, Germany, Finland, Greece, the Netherlands and, recently, Portugal) have been developing **national strategies**, which can be considered as complementary to the EU raw materials strategy. Fulfilling its commitment to "further enhance the knowledge base necessary for an efficient raw materials strategy", the Commission launched several studies and research projects. With the aim of **promoting research and skills**, it is expected that, in the context of Horizon 2020, raw materials will be reflected as a societal challenge, with a dedicated budget.

- Boosting resource efficiency and promoting recycling: in 2012, the Commission also included sustainability issues – including waste – in the new integrated industrial policy. It also launched in 2012 a '**fitness check**' of five waste stream directives and waste management targets. The methodology for the preparation of **Ecodesign Regulations for energy-related products** (MEErP) is under review in order to strengthen resource efficiency aspects. The Commission is also currently assessing the impacts of possible future legislative and non-legislative measures to curb **illegal shipments of waste**.