DRAFT REPORT

on the role of EU development policy in transforming the extractive industries for sustainable development in developing countries
(2023/2031(INI))

Committee on Development

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

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The European Parliament,

– having regard to Article 208(1) of the Treaty on the Functioning of the European Union, which states in particular that ‘Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty’ and that the ‘Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries’,

– having regard to Articles 3 and 21 of the Treaty on European Union,

– having regard to the UN resolution entitled ‘Transforming our world: the 2030 Agenda for Sustainable Development’, adopted at the UN Sustainable Development Summit in New York on 25 September 2015, and to the 17 Sustainable Development Goals (SDGs) included therein,

– having regard to the Agreement adopted at the 21st Conference of the Parties to the UN Framework Convention on Climate Change (UNFCCC) – COP21 in Paris on 12 December 2015 (the Paris Agreement),

– having regard to the UN Declaration on the Rights of Indigenous Peoples, adopted by the UN General Assembly on 13 September 2007,

– having regard to the joint statement by the Council and the representatives of the governments of the Member States meeting within the Council, Parliament and the Commission of 30 June 2017 on the New European Consensus on Development – ‘Our world, our dignity, our future’

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– having regard to the joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy of 1 December 2021 entitled ‘The Global Gateway’ (JOIN(2021)0030),

– having regard to the draft new Partnership Agreement between the European Union and members of the Organisation of African, Caribbean and Pacific States (OACPS) (post-
Cotonou Agreement), for which the negotiations have been concluded, but which has not yet been signed or entered into force,

– having regard to its resolution of 26 February 2014 on promoting development through responsible business practices, including the role of extractive industries in developing countries³,

– having regard to Rule 54 of its Rules of Procedure,

– having regard to the opinion of the Committee on International Trade,

– having regard to the report of the Committee on Development (A9-0000/2023),

A. whereas the extractive industries can be defined as encompassing different activities from extracting raw materials (fossil fuels, minerals and aggregates), processing them and turning them into products and services for use by consumers, according to the United Nations⁴;

B. whereas non-renewable mineral resources play a dominant role in 81 countries that collectively account for a quarter of world GDP, half of the world’s population and nearly 70 % of those living in extreme poverty, according to the World Bank⁵;

C. whereas the extraction and processing of natural resources accounts for approximately half of total greenhouse gas (GHG) emissions and more than 90 % of global biodiversity and water stress impacts⁶;

D. whereas the extractive industries can play a crucial role in the development of many resource-rich developing countries, by providing public revenues from mining and mining-related operations, employment opportunities and infrastructure;

E. whereas the extractive industries can have severe negative social, economic, environmental and institutional impacts at local, national and global level;

F. whereas Community Development Agreements (CDAs) can provide a means of strengthening and advancing a sustainable and mutually beneficial relationship for governments, companies, and communities; whereas the 10 Mining Principles of the International Council on Mining and Metals (ICMM) encourage its members to carry out proper stakeholder engagement and contribute to the sustainable development of host countries and communities⁷;

G. whereas accelerating the efforts to address climate change and dealing with the rapidly rising demand for the raw materials indispensable to achieving the green and digital transitions should be an opportunity for the extractive industries sector to become sustainable and for resource-rich developing countries to capitalise on this demand and attain economic and social development, while reducing their GHG emissions;

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H. whereas the EU’s commitment to a just transition extends globally;

Enhancing EU development policy

1. Recalls that the EU is the largest donor of development aid in the world; stresses, therefore, the importance of mainstreaming sustainable development principles across all EU external action, in particular in policies related to the extractive industries, in line with the EU’s legal obligation to ensure policy coherence for development;

2. Invites the Commission to strengthen its dialogue and cooperation with civil society organisations, local communities and indigenous peoples in developing countries affected by extractive industries, in order to promote their rights and ensure their meaningful participation in decision-making processes, particularly with regard to Global Gateway flagship projects; underlines that civil society actors should have formal representation on the governance board of the Global Gateway;

3. Calls for the EU to support capacity-building efforts in developing countries to strengthen their legal and regulatory frameworks for extractive industries, including measures to increase governance and transparency, combat corruption, tax fraud and evasion and illicit financial flows, improve labour, human rights and environmental standards, and strengthen law enforcement;

4. Calls for the Commission to put forward an EU Code of Conduct on Responsible Investment in Extractive Industries in Developing Countries for businesses and development finance institutions, drafted with inputs from industry, as well as from civil society in developing countries and from representatives of indigenous communities; considers that the code should articulate clear commitments and tailored guiding principles for investment in developing countries; stresses that local consultation, local consent and local sustainable development should be the overarching objective of the code; believes that the code should cover, at a minimum, commitments on:

a) stakeholder involvement; considers that where a third country has not legislated for mandatory CDAs, European businesses should implement them as a prerequisite for doing business; considers that the agreements should be negotiated with local communities and should be made publicly accessible;

b) 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;

c) human rights issues, such as the use of forced and child labour, workers’ rights, displacement, discrimination, indigenous rights, health and safety;

d) environmental performance and impact;

e) conservation and biodiversity;

5. Underlines that addressing the ‘resource curse’ involves not only economic diversification, but also increasing third countries’ fiscal space to facilitate sustainable development; stresses that the EU should proactively encourage domestic resource mobilisation in partner countries, such as direct taxation; calls on the Commission and
the Member States to commit to scaling up concessional finance in parallel to the Critical Raw Materials Act; reiterates that the ceilings in Heading 6 of the multiannual financial framework (MFF) must be increased accordingly in the context of the upcoming MFF review;

EU actions at multilateral level

6. Calls on the Commission to propose a G20 initiative on making extractives work for local sustainable development in resource-rich developing countries; stresses that the initiative should be tailored to each context and could comprise, inter alia, financial support, debt assistance, capacity building in governance, taxation and anti-corruption;

7. Calls for the EU to promote multi-stakeholder partnerships at regional and international level;

8. Reaffirms the urgent need for a UN binding treaty on business and human rights to regulate the activities of transnational corporations and other business enterprises; asks, therefore, the Commission and the Member States to play an active role in the current negotiations on the instrument;

9. Reiterates its call for the EU to seek further international agreements on providing climate financing, technology transfer and capacity building for developing countries in order to reduce GHG emissions originating, in particular, from the extractive sector;

10. Asks the EU to support, in particular, the Member States of the African Union in further implementing the Africa Mining Vision, a policy framework adopted in 2009 to ensure that the continent utilises its mineral resources strategically for broad-based socio-economic development, aiming to update the framework in order to embrace the SDGs and the climate change agenda, as an opportunity for sustainable development on the continent;

11. Calls for the EU to support regional and international initiatives to improve transparency and accountability in the use and management of extractive resources, including the Extractive Industries Transparency Initiative, the Extractives Global Programmatic Support and the Kimberley Process;

Strengthening the EU policy and legal framework

12. Welcomes the fact that the EU has taken steps to develop binding regulations in the area of corporate due diligence, such as the Conflict Minerals Regulation, the Corporate Sustainability Reporting Directive, the draft directive on Corporate Sustainability Due Diligence and draft regulations on prohibiting products made with forced labour and

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on Critical Raw Materials, which should, all together, directly or indirectly, play a part in the transformation of the extractive sector in developing countries;

13. Asks the Commission to use the 2023 review process of the Conflict Minerals Regulation as an opportunity to assess the impact of the regulation on the ground and the possibility to include further mandatory measures and cover other minerals;

14. Urges the Council to sign the new Partnership Agreement between the EU and the members of the OACPS, as it provides a strengthened and modernised framework for cooperation with ACP countries, which contains specific references to the extractive industries;

15. Instructs its President to forward this resolution to the Council and the Commission.