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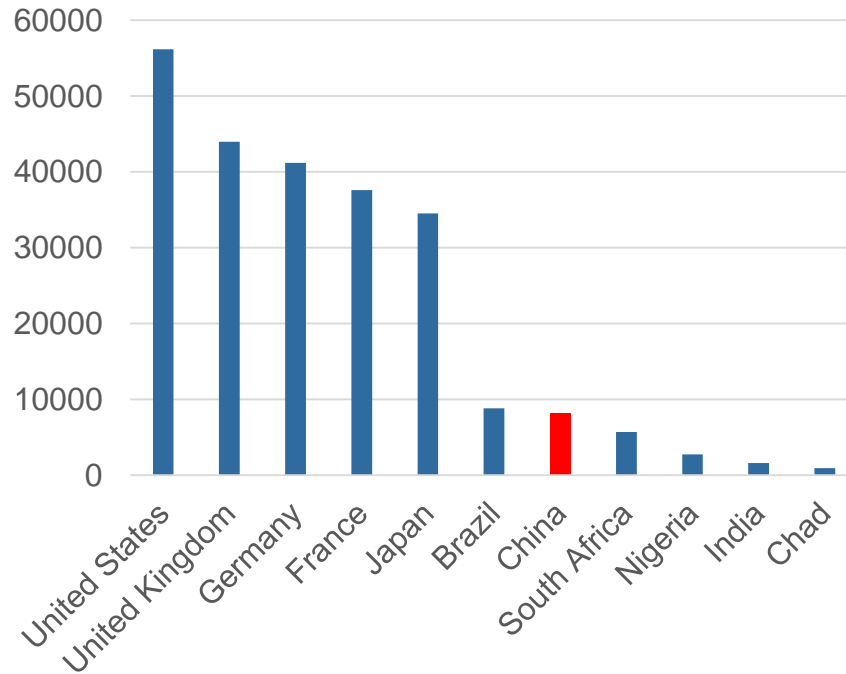
Supporting stable international commodity markets – The EU approach

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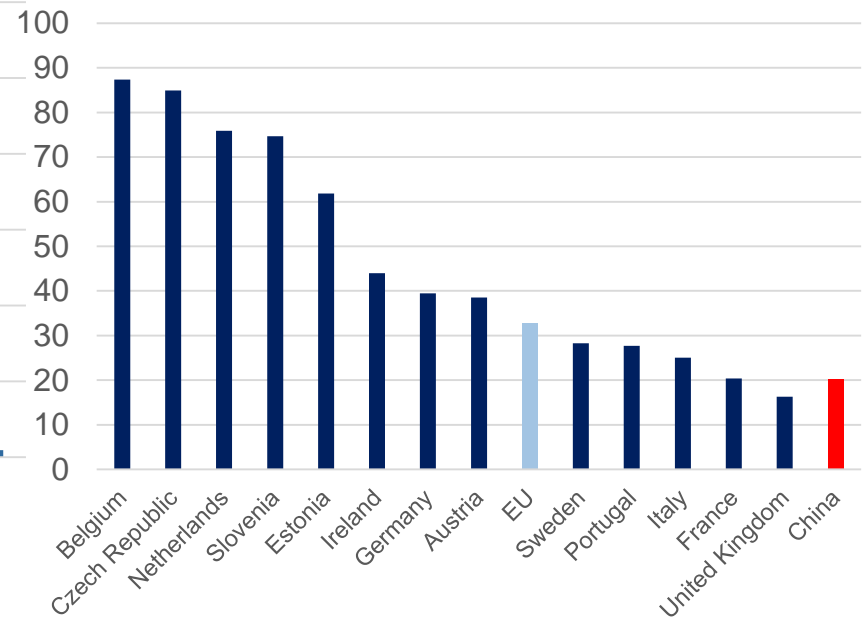
Cooperation on Sustainable Raw Materials for China and Europe
China People's Palace Hotel, Beijing, China, 26-27 September 2017

Europe has a high living standard, made possible by extensive trade with the rest of the world

GDP per capita, USD, 2015



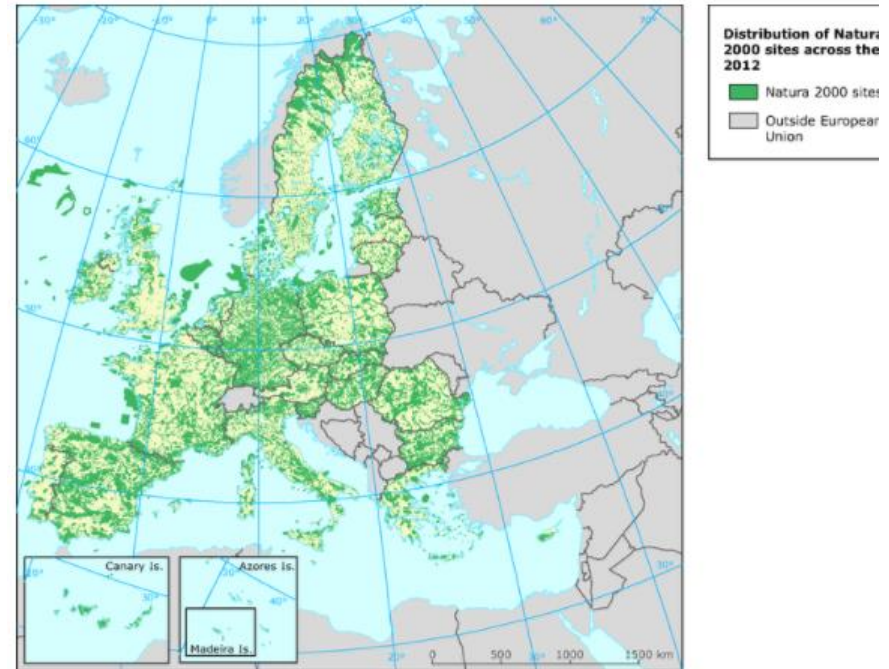
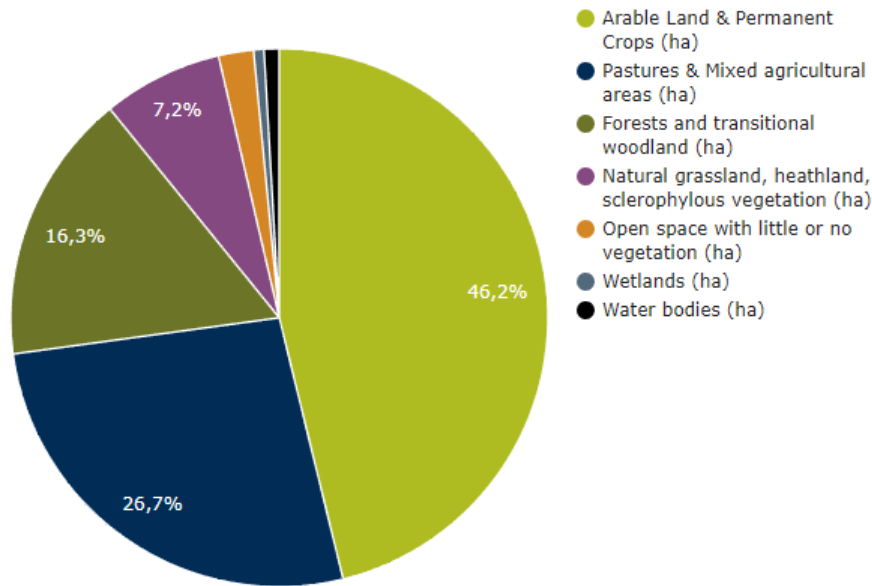
Exports as a portion of GDP, 2015, per cent



Note: Intra trade in the EU accounts for 63 % of total EU exports: this means that

- 1) European countries trade a lot with each other,
- 2) They are not turning their backs on the rest of the world

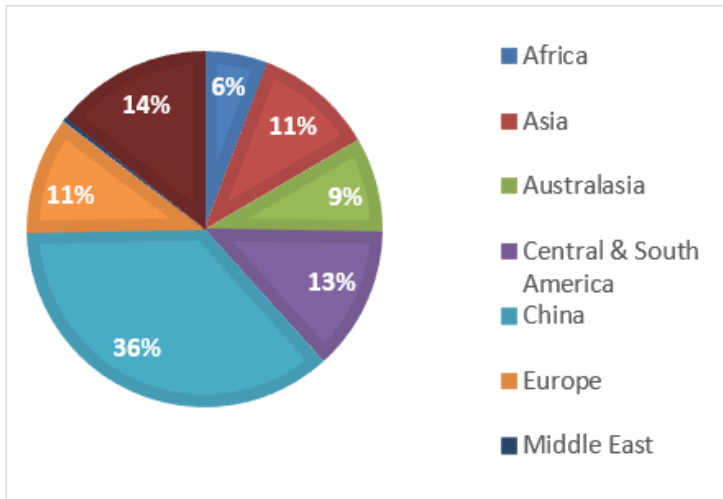
Europe is a densely populated place with few areas not already taken up by existing land uses or reserved for conservation



The EU depends on the rest of the world for raw materials

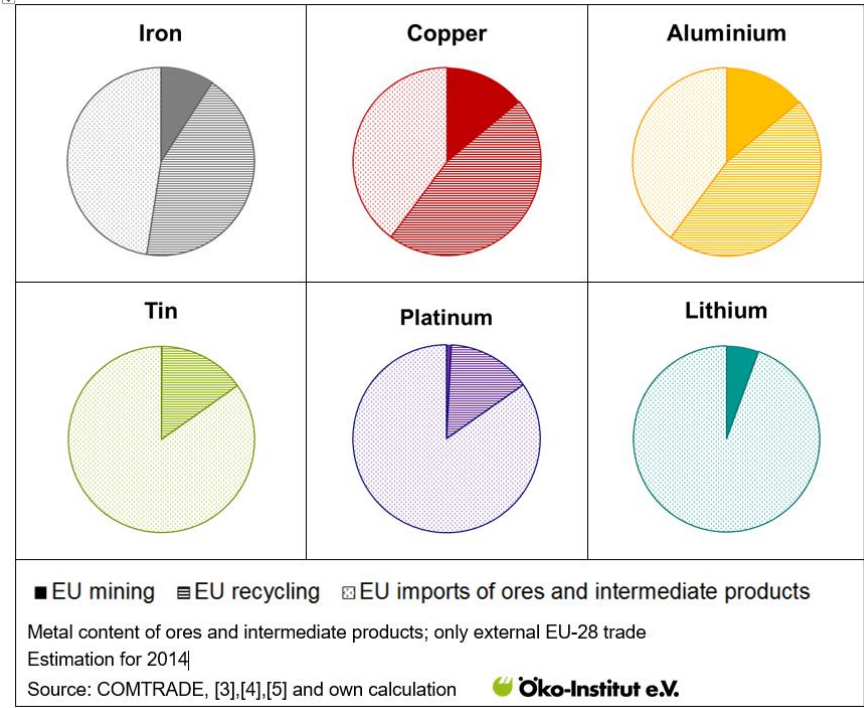
Ore production by region

Figure 2 Ore production including coal, 2015



Source: British Geological Survey, US Geological Survey, Georange

EU-28 processing industry's sourcing of selected metals from EU mining, EU recycling and EU imports of ores and intermediate products (rough estimation of metal content in total volumes)





Europe's interest in free trade

- For all these reasons, the EU sees as one of its highest priorities to help ensuring that international trade is as unencumbered by barriers of all kinds as possible
- Security of supply is not seen as an objective in itself: the freer the trade the less we need to be concerned about security of supply
- Trade in minerals should be subject to low tariffs and a minimum of non-tariff measures
- But because the EU also has as a strong objective to improve the quality of life for all the people in the world, it places an equally high priority on the need to ensure that mining be as environmentally and socially sustainable as possible
- Therefore, mineral production and processing should take place under conditions that minimize damage to the environment and contribute to broad based, inclusive social and economic development

Mineral trade and investment

- History shows that interventions that attempt to stabilize commodity markets over the short to medium term have a poor record of success. Therefore, the EU believes that intergovernmental action should have as its objective to create conditions ensuring a free and fair international trading system for minerals
- The EU believes in international frameworks that helps building confidence and promote mineral sector investment and strives to identify balanced and equitable arrangements to this end in its relations with countries receiving mining investment
- The EU is concluding Economic Partnership agreements with a number of countries in the African, Caribbean and Pacific regions. These agreements will eliminate existing tariffs on mineral raw materials and will define other allowable trade measures



Current challenges

- Mistrust of mining companies in many developing countries
- Mining companies are accused of practicing transfer mispricing, trade misinvoicing, under reporting of production and revenue, in order to avoid or evade taxes
- Mining companies are also alleged to be reluctant to contribute to industrial development in host countries, by not sourcing locally and by not processing raw materials in-country
- Mining companies also face worse accusations: offenses against workers' rights and those of local communities

Responding to challenges

- While recognizing that some or many of the allegations are exaggerated or even untrue, the EU does not see as its task to defend mining companies: the EU believes in dialogue and cooperation to solve problems
- Host governments need to have the ability and the means to design and enforce effective regulations – not least to strengthen confidence that offenders will be caught: the EU provides technical assistance in these areas
- Coercing or bribing mining companies to do what should be in their own interest (developing local suppliers, investing in value creating activities) is unlikely to yield long term positive results: cooperative efforts involving all stakeholders have proved to be more effective
- A central objective for STRADE is to help identify and define the scope, actors and formats of dialogues in order to ensure that mining investment can take place and that it benefits host countries.

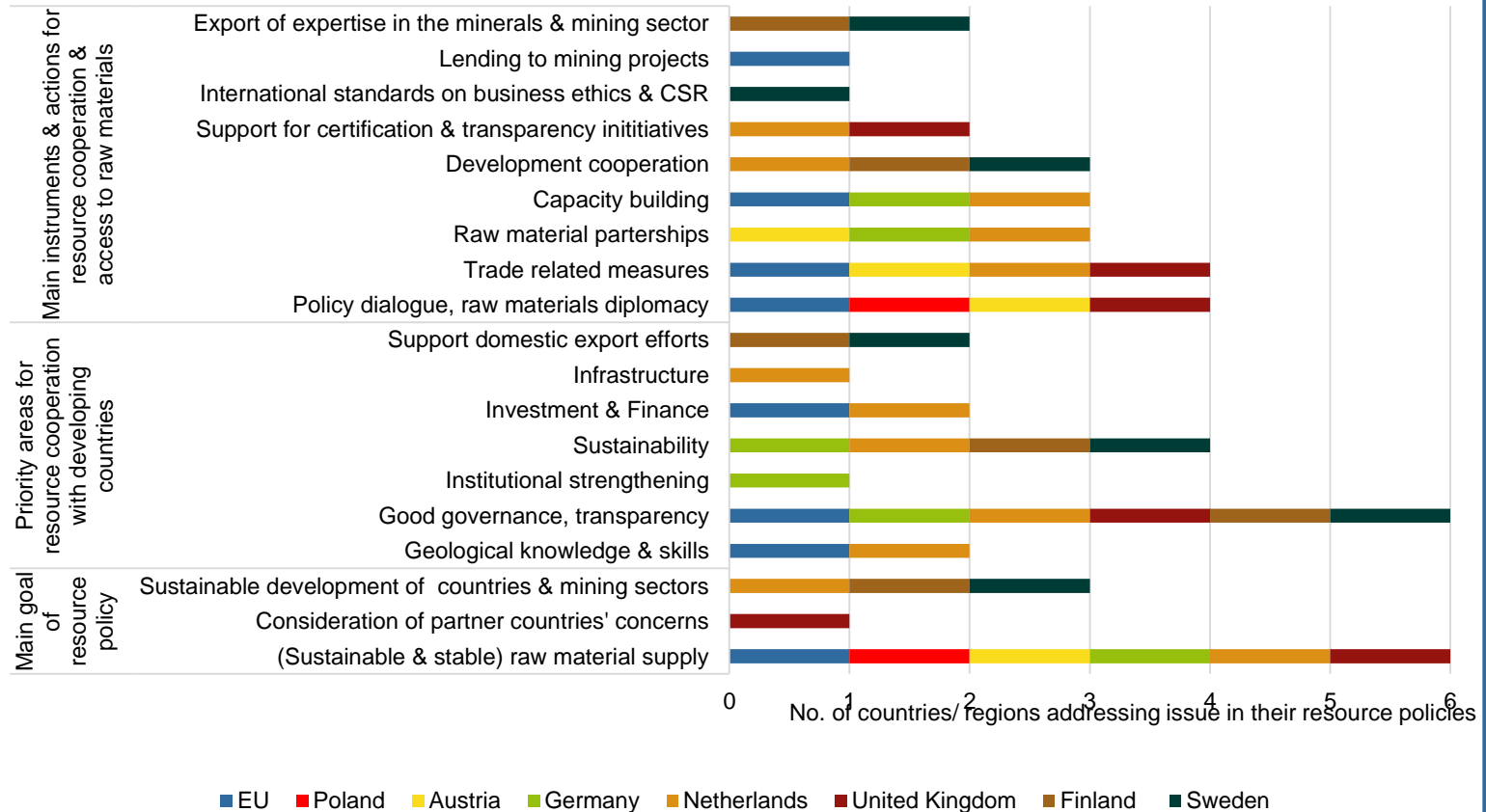


Mining sector governance

- The EU believes that transparency in mineral trade and investment helps creating equitable and stable conditions. Good governance, founded on transparency, helps ensuring an optimal contribution of the mineral sector to development by reducing rent seeking and diversion of funds
- The EU has introduced the Transparency Directive and supports the Extractive Industries Transparency Initiative
- The EU also supports various initiatives aiming at improving mining sector governance, both internationally and in individual partner countries

Scope of EU member countries' cooperation with the world on resource policies

EU resource policies: goals, priorities & instruments for cooperation with resource-rich developing and emerging countries and access to raw materials





Thank you