



EUROPEAN PARLIAMENT

2009 - 2014

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*Committee on Development*

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**2011/2056(INI)**

14.6.2011

# **OPINION**

of the Committee on Development

for the Committee on Industry, Research and Energy

on an effective raw materials strategy for Europe  
(2011/2056(INI))

Rapporteur: Birgit Schnieber-Jastram

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## SUGGESTIONS

The Committee on Development calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Considers that the EU is dependent on imports of raw material resources for its industry, especially for its high-technology sector, and that the EU raw material initiative aims at securing access to these resources;
2. Recalls that the raw materials initiative (RMI) has been criticised by some NGOs for undermining the development objectives of poor countries and for not complying with the EU's commitments on policy coherence for development; recalls the obligations regarding policy coherence for development enshrined in Article 208 of the TFEU; asks the Commission to set up an inter-departmental working group to devise a more detailed strategy on raw materials that respects those obligations; recalls that illicit trafficking in raw materials is still among the root causes of permanent or long-standing conflicts in developing countries;
3. Underlines the importance for the European raw materials policy of taking sustainable economic growth in the developing countries and their specific social standards fully into account (as enshrined in Article 208 of the TFEU) and ensuring coherence between development policy and the RMI; therefore believes that the EU should also support developing countries in constructing processing facilities, diversifying their economies, reducing their dependence on raw materials exports and increasing the added value of their products through domestic manufacturing and processing;
4. Calls on the Commission to introduce (a) a reduction in the EU's consumption of raw materials, (b) a reduction in the EU's dependency on imported raw materials and (c) the creation of a sustainable and equitable system to manage the world's natural resources, as further key objectives of the raw materials initiative;
5. Insists that the European Parliament be regularly informed on the development of the RMI and the fulfilment of its objectives via an annual progress report; asks for this report also to include an assessment of the RMI from the point of view of the EU's commitment on policy coherence for development;
6. Is concerned that the revamped raw materials initiative does not refer to the GSP or GSP+ or propose alternative trade incentives for the promotion of human rights, environmental standards, avoidance of child labour and support for domestic reforms for countries falling outside of the scope of these schemes; asks the Commission to support and encourage diversification initiatives in developing countries' economies, which are highly dependent on certain raw materials;
7. Notes that revenue from raw materials can play a crucial role in enabling least developed countries (LDCs) to achieve the Millennium Development Goals (MDGs); calls on the Commission to help developing countries diversify their economies and reduce dependency on raw materials in order to protect exhaustible natural resources, and to

support least developed countries with advice and capacity-building in order to enable effective alternative tax-generating mechanisms to be put in place;

8. Calls on the Commission to consider the development benefits that export restrictions on raw materials entail for LDCs, given that export taxes are an important source of income, especially for LDCs, thus providing incentives for the development of domestic manufacturing or processing industries with a potential of higher value-added exports; stresses the importance of enhancing environmental protection by preventing the unlimited exploitation of natural resources;
9. Notes that the price volatility of commodities is to an extent the result of speculation;
10. Asks the Commission to quickly present a legislative proposal for country-by-country reporting founded on the standards of the Extractive Industries Transparency Initiative (EITI) and on Section 1502 of the Dodd Frank Act in the United States; recalls that this was proposed by the Committee on Development as a parliamentary priority within the framework of the structured dialogue on the Commission Work Plan for 2012; urges the Commission to include in its proposal a requirement that extractive companies report on sales and profits, on a country-by-country basis, as well as taxes and revenues, in order to discourage corruption and prevent tax avoidance; stresses that transparency, corporate social responsibility and a functioning administration benefit both extracting companies and the societies of resource-rich developing countries; calls on the Commission to develop a legislative proposal equivalent to Section 1502 of the Dodd Frank act, which requires companies that source minerals from the Democratic Republic of Congo and neighbouring countries to demonstrate the steps they are taking to ensure that their purchases of these minerals are not profiting armed groups which commit human rights abuses; in this connection, calls on the European Union and its Member States to bring pressure to bear on European companies operating in developing countries and to set an example of social responsibility and the promotion of decent work;
11. Calls for a legislative proposal to deprive EU companies that do not apply EU standards when operating in developing countries of any form of European funding, and expresses its great concern regarding the numerous well-documented cases of EU companies violating environmental and labour standards and human rights;
12. Recognises the legitimate rights of developing countries' governments and parliaments to enact policies and regulate foreign investment in the public interest, in consultation with civil society, in such a way that foreign investment benefits the local economy, creates domestic added value and fosters development; emphasises that the EU Raw Material Strategy should not stand in the way of these rights;
13. Calls on the EU and the African Union to propose and implement concrete actions in the area of capacity-building assistance to resource-rich developing countries under the Joint Africa-EU Strategy 2nd Action Plan 2011-2013 in cooperation with the Member States, industry and stakeholders; welcomes the approach of this Action Plan that consists in providing training on best practice in negotiating mineral contracts and in fostering scientific cooperation in the mining sector, in addition to promoting good governance, including transparency;

14. Reiterates that transparency initiatives in the sector of extractive industries are in effect pro-business, create legal security and sustainable long-time partnerships and act as safeguards against the reopening of negotiations or expulsion; notes that there are challenges to be addressed and that some contracts require confidentiality but should nevertheless be under public scrutiny; notes that the Ghanaian Petroleum Revenue Management Bill is a good example of retaining a certain confidentiality on the one hand while safeguarding parliamentary scrutiny on the other;
15. Welcomes the promotion of more disclosure of financial information and the country-by-country reporting for extractive industries envisaged by the Commission and looks forward for its future legislative proposal treating the automatic disclosure of transnational corporations' profit and tax payment in each individual developing countries in which they operate, in order to fight against abuse of tax havens, tax evasion and illicit capital flights; also asks for greater transparency for all industries extracting raw materials in developing countries via payment of the relevant taxes and open declaration of their activities; stresses the importance of EU-UN cooperation with regard to the Kimberley Process;
16. Calls on the EU to conclude fair trade agreements with developing countries, including technology transfer in the case of LDCs, which should serve as a model for sustainable trade policy with a set of social and environmental criteria;
17. Calls for stronger international cooperation on strategic resources with the launch of an open, inclusive, transparent process for discussing future worldwide raw material use and with the participation of civil society networks such as Publish What You Pay (PWYP); takes the view that global initiatives in such a sensitive field may serve as confidence-building measures between the EU and emerging economies like China, Brazil and India;
18. Calls on the EU to introduce investors' obligation and duties to respect human rights, environmental standards and ILO core labour standard while operating in developing countries; takes the view that EU companies should be legally liable in their home countries for any violation of these rights by their subsidiaries abroad and entities they control;
19. Considers that the EU's raw materials strategy should reflect the differences between developed and major economies on the one hand and Least Developed Countries on the other;
20. Asks the EIB and the Commission to consider more rigorously whether projects contribute to poverty eradication, sustainable development and inclusive growth before deciding on supporting the extractive industries sector in developing countries; calls for a moratorium on EU public financing of mining projects until regulations are adopted against tax evasion and in favour of transparency, due diligence and respect for social and environmental standards;
21. Notes that the exploitation of natural resources should be pursued in order to help a country meet its broader social and economic goals, not as an end in itself;
22. Points out that artisanal and small-scale mining (ASM) can play a vital role in local life,

provide employment and support development goals when it is officially recognised, regulated, and supported; regrets the relative lack of knowledge and analytical tools in this area and underscores the need to increase its visibility, facilitate more effective ASM policy design and implementation, and monitor assistance efforts to help prevent poverty traps such as child labour, unsafe working environments, forced labour, which is often found in artisanal mining, and conflicts associated with small-scale mining activities; also calls on the EU and its Member States to support developing countries at both national and local level by making available expertise on sustainable mining practices, increased resource efficiency and reuse and recycling;

23. Stresses that the question of access to raw materials should be integrated successively into peace-building and conflict prevention policy measures, as a substantial number of conflicts have re-emerged in certain regions; takes the view that a long-term goal of the EU should be the establishment of an early warning and conflict prevention system that would allow the timely identification of raw materials as drivers of certain conflicts.

## RESULT OF FINAL VOTE IN COMMITTEE

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| <b>Date adopted</b>                             | 14.6.2011   |
| <b>Result of final vote</b>                     | +: 23<br>-: 0<br>0: 0   |
| <b>Members present for the final vote</b>       | Michael Cashman, Ricardo Cortés Lastra, Corina Crețu, Leonidas Donskis, Charles Goerens, Catherine Grèze, András Gyürk, Filip Kaczmarek, Franziska Keller, Miguel Angel Martínez Martínez, Gay Mitchell, Norbert Neuser, Bill Newton Dunn, Maurice Ponga, Birgit Schnieber-Jastram, Michèle Striffler, Alf Svensson, Eleni Theoharous, Ivo Vajgl, Anna Záborská, Iva Zanicchi |
| <b>Substitute(s) present for the final vote</b> | Kriton Arsenis, Isabella Lövin  |