

STRADE



**Strategic Dialogue on Sustainable Raw
Materials for Europe**

**Towards New Paths of Raw Material
Cooperation – Renewing EU Partnerships**

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Towards New Paths of Raw Material Cooperation - Renewing EU Partnerships

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Executive Summary

STRADE objective and scope

STRADE aims to support the European Commission (EC) with analyses, stakeholder dialogues and derived conclusions to assist in shaping political action so as to guarantee Europe access to raw-material supply from diversified global and European sources. At the same time, this raw-material supply increasingly needs to be extracted under responsible mining best-practice standards and to broadly contribute to the sustainable socio-economic development of the host country.

STRADE concentrates its research on primary raw-material with a strong regional focus on Africa, Latin America and China. Within Europe, STRADE addresses European Union (EU) level policies and not those of individual Member States.

Outlook on the EU's role in global mineral supply chains

In view of the importance of raw-material for the EU economy and for global sustainable development, STRADE has identified various important fields of action for a forward-looking EU raw-material policy. A key recommendation to the EC is to take a leading role in global partnerships and dialogues on responsible value chains and to use European influence and strength for a sustainable global raw-material economy. To achieve this, STRADE recommends building sufficient in-house capacity at the EC and its international embassies that will enable embedding raw-material issues within wider economic policy; trade agreements; development programmes; and national policies, such as land-use planning and related activities.

The EU mining sector

STRADE research confirms the importance of a robust domestic mining sector in assisting the EU to achieve a number of economic and socio-environmental goals.

The importance of the EU mining sector

For a number of EU regions where alternative employment opportunities are limited, mining is an important source of income and employment. From a supply-security perspective, an increase in domestic mineral production can assist in reducing the risk associated with import dependency.

EU-based mining-tech manufacturing companies are leading players in the global equipment and services sector, based on their innovation and technology developed through interaction with the domestic EU mining sector. To maintain this competitive edge, a healthy domestic mining sector is required. Looking beyond the mining sector, the EU manufacturing sector which is a leader in green technologies, needs stable access to traditional and newly emerging technology minerals. It is prudent to support EU mining activity for these minerals, where promising deposits are available.

Last but not least, maintaining domestic EU mineral production provides an important political and strategic purpose, which is of high relevance for international dialogues with third countries. The perception of EU 'exporting mining pollution' and 'not in my backyard' needs to be countered by the EU continuing to host mineral production while observing best-practice standards.

Investor promotion strategy

STRADE research revealed that the EU mining sector has many strengths: mine cost-competitiveness, a stable political and financial framework, a highly skilled labour force and best-practice standards. STRADE recommends that the EU increase the international visibility of these strengths by a well-designed investment promotion strategy. A subsection of this strategy would include focused engagement with identified exploration and mining companies that meet international best-practices to encourage them to operate mining projects in the EU.

A ‘One-Stop-Shop’, hosted by the EC, is also recommended to provide investors and other interested stakeholders access to centralised information on mining and environmental regulations, licensing procedures, geological indications and fiscal terms in Member States.

Creating a Mining Rights Management System at the European Commission

From a geological perspective Europe is well explored. Making this data available in a digitised format to a diverse audience – investors, exploration and mining companies, communities, and civil-society organisations – is key to improving mineral investments. Therefore, STRADE recommends creating a Mining Rights Management System by the EC that provides relevant Member State exploration and mining licencing data.

Public acceptance of mining

Public acceptance of mining and obtaining a Social Licence to Operate remains a challenge in many EU regions. While a number of research projects examine community engagement, STRADE has observed a dearth of successful concepts to address the ‘not-in-my-backyard’ mentality. To facilitate this process, STRADE recommends that the EU create awareness campaigns for its citizens and Members of European Parliament, with a particular focus on the high EU standards and directives under which domestic mining takes place.

EU cooperation with developing & emerging countries

Objectives of cooperation

The EU has three main objectives for cooperation with developing and emerging countries. First, diversifying its mineral supplier portfolio. Second, working towards increased uptake of standards for a responsible global mineral production and supply chain agenda, with best-practices implemented by all involved actors, resulting in a fair sharing of benefits and burdens. Third, facilitating the mining and minerals sectors’ contribution to wider economic and sustainable development in order to achieve the UN Sustainable Development Goals (SDGs).

Balanced political dialogues and diplomatic engagements

EU dialogues and diplomatic engagements with developing and emerging countries carry an inherent power imbalance. The EU needs to ensure that its dialogues and negotiations with third countries and regional organisations flow in both directions. This requires greater consideration of partner priorities and viewpoints such that negotiations are not perceived to be undermined by a power imbalance.

Improved EU communication strategy

STRADE dialogues have indicated that often EU policies and actions in partner countries are not clear or are severely misunderstood. STRADE therefore recommends developing and implementing a focused communication strategy around EU raw-material related initiatives, projects and policies.

ODA projects to address mining in wider economic context

Mining has long been viewed in isolation, and Official Development Assistance (ODA) projects have been designed without taking into account the wider economic context or mining’s potential contribution to development. Today, one of the main concerns of resource-rich developing and emerging countries is to better integrate mining in the local and national economy. Therefore, mining-related ODA projects need to be better embedded within wider economic engagements and support programmes. This also means integrating mining in general political dialogues on economic cooperation and in wider development processes.

Supporting good governance

Good governance is paramount for a global responsible mining sector that contributes to sustainable development. STRADE recommends that the EU and Member States continue with and extend ongoing programmes to promote general good governance and to integrate mineral and mining sector governance within these wider programmes. The focus now needs to shift to implementing legal and regulatory frameworks that have been constructed.

Address financial transparency, tax avoidance and corruption

Illicit financial flows cause tremendous damage to resource-rich developing and emerging countries. STRADE acknowledges that financial transparency, tax avoidance and corruption are highly relevant issues for the sustainable development agenda and the need for action remains urgent.

Supporting the artisanal and small-scale mining (ASM) sector

The ASM sector provides millions of rural jobs and contributes significantly to local economic development and poverty alleviation in some partner countries. STRADE recommends that the EU and Member States continue engagement on improving the ASM sector's conditions and refrain from measures that can lead downstream companies to avoid ASM minerals. ASM is an integral part of rural livelihoods and needs to be embedded within the long-term rural development assistance programmes provided by the EU and Member States.

Development of domestic linkages from the mining sector

Linkages between the mining sector and the local economy are critical for increasing the sector's contribution to wider economic development and industrialisation. Since past supplier development programmes have had limited success, it is important to have a country-specific evaluation of past efforts and to follow the lessons learnt in devising new programmes.

Academic and technological cooperation and capacity-building

STRADE recommends that the EU and Member States continue their ongoing programmes to support geological surveys and implement multi-purpose cadastres. Furthermore, support for developing regional centres of excellence and connecting these with global knowledge networks is recommended.

EU conflict minerals regulation (CMR) and responsible sourcing beyond 'conflict minerals'

The CMR will require most EU importers of tin, tantalum, tungsten and gold from conflict-affected and high-risk areas (CAHRAs) to comply with and report on supply-chain due-diligence obligations. The objective is to improve human rights conditions and curtail funding for armed groups in CAHRAs. STRADE's recommendations to the EU to support this regulation and wider responsible sourcing include:

- Regularly repeated impact assessments of the CMR, with the results informing policy modifications or termination. Given the EU CMR reliance on third-party certification schemes, the EU must also include these schemes in their assessments in order to provide credibility to the system.
- Successful implementation of the EU CMR requires maintaining a good level of knowledge by all stakeholders along the value chain. A detailed dissemination strategy needs to be employed by the EC to achieve this.
- Funding research that can reduce the high costs of certification (these can be quite high for the weakest stakeholders) and ensuring a fair sharing of responsibilities.
- Exploring how the implementation of the EU CMR can simultaneously strengthen the governance of other mineral sectors while extending EU CMR implementation support to include broader responsible mining and sourcing beyond the conflict dimension, in order to ensure that real changes occur on the ground.

- Continue support for mineral production from ASM sources certified to premium standards, which look at broader improvements towards responsible production conditions in terms of workers' rights, health and safety, environmental management and community development.

Region focused engagements and strategies – Africa

The African Mining Vision (AMV) – a key vision document for African countries – sees mineral extraction as a catalyst for structural transformation in the medium and long-term. It aims to ensure more equitable, intergenerational social and economic development in a more sustainable and environmentally friendly manner and thus contributes to achieving the SDGs. STRADE recommends that the EU actively support the implementation of the African Mining Vision.

Region focused engagements and strategies – Latin America

STRADE recommends that the EU-Latin America cooperation shift further towards a partnership approach, as an increasing number of countries are no longer eligible for bilateral ODA. Nevertheless, assistance and support need to continue for areas of mutual relevance for the EU and Latin America – topics of high complexity requiring a regional approach and areas where the EU's and Member States' engagements are explicitly desired, given their recognised international expertise. Such engagements should be designed as long-term programmes and not short-term projects.

EU cooperation with industrial countries & China

Australia, Canada & Japan

The mineral raw-material engagement between the EU and industrial countries forms a small part of their wider engagement and is largely satisfactory between the EU and Australia, Canada and Japan. Direct mineral trade flows are well established and in little need of engagement beyond 'care and maintenance' that is being addressed by current and proposed trade and investment agreements.

USA

STRADE notes with concern the indirect impacts of USA policy towards third-parties, particularly sanctions on non-USA companies along the mineral supply chains, that can potentially limit the EU's access to international sources of minerals and metals. The wider EU strategy for the USA, on economic and geo-political issues, will also need to address this risk.

Russia

Based on a preliminary analysis, STRADE finds that the EU-Russian minerals and metals trade flows, including battery minerals, and Russian smelting and refining operations in the EU, are significant for the EU. This exchange could be hampered in the future due to sanctions from the USA or Russia's own international actions. Therefore, raw-material diplomacy needs to balance the EU's need for raw-material with wider geo-political conflicts between the EU and Russia.

China

China plays a key role in the global and EU raw-material supply chains and has a strong presence in Asia, Africa and Latin America, including conflict regions such as the DRC.

The current cooperation between China, the OECD and the Member States on the implementation of responsible mining practices in China's foreign mining operations is a good starting point for ongoing and new bilateral and multilateral collaborations. EU engagement in China's domestic mining is not on the agenda, since this sector remains closed for foreign activities.

Given China's importance for EU value chains, implementation of the EU conflict minerals regulations and broader EU engagement for responsible sourcing will fail if China is not involved as a committed partner. A continuous EU-China dialogue on responsible sourcing is essential, despite the existing challenges in engagement.

International multilateral dialogues

EU to take a leading role in global raw-material dialogues

STRADE recommends that the EU take a leading role in multilateral and multinational dialogues, with the aim of significantly strengthening global responsible mining and sourcing. In-depth multilateral and multinational dialogues are needed involving key private and public actors along the downstream, midstream and upstream value chains, together with actors from developing, emerging and industrialised countries, on an equal footing. The EU exercises a great deal of economic and political power and has the global standing to take the lead and initiate global dialogues.

Promotion of global solution-oriented platforms

STRADE recommends that the EU advance the creation of solution-oriented platforms to address international governance gaps requiring multilateral and multi-stakeholder action. Such platforms are envisaged to deal with a specific problem and its specific solution and STRADE prefers such an approach to the idea of forming a new central institution for global resource governance. Complementary to the creation of multilateral solution-oriented platforms, STRADE recommends that the EU continue and extend engagement in existing international initiatives for stronger international resource governance.

Two selected environmental issues are good examples of major global challenges to be addressed through multilateral approaches. STRADE recommends that the EU support the UNEP concept of a global platform on safe tailings dam management. Legacy mines are another urgent topic which can be addressed by a new, solution-oriented platform.

Next-generation of global dialogue required

Within the current landscape of standards, there are a large number of "western" standards, most of which were initiated by stakeholders from industrialized countries, and a growing number of Chinese standards are emerging. These two streams of standards operate in parallel. Developing countries, where mining often takes place, had limited involvement in the development of these standards. STRADE recommends that the EU initiate a forward-looking international process aiming at jointly consolidating an international non-binding standard. Such a process would have high political value, deepen the East-West & North-South cooperation and send a positive signal in the current climate of widespread nationalism.

Creating new international knowledge networks

STRADE recommends that the EU use its existing dialogues with Africa, Latin America, Canada and Australia to implement bilateral and international knowledge networks for the exchange of good practice, joint R&D&I and training activities in the field of responsible mining and processing. The flow of R&D&I based technical and non-technical knowledge will increasingly become multi-directional. For the EU to maintain its excellence in the long term, it must also learn from the experience of other mining countries. This also includes learning from new developments in developing and emerging countries. The latter increasingly pool their resources and consider or create regional clusters of excellence which would profit from EU support. A contemporary multinational approach to cooperating in education would also be required.

Abbreviations

3TG	Tin, Tungsten, Tantalum and Gold
ACP	African, Caribbean and Pacific
AMDC	Africa Mining Development Centre
AMV	Africa Mining Vision
ASM	Artisanal and Small-scale Mining
CAHRA	Conflict-Affected and High-Risk Areas
CETA	Comprehensive Economic and Trade Agreement
CMR	Conflict Mineral Regulations
CSO	Civil Society Organisation
DfiD	Department for International Development (UK)
DG DEVCO	Directorate-General for International Cooperation and Development
DG GROW	Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs
DRC	Democratic Republic of Congo
EASME	Executive Agency for Small and Medium-sized Enterprises
EC	European Commission
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
EPRM	European Partnership for Responsible Minerals
EU	European Union
FM	FairMined
FT	FairTrade
FTA	Free Trade Agreement
GEF	Global Environmental Facility
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (Germany)
ICMM	International Council on Metals and Mining
ICT	Information and Communication Technology
IGF	Intergovernmental Forum on Mining, Minerals, Metals & Sustainable Development
LAC	Latin American Countries
LSM	Large Scale Mining

MDNP	Minerals Development Network Platform
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational Health and Safety
R&D	Research and Development
R&D&I	Research and Development and Innovation
RCE	Regional Centre of Excellence
RCI	Responsible Cobalt Initiative
REC	Regional Economic Communities
RJC	Responsible Jewellery Council
RMI	Raw Materials Initiative
SDG	Sustainable Development Goals
SLO	Social Licence to Operate
STEM	Science, Technology, Engineering and Mathematics
TEVET	Technical Education Vocational and Entrepreneurship Training
UNEP	United Nations Environment Programme
USA	United States of America

Key

This report uses a variety of formats to indicate what kind of content is represented to help the reader find the desired information. The following key describes the different formats:

► STRADE recommendations

e.g. Africa ► STRADE recommendations with a regional focus

 Further information in STRADE publication (Hyperlinked to the corresponding PDF)

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1

Introduction



1. Introduction

1.1 Objective

Minerals and metals play a fundamental role in European society and are indispensable in almost all areas of modern life. They are also essential for the European Union (EU) economy, given that its extensive industrial value chains are based on accessing a reliable supply of minerals and semi-finished metals. Despite their significance, the EU remains highly dependent on the imports of mineral ores and concentrates and on unhindered trade flows to meet its needs.

For developing and emerging resource-rich countries with extensive mining activities, the extractive industry plays an important economic role as a source of revenue and investment. However, there are also multiple negative environmental and social impacts, especially when mining is carried out in regions with weak governance and best-practice standards are not enforced.

The Strategic Dialogue on Sustainable Raw Materials for Europe (STRADE) project addresses this polarity. Its aim is to support the European Commission (EC) with analyses, stakeholder dialogues and derived conclusions to assist in shaping political action so as to guarantee Europe access to raw-material supply from diversified global and European sources. At the same time, this raw-material supply increasingly needs to be extracted under responsible mining best-practice standards, having broadly contributed to the sustainable socio-economic development of the host country. The STRADE dialogues cover stakeholders from both resource-rich third countries and the EU. STRADE aims to provide the EC with dialogue-based recommendations for actions addressing all dimensions of sustainability: economic, social & environmental.

1.2 STRADE Vision

Responsible mineral value chains

STRADE's vision is the implementation, along the mineral value chains, of the values and objectives as laid down in a range of international conventions, for example the Universal Declaration of Human Rights and the conventions of the International Labour Organization. With respect to the raw-material sector, the EU is committed to actively contributing to a more responsible sourcing approach from other regions. This is, amongst others, documented in the European Raw Materials Initiative (RMI), the EU "Trade for all" concept, the EU conflict mineral legislation and EU financial support for the OECD in its work on due diligence frameworks for minerals from conflict-affected and high-risk areas. These policies and activities of course significantly overlap with general development goals, in particular the United Nations' Sustainable Development Goals (SDGs).

Successful implementation goes hand in hand with a partnership-based approach to achieve global best-practice and strong economic contributions for partner countries. The vision also includes the long-term goal of attaining a level playing field for all. For its implementation, better endowed partners assist the weaker partners to gradually improve their performance such that all partners approach achieving the same international best-practice standards. The involved partnerships extend between countries and regions and between upstream, midstream and downstream industries. This vision assumes shared responsibility for responsible mining and sourcing along value chains, which also integrates the artisanal and small-scale mining (ASM) sector as legitimate producers.

Outlook on the EU's role

STRADE accepts that isolated solutions alone cannot meet the numerous challenges faced by the global mining sector. The aim must be to further build on the available standards and initiatives that exist today, although they remain dispersed, and further the development of international resource governance through in-depth dialogues at the multilateral and multi-national level along the entire



supply chain. A global lead actor is missing for this next step, and STRADE recommends that the EU assume this leadership role. The EU, as a major global mineral user and processor, a global power with great political and economic influence, is best positioned to do so. The EU's value framework further supports a strong EU role in international resource governance actions based on partnership approaches. In the current global political environment, the two other great economic powers – the USA and China – have not demonstrated the leadership required for such a position.

1.3 Focus of STRADE

STRADE focuses on the Raw Material Initiative's Pillar One (*Fair and sustainable supply of raw-material from global markets*) and Pillar Two (*Sustainable supply of raw-material within the EU*). Even if Pillar Three (*Resource efficiency and supply of secondary raw-material through recycling*) is outside STRADE's scope, STRADE appreciates recycling and resource efficiency as complementary and important measures to meet mineral demand increase.

STRADE focuses on primary raw-material, although references to refined metals are included where relevant. In particular, the highly complex steel sector is beyond STRADE's scope and is not addressed by the project.

STRADE's regional focus under the international cooperation agenda is on Africa, Latin America and China. EU cooperation with Australia, Japan, Russia and North America is briefly covered. Within Europe, STRADE clearly deals with EU policy. Member State policies and competencies are explicitly considered where necessary, but it is not STRADE's objective to give recommendations to individual Member States.

The cross-sectoral topics of tax evasion and profit-shift are of high relevance for the global extractive sector. Though these issues are outside the project's scope, STRADE recommends that the EU strongly support actions against tax evasion and support the strengthening of capacity of tax authorities in resource-rich countries, as tax evasion seriously undermines the mining sector's envisaged economic contribution to these countries. Moreover, STRADE does not provide an in-depth analysis of trade agreements and negotiations between the EU and third countries.

1.4 Methodology

In the first phase of the project, STRADE undertook background analyses, based on literature reviews, interviews with key experts and utilising the extensive experience of the project team. The project team's expertise includes the European mineral sector, global large-scale mining, artisanal and small-scale mining, commodity trading and value chains, mineral economy and investment, development policy, and environmental and social issues.

In the following phase, the project focus shifted to organising conferences, workshops, expert and stakeholder interviews and discussions on the results of the analyses. The Advisory Board played an important role in this analysis and, in particular, deepened the non-EU perspective for the project.

In the third phase, STRADE developed recommendations for the EC on the basis of the dialogues that reflect partner perspectives, concerns, aspirations, and knowledge. STRADE does not claim to offer a solution for all challenges. If solutions were raised in the dialogues, STRADE has investigated them. In other cases, where viable and convincing approaches were lacking, STRADE has identified the need for further dialogues.

The report begins with the state of play and the main challenges facing the EU mineral sector, followed by the EU's international relationships. The main STRADE recommendations are presented in each chapter: EU mineral sector (3); international cooperation with developing and emerging countries (4); EU cooperation with industrialised countries (5); EU cooperation with China (6); and multilateral dialogues (7). The recommendations are briefly outlined in this final report to offer a concise and condensed version of the project findings. For detailed explanations the reader is



referred to the topic-specific STRADE Reports and Policy Briefs that can be easily accessed by using the provided hyperlinks. The interested reader will also find all references in these sub-documents. In the interest of readability, this final report does not contain any literature references or explanatory footnotes.

1.5 Acknowledgments

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The project team is very appreciative of the STRADE Advisory Board's strong support and commitment to this project. In addition to the regular Advisory Board meetings, the members reviewed numerous reports and policy briefings and introduced new perspectives and questions into the project. This report is the result of a joint discussion process and has taken up many of the Advisory Board's suggestions. The discussions allowed for different positions to be articulated and opinions represented, thus enriching the project with valuable perspectives. Nevertheless, the authors clarify that the report does not necessarily reflect the opinions of the Advisory Board members in all statements.

The report authors would also like to thank the entire STRADE project team for their commitment and intensive discussions throughout the three years. Through the intensive and constructive exchange within the team, it was possible to integrate different viewpoints and develop joint recommendations to the EC on economic, social and environmental aspects of raw-material policy.





2

Global Mineral Sector: Strengths & Challenges



2. Global Mineral Sector – Strengths & Challenges

The world's minerals are extracted in a diverse range of countries, each with its own unique socio-political history, different industrial and economic systems and varied government capacities and objectives. The global mining sector is also strongly representative of the globalized economy, as the users of minerals are often in different geographical locations from where those minerals are extracted. The mineral extracting regions frequently bear more of the non-financial costs of extraction (such as environmental impacts) than the users of such minerals, who often reside in other countries. Economic, social and environmental priorities as well as the standards of operations also differ across mineral producing countries. This leads to a range of strengths and challenges, faced by the global mineral sector. This chapter highlights the main trends and concerns.

2.1 The state of the EU mineral sector

The following issues describe the state of the EU upstream and downstream activities and its relationship to the international mineral sector.

Accessing global supply. Minerals are an essential input to the EU industrial sector, which relies on both domestic and international sources of supply. The EU, as part of the wider global economy, accesses the same international raw-material supply as countries such as China, Japan and the USA, which are also major manufacturing hubs. In addition, all developing and emerging countries need to access international minerals supply for their infrastructure, construction and industrial activity.

Price stability. Whilst there are abundant mineral resources in the Earth's crust, the access to these minerals is a factor of price. When commodity prices are high, such as during the 2003-2011 commodity price boom, the cost of mineral inputs affect the competitive conditions of manufacturers. On the other hand, if commodity prices are low, as they were in the 1990s, they reduce the incentive for exploration and mining companies to invest, thus reducing the supply pipeline for minerals. In addition, trade or other national policies that interfere with international price formation, where price preferences may be given to some consumers and not others, can also be a challenge. Therefore, not only does the EU require access to minerals, the price of these minerals must remain stable within a range and be non-discriminatory.

Domestic production. Domestic mineral production in the EU appears to have plateaued, with no major increase for major minerals seen over the past two decades. The share of the EU in global exploration expenditures remains low, relative to other regions. Social acceptance of mining activity also remains limited, which contributes to discouraging mineral investments.

Import dependency. The EU remains import dependent for its primary raw-material, the level of dependency varying by mineral. A high share of EU's ore imports come from developing and emerging countries. Given the global nature of value chains, the EU also imports large volumes of semi-refined and refined mineral products, particularly from China.

International reach of the responsible sourcing agenda. As a major global user of minerals, coupled with its import dependency, the EU plays an important role in determining the standards within mineral supply chains. Granted that most EU manufacturing companies are the final node of global mineral supply chains, they however exercise substantial control over the entire supply chain. In contrast, European mining companies play a much smaller role in global primary extraction. Therefore, the leverage available to most EU companies, for promoting global responsible mining, is limited to actions involving procurement along their supply chains.

A main driver of the call for responsible sourcing are European civil society's protests against negative human rights and environmental impacts on the one hand and on the other hand the reputation and brand management by manufacturing companies. The increasingly loud call for responsible sourcing of minerals imported from third countries by EU companies has the potential to



impact the entire supply chain. This is reflected in the EU Conflict Mineral Regulation (CMR) which impacts not only Latin American and African mineral producers but also Chinese traders and smelters.

The EU has also commenced including environmental sustainability within its forthcoming trade negotiations; for example, the current EU-Australia Free Trade Agreement (FTA) addresses minimum standards for Environmental Impact Assessments (EIAs) for the mineral sector, as one of its chapters.

The shifting supply security perspective. At the height of the commodity price boom in 2003-2011, the major concern for the EU was a perceived need to secure access to international mineral supply, as Chinese competition for minerals emerged. The Critical Raw Materials list was drafted, based on a combination of the importance of a mineral to the EU economy and the possible hindrance in accessing the minerals. The supply security focused on economic and trade factors. In more recent years, this perspective has been widened to include socio-environmental factors. Security of supply is now being seen from a more inclusive lens; extraction under best-practice standards and sustainability is considered as an important pre-condition to keep or regain local acceptance in the global mining sector. New concerns also arose in the field of sourcing of battery minerals, where preoccupations with both economic and socio-environmental issues are on the agenda. The recent aggressive trade actions by the present USA Administration have also re-shaped the supply security perspective and brought base metals, for example aluminium, in focus.

2.2 Key drivers of the international mining sector

The global mining sector has changed significantly in recent years as a result of increasing globalisation and the emergence of China. At the same time, many challenges have remained the same or have intensified. The following section provides an overview of important drivers and challenges which also impact EU raw-material policy.

Global demand. The global demand for minerals continues to rise, and although the EU is one of the largest global users, the major growth in demand for primary metals is emerging from other regions. China remains the primary driver of global demand for minerals at this time. As income levels increase in other Asian, African and Latin American countries, their consumer demand and infrastructure expenditures will also drive mineral demand increases.

Green technology minerals. New and emerging technologies, particularly those linked to renewable energies, transport and ICT have given rise to demand for non-traditional minerals such as lithium, cobalt, rare earths and others. As more countries embrace these technologies, both in the West and the East, the demand for these particular minerals is expected to be greater in the future. In Europe particularly, there is a strong call for responsible sourcing of minerals for green technologies, since the promotion of environmentally friendly technologies is not credible if associated with human rights violations and environmental pollution.

Global supply & competition. To meet this increasing demand for both traditional and non-traditional minerals, investment in exploration and mineral projects will need to increase. Resource-led investment is considered key for economic development, for a range of countries; from Australia to Malawi. However, the number of global mining investors remains limited. Therefore, jurisdictions are in competition with each other to attract the best exploration and mining companies, who can be trusted to perform in accordance with the highest international best-practice standards. This need to attract the best firms is not only a challenge for the EU domestic mining sector, but also for developing and emerging countries.

China as key player. This report notes the role of China in the global mineral value chain. This stems from China being a major destination of raw-material exports across the world; having major smelting and refining capacity; being an exporter of finished and semi-finished goods; an emerging investor in international mining operations and an important political and economic partner for a number of



developing and emerging countries. The emerging China-Latin America and China-Africa raw-material-based partnerships have implications for the more traditional relationships that existed between the EU and these regions. Given China's international presence, the importance of EU engagement with China on responsible mining and sourcing, accepting all the difficulties this may entail for the EU, is an essential finding of this report. The growing Chinese global presence is also an opportunity for the EU to consolidate its partnerships with Africa and Latin America in forward-looking multilateral approaches.

Threat of nationalism. Global mineral supply chains are truly international, however the threat of nationalism in international policies is rising. Whilst the imposition of trade tariffs by the USA on steel and aluminium in 2018 is just one example, the nationalistic mind-set is also growing in a number of African, Asian, European and Latin American countries. Nationalism is a threat for international trade flows and investments and can reduce the contribution of mining to growth and development by creating barriers and disincentives to trade in raw-material.

2.3 The mining sector in developing & emerging countries

STRADE has a strong focus on cooperation with developing and emerging countries and particularly takes into account that for most resource-rich developing and emerging countries, the mineral sector is now expected to serve as a major driver of economic growth and employment, and resource revenues can be important for government budgets. While, a well-governed mining sector can offer growth and development opportunities to countries, including achievement of the SDGs, mineral dependency is also a concern.

Migratory pressure. A thriving and well managed mining sector in developing and emerging countries can help to reduce migratory pressures linked to conflict, lack of livelihoods and basic facilities (such as education and health care). Migration is not limited to the recent Africa-EU episodes - displacement is much more important within African, Asian and Latin American countries and regions. Where well governed mineral sectors help to create politically stable climates, the risk of conflict is further reduced.

Sustainable Development Goals. Given the universality of the SDGs, these goals are important for developing and emerging as well as industrialised countries and Member States. The challenges to achieve the SDGs by 2030 are immense. The raw-material sector can significantly contribute to their achievement, particularly for the following goals:

SDG 1: No Poverty; SDG 6: Water/sanitation; SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation; SDG 12: Ensure sustainable consumption and production patterns; SDG 15: Life on land; SDG 16: Institutions; and SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Mineral dependency. The mining sector can be an important source of investment, employment and revenue in many countries, but this can also increase the risk of economies becoming mineral dependent. In the past years, the mineral dependency of several developing countries has increased as more widely distributed investment has led to mining becoming a significant economic sector in more countries. A negative change in international metal prices or decrease in trade can have a devastating impact on national economies, as has been noted in the past. Therefore, it is important that EU cooperation with resource-rich countries acknowledges the positive role that the mining sector can play in growth, but also support the diversification of resource-dependent economies.



2.4 Cross-regional social & environment challenges

Mineral extraction by its nature is a disruptive activity, and therefore international best-practices have been developed to mitigate and lessen negative impacts. The implementation of such practices, addressing social and environmental challenges, differs by region and requires all stakeholders in addressing these impacts. STRADE strongly focuses on international cooperation to support regions with weak governance to tackle these challenges.

Governance. A strong governance structure, where governments have the capacity to monitor and enforce regulations, is one of the overarching factors that can address socio-environmental impacts in the mining sector. Even the best-intentioned regulation or standard, without an implementing mechanism, will fail to achieve its objective. Good governance can reduce a majority of the challenges listed later in this report and is widely addressed in STRADE.

Social & human rights. Mining activity has been associated with the violation of human and social rights in the past, and this challenge continues today. From the treatment of indigenous populations to artisanal miners, the concerns around protecting and respecting social and human rights continues for all mineral extraction regions and is taken up in the call for responsible sourcing by European and global civil society.

Increased artisanal & small-scale mining activity. ASM activity is linked to livelihood generation for millions of people in Africa, Asia and Latin America, and yet it is still not clearly recognized as a legitimate producer by all local governments and global actors along mineral supply chains. ASM production can contribute to mineral production that finds its way to the EU, and yet traceability and verification of the conditions under which some artisanal miners work remains limited. ‘Sanitising’ supply chains by removing ASM is not an option, in view of the unacceptable human costs of such an action. As rural livelihoods come under more pressure, from climate change or conflict, ASM activity will continue to increase in a number of countries, and EU raw-material policy must find a positive approach to address this sector’s needs.





3

The EU Mineral Sector



3. The EU Mineral Sector

- ▶ STRADE confirms the importance of EU domestic mining activity and recommends that the EU continue and extend its support for increasing domestic exploration and mineral production under international best-practice standards in all areas: the environment, social issues, technology, financing, etc.

STRADE research confirms the importance of a robust domestic mining sector in assisting the EU to achieve a number of goals, including domestic access to minerals for green technologies, which contribute to the global transformation to a fossil-free future. Some of the major benefits of a strong domestic mineral sector include:

Employment & income generation. The mining sector's contribution to overall EU GDP may be low, but mining is an important source of income and employment in a number of regions, where alternative employment opportunities are limited. Therefore, support for mining activity is warranted to support the income and employment opportunities for EU citizens.

Reducing strategic risk to supply & access. Over the past twenty years, a number of strategic risks to supply, both in terms of price increases and access have arisen. These range from demand for global raw-material from other regions, to international sanctions and trade wars limiting equal access to raw-material (USA sanctions impacting Rusal and aluminium exports to the EU). The external dependency of the EU on international mineral and metal supply is expected to remain for the foreseeable future. An increase in domestic mineral production may assist, somewhat, in reducing the risks associated with such dependency.

Maintaining the competitiveness of the EU mining-technology sector. EU based mining-tech manufacturing companies are some of the leading players in the global equipment and services sector, based on innovation and technology developed through interaction with the domestic EU mining sector. To continue to support their competitive edge, particularly against emerging international players (China, USA, Australia and South Africa), a healthy European mining sector is required.

Supporting the EU green technology manufacturing sector. The EU manufacturing sector is also a leader in developing green technologies, particularly in electric transport and renewable energy production. In the future, green technologies will play a dominant role for the demand for certain metals (for example. lithium, cobalt, nickel, indium and neodymium). To maintain the EU's manufacturing sector competitiveness in this field, equal access to such minerals is important. Given the geological indications for such minerals within the EU, it would be prudent to support domestic extractive activity for these minerals.

Responsible mining & sourcing standards. Maintaining domestic EU mineral production provides an important political and strategic purpose, which is of high relevance for international dialogues. The perception of EU 'exporting mining pollution' and 'not-in-my-backyard' needs to be countered by the EU continuing to host mineral production and to do so while observing best-practice standards. Therefore, a strong mining sector, adhering to the strictest environmental, social, human-rights and financial transparency standards, enables the EU to ask its partner countries to do the same.

 Supporting the EU Mineral Sector (Report)

In order to achieve a strong and viable domestic mineral and mining-tech sector, and attract greater investments in the EU mining sector, increasing exploration expenditure and mining investments is key. In addition, obtaining a Social Licence to Operate remains a challenging requisite for increased minerals investments in the EU. STRADE recommendations focus on two fronts – those addressing



identified challenges in legislation and access to information and those that use an investor focused marketing strategy to capitalising on acknowledged EU strengths.

Before going further, it is important to note that STRADE, as a dialogue-based project, does not go into details for individual Member State mineral policies and objectives, details on technical innovations, and level of implementation of international best-practice within the EU mining sector. We refer readers to other Horizon 2020 funded projects, such as MinGuide and MIREU, for more detailed discussions on these topics.

3.1 Improved mining regulatory environment in Member States

- ▶ STRADE finds that within the mineral legislative framework of some Member States, granting of Exploration Licences, Security of Tenure and the Right to Mine follow discretionary decision-making by the State. Such frameworks strongly discourage investor interest, as this increases investor risk. Instead, best-practice frameworks follow a rules-based system. STRADE recommends that the EU support the exchange of best-practice amongst Member State governments to choose the appropriate tools for achieving their mining policies.

The Member States compete with other international jurisdictions in attracting international exploration and mining investments. Having a clear legislative and regulatory framework is essential to reduce the risk investors face in a jurisdiction. This does not suggest that legislation needs to be lax; it should maintain the highest international best-practice standards. To increase exploration expenditure in the EU, which is key to developing a healthy mining project pipeline, the best-practice principles for mining regulations need to be more widely applied in Member States.

STRADE identified a high degree of government discretion within the mineral legislation of the 13 major mineral producing countries in the EU – which can be a deterrent to international investment. Two features of attractive exploration and mining investment regimes seem to be poorly understood in most EU jurisdictions: First, the low probability of finding a commercial deposit (one in a thousand or lower) is recognized in attractive jurisdictions by making the granting of exploration permits simple and inexpensive, thus encouraging explorers to invest in exploration campaigns. Second, attractive jurisdictions recognize that all mining projects are subject to permitting procedures under environmental, labour and other legislation. Therefore, attempts to include any other considerations than those having to do with the validity of the mining title risk both to introduce conflicts between different pieces of legislation and to undermine investor confidence in the predictability and consistency of the mining regime.

STRADE appreciates the intent of promoting responsible mining practices by Member States; however discretionary decision making by government agencies is not the best tool for achieving such mineral policies. Therefore, STRADE recommends for Member State governments to exchange best-practices and discussions on identifying the appropriate tools for achieving their mineral policy objectives. The SIP Action Plan can be one platform to achieve such an exchange.

The Competitiveness of the EU's Mining Sector (Report)

3.2 Focused investor engagement & promotion strategy

- ▶ STRADE recommends that the EU enhance international visibility of the EU mining sector as an attractive investment destination by capitalising on the EU mining sectors' cost-competitiveness, its stable political and financial framework and accompanied with a highly skilled labour force and availability of green mining-technologies.



Mineral explorers and investors are actively pursued by a number of international jurisdictions through investor promotion strategies, and STRADE recommends a similar approach for the EU to increase Member State visibility as attractive investment destinations. A well-designed EU mineral investor promotion strategy, possibly under the SIP, can present the EU geological potential and comparable mining cost advantages, to potential investors. This recommendation can also be undertaken within the larger EU Investment Policy and actively engage with European and international investors. The following specific recommendations are offered under this wider strategy.

- STRADE recommends that the EC host a 'One-Stop-Shop' for investors, where information is organised under the EU umbrella, providing a first point of contact and information for interested investors and exploration and mining companies.

From an investor's perspective, access to centralised information, on mining and environmental codes and regulations, information on licensing procedures, geological indication, fiscal terms, information and contact details for associated government agencies is the starting point for deeper engagement. The information must be easy to read, and concise, with a summary of the relevant legislation, with links to more comprehensive documentation. The proposed One-Stop-Shop includes the presentation of this information under a standardised format for all Member States and will prove a useful tool for attracting exploration and mining companies evaluating additions to their investment portfolios.

Promoting Investor Interest in the EU Mining Sector (Report)

- STRADE recommends that the EU also pursue a targeted investor strategy, identifying particular exploration and mining companies meeting international best-practices, encouraging them to construct and operate mining projects in the EU.

The One-Stop-Shop proposed above is aimed at the wider global investor community, and STRADE recommends the prioritising of specific investor groups, in addition to this wider group. This would include engaging with the following groups of businesses:

European mining companies. Mining companies based in Europe need to be a priority for the EU's promotion strategy, with targeted correspondence and follow-up meetings (ideally with the relevant Mines Ministers).

Mining companies in third-countries. These companies represent a significantly harder target but form the bulk of the potential additional investment into the Member States. The promotion strategy needs to identify companies active in those particular third countries where a case can be made that there are excellent investment opportunities in the EU (i.e. geologic potential and a stable operating environment).

Financial investors. Every mining project represents a unique set of investment circumstances and investing institutions will look at them in isolation. Nevertheless, documents that demonstrate the long-term financial and political stability of the Member States will support the use of lower discount rates when investors evaluate the net present value of these projects.

Promoting Investor Interest in the EU Mining Sector (Report)

3.3 Improved mining rights management systems

- STRADE recommends that the EU improve access to Member State exploration and mining data through the construction of a Mining Rights Management System at the EC. This repository will inform exploration and mining companies seeking to identify potential projects in Member States. Investors can then progress to Member States for further steps.



The One-Stop-Shop (section 3.2) is the first step for investor engagement, providing an overview of the regulations, processes and potential areas of interest for investors. It should be noted that Europe is not lacking exploration activity because of a paucity of information; it must be one of the most surveyed parts of the world. Making this data accessible is the key. The next stage therefore, in streamlining investor participation in the EU domestic mining sector, is through provision of easy access to detailed geological and licencing information for Member States.

A standard Mining Rights Management System includes locations of operating and historic mines; primary and by-product metals production data; geological maps with overlays for both regional and local details; geolocation data attached to each project and digitised geological maps. In addition, a higher value-added system can include exploration results for each project rather than only operating assets. This can include the drilling results and assays for greenfield projects, even if these ventures did not proceed to mining operations. This work can either be undertaken through EU funding of a geological survey consortium or outsourced to commercial firms.

Such a repository will also be of assistance to other stakeholders, including operating exploration and mining companies, communities, civil-society organisations working on transparency and governance issues, and government agencies.

Promoting Investor Interest in the EU Mining Sector (Report)

3.4 Engaging with the perception of mining of EU citizens

- Given the importance of minerals and metals for the health of European economies and civil society concerns around mining practices, the EU needs to consider creating awareness campaigns for its citizens and Members of European Parliament. Such campaigns can focus on the EU regulations that require best mining practices to be used within the Member States.

The increasing necessity of obtaining a Social Licence to Operate for mining companies in the EU, and the public opposition to mining projects witnessed across regions, can act as a hurdle for increased mineral investment. Opposition to domestic mining activity can also be perceived by citizens of non-EU countries, as Europe's refusal to host mining operations whilst requiring other countries to extract the minerals for EU's usage.

Campaigns that address the role of minerals and metals in daily life are already undertaken by a number of other organisations (such as the ICMM). The recommendation here for the EU is to focus on the directives and regulations within the EU and its Member States that govern mining operations within its jurisdictions, and to show to citizens that they require best-practice standards for mining operations.

Increasing public knowledge around the EU standards/directives under which domestic mining takes place, will be a positive step in addressing public perceptions around mining activity. Members of the EU Parliament can specifically be addressed through policy briefs and information packs to be better informed when engaging with the wider population. Such material can also aid other politicians and leaders who wish to engage with their communities on this subject. These activities can allow for a better-informed negotiation of a Social Licence between communities and mining companies.

Promoting Investor Interest in the EU Mining Sector (Report)

- The EU in its funding support for mining-technology research, needs to also include communities as stakeholders, combining technical knowledge & innovation with citizen's perception of them.

Related to the Social Licence to Operate and the perception of mining, the bridge between communities, citizens and mining-technology needs to be more firmly developed. When research



clusters formed by mining-tech, mining firms and academic institutions develop technologies, these are often driven by community demands. However, communities are not an explicit stakeholder in these clusters. Communities can be included in a number of ways: social science departments from universities can be engaged, local governments and councils and civil society must be involved. Companies with expertise in social media and how Generation Z (those born in 2000 and after) engage with social and environmental issues need to be included. It is not enough to bring new technologies to the market; effort is also required to communicate the impact of such strategies to the wider public.

 *Supporting the EU Mineral Sector (Report)*

3.5 Maintaining the EU mining-technology firms' competitiveness

- ▶ A healthy domestic mining sector also supports the innovative capabilities of the EU mining-tech sector firms, who are leaders in the global equipment manufacturing sector. To maintain and foster this competitive advantage and the development of best-practice mining-technologies, the EU's current support for R&D and innovation activities needs to continue.

STRADE research indicates that the EU based mining-tech sector has identified a healthy domestic mining sector as key to continued innovation. In addition, as global best-practices expand across regions, the potential international market for EU mining-tech will increase. Support for the current links between EU research institutions and the industry needs to continue. Additionally, as stated under the SIP, STRADE recommends the expansion of such clusters to include institutions from non-EU countries as well (see chapter 7).

 *The Mining-Tech Sector in the EU (Policy Brief)*





4

Cooperation with Developing & Emerging Countries



4. Cooperation with Developing & Emerging Countries

4.1 Objectives

EU cooperation with resource-rich developing and emerging countries and support to their mineral and mining sectors is aimed at achieving the following objectives:

[Securing access to mineral raw-material](#) from a diverse set of countries, in order to reduce the strategic risk in the EU's supplier portfolio. The main actions for the EU to achieve this objective are through raw-material diplomacy and political dialogues. It is important for the EU to ensure a sensitive approach in communications with third countries, and to treat them as partners, considering their needs and concerns. The EU can further facilitate private sector cooperation through diplomatic networking events, and the creation and support of networking platforms.

[Working towards a responsible global mineral production and supply chain agenda](#), with a fair sharing of benefits and burdens and with best-practices implemented by all involved actors thus mitigating human rights, social and environmental risks and impacts associated with mining. The EU has a responsibility to not transfer the sustainability burden to mining host countries, from which it imports minerals, which are often not well-equipped to manage impacts due to lagging regulation or their implementation.

A responsible production and supply chain are beneficial for developing and emerging countries and for the EU. It improves conditions in mining host countries whilst assisting EU companies to mitigate reputational risks in a business environment where consumers are increasingly aware of mining's impacts and demand 'clean' products. It also facilitates third country market access for EU mining and mining-tech firms specialising in environmentally friendly technologies and responsible practices. A higher presence of EU companies abroad, adhering to strict standards, improves responsible mining practices and supply chains in developing and emerging countries and therefore benefits both sides.

A more responsible production and supply chain counteracts the growing opposition to mining projects where the risks and adverse impacts outweigh any benefits for the local population. Additionally, the avoidance of minerals contributing to the financing of criminal groups and armed conflicts, coupled with a fairer sharing of benefits and burdens, can lead to the improvement of conditions in mining host countries and increasing the quality of life for local populations.

In well governed jurisdictions, mining, mineral processing and trade mostly follow responsible practices. One of the most important EU actions is therefore to support global good governance. STRADE regards due diligence and certification schemes as a partial and interim solution to compensate for the lack of governance. Against this background, ongoing EU support for good governance is essential.

Global cooperation is important to achieve responsible mineral production and supply chains due to the international nature of these value chains. Most imports to Europe come as intermediate products or imports from countries that have a large processing and/or manufacturing of semi-finished goods industry, such as China, who mostly obtain their ores from third countries.





[Facilitating the mining and minerals sectors' contribution to wider economic and sustainable development](#) in order to achieve the SDGs. The EU is committed to supporting the UN Sustainable Development Goals (SDGs). The EU's commitment to sustainable development values is also reflected in its 'Trade for all' concept. This includes the responsibility to support countries with less financial resources to achieve sustainable economic development and the SDGs and it also has a responsibility arising from its historical legacy, where many developing and emerging countries were colonies of Member States. This has shaped relations, politics and perceptions of many developing countries.



Some countries remain dependent on the extraction and export of mineral resources since colonial times, to this day. In others, dependence on mineral exports is a more recent phenomenon. STRADE dialogues with third countries indicates that in today's policies, dialogues and negotiations, the EU is sometimes perceived to focus too much on its own interests, giving insufficient consideration to its partners' needs. This applies both to larger negotiations (such as FTAs) and to smaller dialogues and co-operations. For example, the RMI has repeatedly been under criticism for missing coherence with development policy, especially with regards to developing countries' sovereignty over their natural resources and the introduction of trade measures to capitalize on their raw-material to develop their economies.

For most resource-rich developing and emerging countries, the mineral sector is now expected to serve as a major driver of economic growth and employment, and resource revenues can be important for government budgets.

STRADE examines the opportunities for EU support to developing and emerging countries in fields that are essential for maximising the mining sector's contribution to sustainable development. The following specific areas are recommended for ODA engagements: the integration of the mining and minerals sector in the wider economy; building linkages; cross-sectoral approaches looking at employment opportunities and poverty alleviation; governance support; and financial transparency.

 *EU Cooperation Strategy with Resource-Rich Developing and Emerging Countries (Report)*
 *Aligning EU Cooperation with Resource-Rich Developing and Emerging Countries (Policy Brief)*
 *Socio-Economic and Environmental Challenges in EU Mineral Supply (Report)*
 *Minerals and Metals from Non-EU Countries (Policy Brief)*

4.2 Raw materials diplomacy & cooperation

Political dialogues & diplomatic engagements

- The EU needs to ensure that its dialogues and negotiations with third countries and regional organisations flow in both directions and are not perceived as imbalanced.

STRADE dialogues have indicated a genuine interest by most African and Latin American partners to prioritise engagement with the EU, over other international partners. However, this engagement must be sensitive to partner concerns. EU dialogues and diplomatic engagements with developing and emerging countries carry an inherent power imbalance. Coupled with the colonial history of most Member States with these countries, the onus on the EU becomes stronger to provide consideration for the partner country viewpoints, recognising the greater importance of mining for their economies, and respect the legitimate desire of resource-rich countries to use their natural resources as a catalyst to drive transformative, intergenerational social and economic development in the long-term.

Policy coherence for development

- The current EU raw-material policies need to better incorporate the principles of policy coherence for development, including a clarification of the first pillar of the RMI.

STRADE considers it important to better incorporate the principles of policy coherence for development within the EU cooperation strategy with resource-rich developing and emerging countries. This means assessing the potential impact of EU raw-material related policies on developing countries. The first pillar of the RMI, for example, states the EU's objective to source raw-material from international markets. STRADE dialogues have indicated that this principle is perceived



by third countries as a unilateral objective which does not take into consideration the impact on developing countries, where such raw-material may come from. This impression is reinforced by the language in the RMI and elsewhere that focuses only on the EU access to raw-material.

ODA projects to address mining in wider economic context

- Mining related ODA projects need to be better embedded within wider economic engagements and support programmes.

Mining has long been viewed in isolation and Official Development Assistance (ODA) projects have been designed without taking the wider economic context or the potential contribution from mining to development into account. Today, one of the main concerns of resource-rich developing and emerging countries is to better integrate mining in the local or national economy, for example, through the creation of up-, down- and side-stream linkages. Economic cooperation issues need to be connected with raw-material policies, including ASM policies, and support programmes be designed accordingly. This also means integrating mining in general political dialogues on economic cooperation and in wider economic development processes.

Developing an EU communication strategy

- STRADE recommends the development and implementation of a focused communication strategy around EU raw-material related initiatives, projects and policies.

STRADE dialogues have indicated that often EU policies and actions in partner countries are not clear or severely misunderstood. For example, STRADE has noted that EU actions for the benefit of partner countries sometimes lack visibility, and EU policies, Economic Partnership Agreements (EPAs) or the RMI and CMR, are not always well communicated and explained to stakeholders in partner countries. This does often lead to uninformed public debates and even resistance from some stakeholders based on incorrect perceptions. Focused communication strategies, which are well-tailored to the local context can help to overcome these challenges. These communication strategies can also include findings from EU funded research projects, which often engage these stakeholders during the project, but little communication takes place around the results.

Building mining sector competencies at the EC & EU Delegations





- Mining sector knowledge and competencies need to be developed within the EC and EU Delegations in resource-rich countries.

Strong in-house mining and mineral sector capacities, at the EC as well as the EU Foreign Delegations, can help to implement raw-material diplomacy and political dialogues, and support a wide variety of actions, such as trade negotiations, due diligence, and international development assistance. Mineral sector competencies at EU Delegations would enable the EU: to participate in national sector dialogues demonstrating to partner countries that the EU is aware of the sector's importance; developing an understanding of pressing issues connected to the partner country mining sector development; the impact of EU policies on domestic sectors; inform stakeholders about EU policies; and implement targeted communication campaigns.

At the same time, mining sector competencies at the EU Delegations can facilitate market access for EU mining and mining-tech companies, investors as well as mineral buyers. This can be achieved through networking (for example, through EU presence at mining related events); supporting industry relationships; facilitating exports and investments in collaboration with chambers of commerce and



industry associations; and acting as contact point for information about and assistance with the implementation of the CMR. Another important task is the coordination of different EU engagements (private, EU and Member State activities) as well as coordination with non-EU actors in order to ensure complementarity and avoid overlaps and duplications. It needs to be ensured that each of these actors focus on areas where they have recognised expertise.

-  *EU Cooperation Strategy with Resource-Rich Developing and Emerging Countries (Report)*
-  *Aligning EU Cooperation with Resource-Rich Developing and Emerging Countries (Policy Brief)*
-  *Socio-Economic and Environmental Challenges in EU Mineral Supply (Report)*
-  *Africa and the EU – Renewing Sustainable Partnerships (Policy Brief)*

4.3 Regional focused engagements & strategies

Africa

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| Africa | ► STRADE recommends that the EU actively support the implementation of the African Mining Vision. |
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A key vision document for African countries is the African Mining Vision (AMV), adopted by the African Union in 2009. The AMV sees the extraction of mineral wealth as a catalyst for structural transformation in the medium and longer term to ensure more equitable, intergenerational social and economic development in a more sustainable and environmentally friendly manner and thus contribute to achieving the SDGs. This perspective implies stimulating local transformation of minerals and developing linkages with mining supply and services as well as with other sectors of the economy (agriculture, transport, energy).

The EU needs to respect the centrality of the institutions of the AU (and hence the AMDC) to the raw-material discourse in Africa. Specific support can go to the AMDC in assessing the effective implementation of AMV and support recommendations for a better and more effective AMV in mineral-rich African countries as well as to the implementation in some pilot countries. Given the diversity of governments and institutions in Africa, STRADE also recommends coordination with the Regional Economic Communities (RECs) for effective regional focused engagements.

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| Africa | ► STRADE recommends that the EU reinvigorate its diplomatic relationship with African countries, including a clear acknowledgment of the importance of Africa's raw-material for the EU. |
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STRADE dialogue has indicated that with the alternative Chinese finance and assistance to Africa model, there is a greater need to reaffirm the EU's commitment to the African continent. It has been noted in the project that there is still preference for engagement with the EU over other countries. However, this preference cannot be one-sided: Europe must also indicate its willingness to engage.

Therefore, it is strongly recommended that the EU reinvigorate its diplomatic relationship with African countries. On raw-material, this would include a commitment under the RMI to respect and support the development agendas of the EU's raw-material partners. A clear acknowledgment of the importance of Africa's raw-material for the EU - including those that flow from Africa via China to Europe - would be required.

-  *EU Cooperation Strategy with Resource-Rich Developing and Emerging Countries (Report)*
-  *Africa and the EU – Renewing Sustainable Partnerships (Policy Brief)*
-  *African Evaluation of EU's Approach to Raw Materials (Policy Brief)*



Latin America

Latin America	► For the EU's cooperation with Latin America, STRADE recommends progressing to a partnership approach, as increasingly countries graduate to no longer being eligible for bilateral ODA.
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Many Latin American countries are today considered emerging economies with upper-middle to high income levels, and thus a gradual phase-out of (bilateral) ODA has begun. Traditional cooperation approaches must therefore be re-defined. An EC communication from February 2018 summarises this well: "The global and regional changes in both regions as well as the significant progress in LAC and in our relations demand an ambitious and innovative approach among equals beyond a traditional donor-recipient logic".

Latin America	► STRADE recommends ongoing support and assistance in specific areas: 1) projects on responsible sourcing and the CMR regulations; 2) complex Latin American cross-broader issues, which require a regional approach that EU expertise could support; 3) concentrated engagement in fields where the EU and Member States have recognised international expertise.
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Assistance and support are recommended for topics which are of mutual relevance for the EU and Latin America, such as the EU CMR; responsibly sourced minerals; supply chain due diligence and certification. Further, for topics of high complexity requiring a regional approach due to cross-border activities. These topics can also include issues that require multilateral solutions, for example legacy mines, formalization of ASM, and integrating the ASM sector in global responsible supply chains.

STRADE dialogues further indicate areas where EU engagements are explicitly desired by Latin American countries as the EU and/or Member States have recognised expertise in these topics. Examples include: governance through strengthening of institutional capacities, especially at the local level; best-practice exchange on coordination of different government levels and institutions; devising technical solutions to environmental challenges; improving environmental performance in mining; and finally, 'soft' topics, such as the coordination between different government institutions and levels.

Engagements should be designed as focused long-term programmes with built-in measures to ensure the stability and continuity of the programmes' overall strategic framework, independent from possible government changes.

A further topic that emerged from STRADE dialogues in Latin America relates to legacy mines and platforms for best-practice exchanges. These are discussed in chapter 7.

 *EU Cooperation Strategy with Resource-Rich Developing and Emerging Countries (Report)*

 *Latin America's Policy Priorities on Mining and Sustainable Development (Policy Brief)*

4.4 Supporting developing & emerging country mineral sectors

STRADE focuses on areas in which the EU can directly support resource-rich developing and emerging countries to maximise benefits from their mining sectors for sustainable development. There are many challenges in developing and emerging countries' mineral and mining sectors and it has to be acknowledged that some need to be addressed by national governments and are not suitable for direct EU support. In other cases, the EU can support the transformation processes indirectly, for example through assisting civil society organisations (CSOs).



Good governance

- Good governance is paramount for a global responsible mining sector that contributes to sustainable development. STRADE recommends that the EU and Member States continue and extend ongoing programmes to promote general good governance and integrate mineral and mining sector governance in these programmes. The focus needs to be on implementing legal and regulatory frameworks. Among others, key areas are coordination between different government levels and institutions, strengthening local level governance capacities, parliamentary oversight, and CSO participation.

Good governance is key for achieving a responsible mining sector that contributes to sustainable development. STRADE is aware that good governance is a long-term objective, which depends on a number of different factors, many of which are beyond the EU's influence. Nevertheless, there is no long-term alternative to working towards good governance.

The EU, through the EC's DG DEVCO, as well as several Member States have been active in the field of general governance support over a long time. Some Member State development agencies have also developed experiences in the specific field of international resource governance. These existing competencies need to be capitalized on, and close cooperation and coordination between the EU and Member State agencies active in this field is recommended.

At the local and regional level especially, there is a perception that distribution of mining's costs and benefits is unfair, leaving the producing regions with high environmental and social costs. This should be adequately addressed through governance measures, such as mining revenue repartition, devolution of decision-making processes, enforcement of best-practice performance by mining companies etc.

It is important in governance support programmes not to treat mining sector governance in isolation, but instead to support wider cross-sectoral governance and integrate mining with other economic sectors. For instance, mining has to be regarded as a part of integrated land-use planning and management strategies. This includes technical aspects, such as multi-purpose cadastres; organisational aspects, such as the coordination of different government institutions and levels – national, regional, and local; and human resources aspects, such as training for government officials, especially at the local level. Moreover, implementation is key: most countries have adequate legal and regulatory frameworks in place, the focus must now be on supporting implementation, i.e., monitoring and enforcement of existing laws and regulations through capacity-building. The strengthening of civil society and parliamentary oversight through respective training for parliamentarians and CSOs is recommended.

EU Cooperation Strategy with Resource-Rich Developing and Emerging Countries (Report)
Aligning EU Cooperation with Resource-Rich Developing and Emerging Countries (Policy Brief)

- STRADE recommends that the EU support further research into the concept of community monitoring for environmental and social impacts, as an interim solution complementing governance support. The EU can provide funding for civil society as well as knowledge and expert platforms to assist with community engagement, education and SLO negotiations.

Reliable implementation of regulations is a key challenge. The ease of implementation is often not considered during regulation design sometimes, particularly in Latin America, resulting in very stringent laws, but lacking financial and technical capacities to enforce them, especially on the local level. Many countries are geographically large and with little presence on the ground to monitor Large Scale Mining (LSM) and work with ASM across their entire territory. While ensuring continued support



to improve government monitoring and enforcement capacities, the support of alternative concepts, such as community monitoring, should be explored as an interim solution.

Africa ▶ As good governance depends to a large extent on political will, sustained pressure on African government leaders to continue improvement in governance and democratic structures needs to continue.

Some African governments have a history of using the mineral sector for the personal enrichment of politicians – in cooperation or in conflict with international investors – or as a scapegoat for policy failures. The lack of political will to improve governance has repeatedly come up in STRADE dialogues in Africa, coupled with the wish for EU and Member States’ governments to sustain pressure on African governments in this regard. This can be done in diplomatic engagements, political dialogues, and negotiations, for example, on EPAs or other bilateral cooperation/ODA agreements.

EU Cooperation Strategy with Resource-Rich Developing and Emerging Countries (Report)

Latin America ▶ STRADE recommends that the EU support good governance in Latin America in order to establish and enforce a more robust legal and regulatory framework in the field of social impact assessment and community protection. This would include building state capacity for environmental monitoring and social consultation.

In most Latin American countries, the existing mining legal and regulatory frameworks are good, with the one exception of the specific topic of social impact assessments and community consultation and consent. STRADE recommends supporting the revision of the policy, legal and regulatory frameworks for this particular topic in the concerned Latin American countries. During any such revisions, the ease of implementation needs to be a key consideration as this is often the bottleneck.

EU Cooperation Strategy with Resource-Rich Developing and Emerging Countries (Report)

Aligning EU Cooperation with Resource-Rich Developing and Emerging Countries (Policy Brief)

EU-Latin America Cooperation in Responsible Mineral Supply (Policy Brief)

Financial transparency, tax avoidance & corruption

▶ STRADE recommends that the EU continue its work on tax avoidance and corruption in close collaboration with the OECD and concerned developing and industrial countries.

Illicit financial flows cause tremendous damage to resource-rich developing and emerging countries, and from an ethical point it is completely unacceptable that poorer countries’ revenues are “smuggled” to Europe and elsewhere. STRADE thus acknowledges that financial transparency, tax avoidance and corruption are highly relevant issues for the sustainable development agenda, particularly in Africa. If mineral resources are to contribute to wider socio-economic development, it is important that a considerable share of the value generated from their exploitation stays in mineral-rich countries and is prudently managed. Though this cross-sectoral issue is out of the project’s focus, STRADE recommends that the EU continue its work on this topic in close collaboration with OECD and concerned developing and industrial countries. Specific attention needs to be given to efforts to improve governance in resource-rich African countries.



- STRADE recommends that the EU continue the support to EITI to increase financial and fiscal transparency in developing and emerging countries' mining sectors.

The Extractive Industries Transparency Initiative (EITI) has contributed to increasing financial and fiscal transparency in the minerals and mining sectors of developing and emerging resource-rich countries. STRADE recommends continuing funding for the EITI. Member States with significant mining sectors need to be encouraged to join the EITI, not least because this would do much to improve EU credibility in matters of mineral sector governance.

EU Cooperation Strategy with Resource-Rich Developing and Emerging Countries (Report)

African Evaluation of EU's Approach to Raw Materials (Policy Brief)

The artisanal and small-scale mining (ASM) sector

- STRADE recommends that the EU and Member States continue engagement on improving the ASM sector's conditions and refrain from measures that can lead downstream companies to avoid ASM minerals.

The ASM sector is a vital part of the economies of some partner countries - it provides millions of rural jobs and contributes significantly to local economic development and poverty alleviation. Local populations and economies will thus suffer from any discrimination against the ASM sector. STRADE recommends that the EU continue to engage on improving the ASM sector's conditions and to refrain from measures that can lead downstream companies to avoid ASM minerals.

- ASM is an integral part of rural livelihoods, and STRADE therefore recommends including it in EU and Member States' long-term rural development programmes. Approaches to engaging with the ASM sector must consider its coexistence with industrial mining, contribute to formalization, and recognize ASM miners' competencies and work with them.

As with other mineral and mining sector support projects, ASM sector support needs to be seen in the wider economic context. Measures need to be integrated in wider long-term rural development projects that consider the reality of ASM as often being one of several livelihood activities performed in parallel.

Similarly, the (potential) connection and relationship between ASM and LSM activities needs to be taken into account in the design of support programmes. Both types of mining often occur in the same areas. While they are usually mining different parts of a deposit and thus not directly competing, they are nevertheless often interested in the same overall deposit and conflicts may arise around the access to this. The management of a peaceful and mutually beneficial co-habitation of ASM and LSM is therefore an important topic.

Formalisation of ASM activities is important in order to improve the overall conditions, making the sector safer, more rewarding, and less environmentally damaging. Access to the formal market with fair prices being paid to the miners is another important aspect. Contributing to formalisation, wherever possible, is a viable objective to facilitate more responsible mining. At the same time, it has to be noted that increased international demands with respect to moral and legal standards constantly raise the barriers for formalization of ASM.

To solve the many challenges associated with the ASM sector, it is generally important to work on the ground with miners at the local level. Cultural appropriateness of interventions in ASM is often lacking. It is important to acknowledge the miners' skills and competencies and their understanding of the challenges they are facing, in order to work with them for a sustainable solution. At the national level,



open and trustful dialogue is important, but rolling out necessary measures is very time consuming and often clashes with political cycles, elections and changing agendas.

- ▶ STRADE recommends that the EU undertake additional new areas for ASM support. These include accompanying measures to the EU Conflict Minerals Regulation and implementation of the Minamata Convention on mercury.

The implementation of the EU CMR will have effects on the ASM sector. Accompanying measures, such as dissemination of relevant information and training in order to enable ASM operators to comply with the stipulations in the EU CMR, need to be put in place in order not to exclude these suppliers from the supply chain. STRADE recommends continuing funding of such measures, for example, through the European Partnership for Responsible Minerals (EPRM).

The Minamata Convention on mercury, which has been ratified by many developing and emerging countries and has started coming into force in more and more countries, aims at a total ban of mercury. Even though a complete elimination of mercury from the gold processing is unrealistic in most ASM areas at this time due to a lack of viable alternatives, the use and emission can be reduced significantly. STRADE recommends that the EU support implementation of the Minamata Convention by supporting the introduction of measures reducing the mercury use in ASM. This support can be realised by funding organisations already active in this field (for example UNEP, GEF) through implementing direct support projects, including a component on this topic in wider ASM support programmes. Further discussions with sector experts to identify the most suitable means of support is recommended for the EU.

▢ The Artisanal and Small-scale Mining Sector and its Importance for EU Cooperation (Policy Brief)

▢ EU Cooperation Strategy with Resource-Rich Developing and Emerging Countries (Report)

- Latin America ▶ STRADE recommends expanding the ACP-EU Development Minerals Programme on construction minerals to include Latin American countries.

STRADE recommends considering extending the geographical scope of the ACP-EU Development Minerals Programme, which addresses minerals that are to a large part extracted by ASM operators, to include Latin American countries, for which this topic is equally important.

▢ EU Cooperation Strategy with Resource-Rich Developing and Emerging Countries (Report)

Supporting EU private sector engagement

- ▶ STRADE recommends that the EU facilitate responsible investment in the mineral and mining sectors of developing and emerging countries through diplomatic networking events and industry networking platforms.

As has been mentioned in the section on objectives of EU engagement with developing and emerging countries, facilitating investment by companies adhering to international best-practice standards improves the conditions in less well governed countries' mining sectors. STRADE thus recommends that the EU facilitate investment in responsible mining, for example, by EU mining and mining-tech companies, and a direct connection between mineral importers and exporters to increase supply chain transparency and importers feeling responsible for production conditions. This can be achieved through diplomatic networking events, the participation of the EU in regional mining events, or platforms, such as the Minerals Development Network Platform (MDNP).



Latin America ▶ To facilitate private sector cooperation for innovation and responsible mining in Latin America, STRADE recommends to the EU to sustain the EU-Latin America Minerals Development Network Platform (MDNP).

The STRADE dialogue has shown that the EU-Latin America MDNP is highly valued by Latin American stakeholders and it is recommended that the EU continue the platform.

Africa ▶ To facilitate private sector cooperation for responsible mining in Africa, the EU is recommended to explore the possibilities of establishing an EU-Africa minerals network platform.

Based on the model and experience with the EU-Latin America MDNP, the establishment of a similar platform to connect EU and African private mining sector actors can be explored.

Further STRADE recommendations on global knowledge networks for the exchange of experiences in the implementation of best-practice standards and tackling specific challenges are given in chapter 7.

EU Cooperation Strategy with Resource-Rich Developing and Emerging Countries (Report)
Aligning EU Cooperation with Resource-Rich Developing and Emerging Countries (Policy Brief)

Academic & technological cooperation & capacity-building

The following recommendations cover academic and technological cooperation in different areas, fields of action and settings.

▶ STRADE recommends that the EU and Member States maintain ongoing programmes to support geological surveys and implement multi-purpose cadastres.

Successful programmes implemented by the EU and Member States to support geological surveys, implementation of multi-purpose cadastres and related capacity-building, including exchange and twinning programmes, need to continue.

▶ STRADE recommends that the EU support the development of regional centres of excellence and connecting these with global knowledge networks.

Support to developing Regional Centres of Excellence (RCEs) in developing and emerging regions of the world and connecting them with global knowledge networks is recommended (see chapter 7). Regional centres of excellence will support the uptake of responsible practices in these countries.

EU Cooperation Strategy with Resource-Rich Developing and Emerging Countries (Report)
Aligning EU Cooperation with Resource-Rich Developing and Emerging Countries (Policy Brief)

Africa ▶ STRADE recommends that the EU and Member States increase their current support for STEMs and 'soft' sciences in Africa.

In Africa, in addition to the general support areas under this topic, support for particular skills is greatly needed. These include Science, Technology, Engineering and Mathematics (STEM); business management; contract negotiations; mineral economics and commodity markets; planning; modelling; environmental sciences; as well as ICT. University cooperation has been very successful over the past decades and needs to be continued. More emphasis needs to be placed on Technical and Vocational Education and Training (TVET).



▮ *EU Cooperation Strategy with Resource-Rich Developing and Emerging Countries (Report)*

▮ *Africa and the EU – Renewing Sustainable Partnerships (Policy Brief)*

▮ *African Evaluation of EU's Approach to Raw Materials (Policy Brief)*

Latin America ► The STRADE dialogue with Latin America identified some specific fields for cooperation, where the general high-level of technical knowledge in Latin America can be complemented by targeted EU-Latin America R&D&I cooperation. These are: (water and energy) efficiency, underground mining, mining software, and specialized technologies.

In Latin American countries there is, overall, a high level of technical knowledge. Many are, nevertheless, interested in strengthening cooperation in certain fields. In addition to the general support areas under this topic, projects – including tailor-made technical solutions as well as capacity-building – are also desired in specific areas, such as (water and energy) efficiency; underground mining software; and specialized technologies, for example, for environmental challenges or for the recovery of minerals from old residues. Scientific cooperation must be expanded to include aspects of responsible raw-material exploitation, for example regarding innovations in mine design and technology that reduce the mine's impact on environment and society. Further areas for which EU support is desired by Latin American countries are consequently closely linked to this dimension, for example, regarding mine life cycle management; legacy mines; and environmental and social management around lithium extraction.

▮ *EU Cooperation Strategy with Resource-Rich Developing and Emerging Countries (Report)*

▮ *Latin America's Policy Priorities on Mining and Sustainable Development (Policy Brief)*

▮ *Socio-Economic and Environmental Challenges in EU Mineral Supply (Report)*

▮ *EU-Latin America Cooperation in Responsible Mineral Supply (Policy Brief)*

Latin America ► STRADE recommends that the EU support technology development and application for lithium extraction in partnerships with local companies and academia. This also includes support for extensive environmental impact assessments and local stakeholder and community participation, which must be carried out carefully, despite the pressures being generated from the high lithium demand. In particular, STRADE proposes an EU-Latin America working group which initiates the international development of a 'best available techniques' guiding document for lithium extraction from brines.

In several Latin American countries, lithium extraction and its environmental impacts, especially for extraction from brines, is currently an important topic. EU lithium demand and extraction has grown tremendously in the wake of the e-mobility boom and consequent demand for battery resources. Therefore, responsible lithium sourcing is one key issue in the EU debate on future raw-material for electric cars.

▮ *Social, Economic and Environmental Challenges in Primary Lithium & Cobalt Sourcing (Policy Brief)*

Development of domestic mining linkages

Developing forward and backward linkages between the mining sector and the local economy is considered important, as it increases the sector's contribution to wider economic development and industrialisation. It is difficult to judge the effectiveness of past and current supplier development programmes (both public and private) in inculcating strong industrial linkages from the mining sector. Therefore, it is important to establish what has worked and what has not. Since supplier development



is at the centre of all efforts to strengthen linkages, both financial and intellectual resources need to be devoted to this activity.

In addition, STRADE believes support for key mineral feedstocks for development, such as that provided by the ACP-EU Development Minerals Programme on construction minerals, is important. Expansion of coverage to other industrial minerals and further countries would be beneficial. Construction minerals refer to minerals that are not widely exported and are more relevant to meet the domestic requirements for a country. These minerals can be a key area for domestic value addition. STRADE dialogues indicate that the programme was well received in Africa. Its mineral coverage may thus be expanded in the future. Additionally, a number of Latin American countries can also benefit from inclusion.

EU Cooperation Strategy with Resource-Rich Developing and Emerging Countries (Report)
Aligning EU Cooperation with Resource-Rich Developing and Emerging Countries (Policy Brief)
Africa and the EU – Renewing Sustainable Partnerships (Policy Brief)

4.5 Actioning EU supply chain responsibility

Regulating EU mining companies operating in developing and emerging countries to adhere to certain international best-practice standards is an important consideration. However, the impact would be marginal as EU head-quartered mining companies play a small role in global mineral production, particularly in regions with weak governance and even less after Brexit and the exclusion of London Stock Exchange listed companies.

The EU downstream sector, which sources minerals from regions with weak governance, is much more relevant in terms of EU businesses' responsibilities. This means that any effective regulation will have to target the entire supply chain. The most prominent example of this approach is the Conflict Minerals Regulation (CMR).

EU conflict minerals regulation

The EU CMR is the EU's response to conflict-related human rights abuses in mineral supply chains. From 2021 EU companies importing tin, tantalum, tungsten, their ores, and gold (3TG) from conflict-affected and high-risk areas (CAHRAs) in quantities above a certain threshold, have to comply with, and report on, supply chain due diligence obligations to mitigate the risk of contributing to armed conflict and associated human rights abuses.

- ▶ STRADE recommends commissioning a systematic study that assesses whether implementation of conflict-free standards positively impacted the levels of human rights abuses in Eastern DRC and limited the funding of armed groups committing human rights abuses (including public forces).
- ▶ STRADE sees a great need for regularly repeated impact assessments. These must form the basis for decisions regarding any modifications of the policy. This includes central decisions, such as the extension of the policy to other minerals or geographies, mitigation of negative impacts, and, if deemed appropriate, policy termination.

Several other measures (including the USA Dodd Frank Act section 1502 and voluntary certification schemes) with the same objective have been in place in the DRC and neighbouring countries for some time and evaluating their experiences can help successful implementation of the EU CMR. To date, however, there has not been a thorough evaluation whether these measures have actually fulfilled their objective of helping the populations at risk of human rights abuses in armed conflicts. Furthermore, it is questionable whether any possible positive gains in the field of human rights abuses



have not been offset by the de-facto embargo on ASM minerals from the DRC resulting from the USA regulation. An evaluation is therefore recommended in order to assess whether such measures are able to achieve their objective.

Such impact assessments need to be repeated on a regular basis and their results must inform policy modifications or termination.

- ▶ The successful implementation of the EU CMR fully relies on functioning third-party certification schemes. Therefore, the EU must regularly assess their effectiveness, including their cost effectiveness.

As the EU CMR relies on third-party certification schemes, the EU must also include these schemes in their assessments in order to provide credibility to the system. An assessment of the cost-effectiveness of these schemes needs to be included.

- ▶ Successful implementation of the EU CMR requires a good level of knowledge by all stakeholders along the value chain. A detailed dissemination strategy needs to be employed by the EC, and the support that has commenced must be continued.

All actors along the value chains trading in concerned minerals from CAHRAs need to be provided with relevant information on the EU CMR. This includes midstream actors, for example, in China (see chapter 6 for details). Particularly actors with less resources (upstream: ASM sector, downstream: European SMEs) also need support for the implementation CMR. Commenced and planned programmes to support the implementation of the EU CMR need to be continued, especially for those affected stakeholders that have limited resources. More details of the support ASM operators need are discussed in the section on ASM (see section 4.4).

- ▶ STRADE recommends funding of supply chain research with the objective of bringing down the costs of certification. This includes the goal to develop mechanisms for fair sharing of costs for the implementation of the EU CMR along the supply chain.

As costs for the implementation of due diligence measures required to comply with the EU CMR are quite high for some stakeholders, especially smaller ones, STRADE recommends funding supply chain research, with the objectives of bringing down the costs of certification for all. This includes the goal to develop mechanisms for a fair sharing of costs for the implementation of the EU CMR along the supply chain, so that the ASM miners, who are at the most vulnerable end of the supply chain, do not have to bear the largest part of the burden.

- ▶ STRADE recommends that the EU Embassies in the DRC and other countries affected by the CMR coordinate the upcoming activities of EU companies, with a view to their engaging in local ASM-related development projects as part of their due diligence policy for responsible sourcing of 'conflict minerals'.

It is expected that through increased awareness as well as required due diligence measures, more EU companies will engage in development projects with ASM operations in CAHRAs. These will target the minerals currently covered by the EU CMR (3TG), but can also extend to other minerals, such as cobalt, which can either be expected to be included in the EU CMR at some point, or otherwise associated with armed conflict and human rights abuses and thus pose reputational risks for companies. In order to avoid chaotic parallel implementation of several projects targeting ASM



communities, it is recommended that the EU Embassies in respective countries coordinate these activities.

 *Social, Economic and Environmental Challenges in Primary Lithium & Cobalt Sourcing (Policy Brief)*
 *EU Cooperation Strategy with Resource-Rich Developing and Emerging Countries (Report)*

Cross-sectoral human rights & environmental due diligence

- ▶ STRADE recommends that the EU mandate broader human rights and environmental due diligence in the mineral sector beyond 'conflict minerals', applying a cross-sectoral approach, and explore the lessons learnt from existing due diligence approaches from different sectors and regions and their potential for an EU-wide approach.

STRADE principally acknowledges that a cross-sectoral approach to mandate human rights and environmental due diligence can be more effective than regulating every economic sector or supply chain separately. The recommendations therefore generally promote cross-sectoral over mining-sector-specific approaches.

Currently, there is a growing trend among European and other countries to legally mandate either the establishment of cross-sectoral due diligence processes and/or reporting on the same. Examples are the UK Modern Slavery Act, the French Vigilance Law or the California Transparency in Supply Chains Act. The evaluation of these processes and the further development of cross-sector approaches on EU-level would be more efficient than sector-wise regulations.

- ▶ STRADE recommends that the EU use its review process of the implementation of the EU directive on non-financial reporting to evaluate its strengthening by sharpening reporting requirements on social and environmental risks in the supply chain.

Under the *EU Directive on Non-Financial Reporting*, large EU public-interest companies must disclose certain information on the way they operate and manage social and environmental challenges. The ongoing review process is a good opportunity to explore how this directive can be strengthened by including mandatory information on risks that are linked to the company's business relationships, products and services. This would match well with the need for EU downstream industries' due diligence processes in the mineral sector.

 *Holding EU Businesses Responsible (Policy Brief)*
 *Socio-Economic and Environmental Challenges in EU Mineral Supply (Report)*

Non-judicial grievance mechanisms

- ▶ STRADE recommends that the EU support cross-sectoral non-judicial grievance mechanisms to complement judicial options in granting claimants' alternative access to remedy. This includes support of the OECD's non-judicial grievance mechanism and its further development.

If environmental harm and human rights abuses take place, judicial mechanisms in countries with poor rule of law and high corruption often fail to provide remedy to damaged parties, and access to judicial remedy in the EU is also severely limited, even if EU upstream or downstream companies are involved, either directly or indirectly as downstream buyers. Non-judicial grievance mechanisms can provide a supplementary route for parties damaged by mining activities to obtain remedy. Unlike most current judicial proceedings non-judicial mechanisms may assign joint responsibility to the entire



value chain. Therefore, this instrument does not only cover European mining companies but can also hold downstream companies responsible.

 *Holding EU Businesses Responsible (Policy Brief)*

Responsible sourcing beyond 'conflict minerals'

- ▶ STRADE recommends supporting the implementation of successful supply chain management schemes and ensuring that real changes occur on the ground. Therefore, the EU needs to explore how the implementation of the EU CMR can simultaneously strengthen the governance of other minerals and to extend EU CMR implementation support to include broader responsible mining and sourcing.

In the longer term, it is recommended that the EU expands its current focus on conflict and human rights abuses as expressed in the EU CMR, and looks at other aspects of responsible sourcing, such as environmental management; community relations; Occupational Health and Safety (OHS) standards; workers' rights; financial transparency etc. Currently, the practice of responsible sourcing beyond 'conflict minerals' & cobalt is still at a very early stage. EU and Member States need to - besides continuing their engagement in governance support - support EU businesses to implement wider responsible sourcing practices.

Responsible sourcing from ASM beyond 'conflict minerals' faces similar challenges as for 'conflict minerals' and recommendations are similar: supporting the implementation of successful supply chain management schemes; ensuring that real changes occur on the ground and are not offset by negative market shifts; need for cooperation with China.

- ▶ STRADE sees a need for cooperation with China in implementing responsible sourcing due to its central position in the supply chain. For cobalt, the EU needs to closely follow and support activities of the Responsible Cobalt Initiative (RCI) and to coordinate EU business activities to support ASM operations.

The cooperation with China is very important to successfully implement responsible sourcing efforts, due to its central position in the mineral supply chain. For cobalt, it is recommended that the EU closely follow and support the activities of RCI and to coordinate EU businesses' engagement in respective countries. Chapter 6 provides more details on both aspects.

 *Social, Economic and Environmental Challenges in Primary Lithium & Cobalt Sourcing (Policy Brief)*

 *Voluntary Initiatives in the Mining Sector (Policy Brief)*

 *China's Approach Towards Responsible Sourcing (Policy Brief)*

- ▶ STRADE recommends that the EU and Member States continue support for mineral production from ASM certified to premium standards.

In Latin America, there is a comparatively high presence of 'premium standards' initiatives, such as Fairmined (FM), Fairtrade (FT) and RJC Code of Practice and certified producers. These initiatives look at broader improvements towards responsible production conditions in terms of workers' rights; health and safety; environmental management; community development, etc. FT/FM certifications have started here, and several other initiatives fostering and certifying responsible ASM are active and successful today. This is also a consequence of the continued support to ASM cooperatives and operations over extended periods of time. Responsible mining (in both, ASM and LSM operations) is




also driven by CSOs/public/media pressure in many cases, which adds to international demand and national regulatory requirements. The STRADE dialogue with Latin American partners revealed that they advocated for the EU to increasingly demand compliance with responsible mining standards, especially regarding environment and human rights.

Support to mineral production certified to premium standards – even though it remains a niche product for jewellery – needs to be continued (for example, through the EPRM) as these certifications make a real contribution to improving conditions in the ASM sector. The roll-out of premium standard certification programmes to Africa has started and the EU can also explore support of these activities.

 *EU Cooperation Strategy with Resource-Rich Developing and Emerging Countries (Report)*

 *Successful implementation of conflict mineral certification and due diligence schemes*

 *EU-Latin America Cooperation in Responsible Mineral Supply (Policy Brief)*





5

Cooperation with Industrial Countries



5. Cooperation with Industrial Countries

- The direct mineral flows between Australia, Canada and Japan are well established and in little need of engagement beyond the 'care and maintenance' that is being addressed by current and proposed trade and investment agreements. Raw-material engagements between the USA and the Russian Federation, however, require further considerations.

The mineral raw-material engagement between the EU and industrial countries forms a small part of their wider engagement, and is largely satisfactory between the EU and Australia, Canada and Japan. Actions by the current USA administration, however, have led to broader global economic instability and create strategic risk for the EU's access to raw-material from third countries. EU minerals trade with Russia is significant and requires a more detailed analysis.

In general, the issue of tariff barriers and sanctions is a multilateral issue, often impacting a number of countries. Any international measure that impacts the trade flow of minerals into the EU is a strategic risk. However, these issues need to be addressed by wider economic and trade measures that protect a rule-based international trading system.

Additionally, industrialized countries are important partners in promoting global responsible mining practice in multilateral dialogues. The EU can build on this multilateral engagement through existing partnerships, common values and their combined geopolitical influence. This issue is addressed fully in chapter 7.

EU-USA engagement

- STRADE notes with concern the indirect impacts of the USA's policy towards third-parties, particularly sanctions on non-USA companies along mineral supply chains that can potentially limit the EU's access to international sources of minerals and metals. The wider EU strategy for the USA on economic and geo-political issues will need to address this risk.

Over the past two years, the EU-USA relationship has been the most challenging for the EU, amongst the industrial countries included in the STRADE project; the USA is the only country in our research that has retreated from open trade with the EU.

The challenges to raw-material engagement between the USA and the EU are highlighted by the USA imposition of tariffs on EU steel and aluminium products, in May 2018. There are also indirect impacts of USA tariffs and sanctions on third-parties (such as the Russian aluminium supplier Rusal) that hinder the EU's ability to access international raw-material supply. Such potential risks are increasingly emerging.

STRADE finds it challenging to offer specific raw-material-based policy recommendations for the EU-USA engagement, particularly as the project did not focus on processed metals such as steel and aluminium. The EU will continue to need to address the wider USA-led global trade disruptions, as these take precedence over raw-material engagement. It is expected that tackling these wider issues will also have a positive impact on protecting access to mineral and metal supplies from third countries, that are currently under threat from USA-led sanctions and trade tariffs.



EU-Russia engagement

- ▶ STRADE recognises the contrary EU-Russia relationship with its current political conflicts on the one hand and close economic relationships on the other, including its raw-material exports to the EU. From an EU supply perspective, Russia is an important source of materials, potentially even increasing exports to the EU in the future.

Based on a preliminary analysis, STRADE finds that the EU-Russian minerals and metals trade flows are significant for the EU. A number of Russian smelting and refining operations are active in Member States. Accessing raw-material supplies (including battery minerals) from Russia and Russian companies could be hampered in the future, due to third-party sanctions (such as those by the USA). Additionally, supply disruptions due to complications from Russia's own actions in international politics are also a source of risk.

Therefore, the shape of raw-material diplomacy with Russia needs to be considered more urgently and fully, balancing the EU need for raw-material with wider geo-political relationships between the EU and Russia. The STRADE project was unable to undertake a full analysis, as Russia was not included in the original terms of reference for the project

EU Raw Material Engagement with Industrial Countries (Report)

EU-Canada engagement

- ▶ STRADE recommends that the EU monitor cases that may be brought under the EU-Canada Comprehensive Economic and Trade Agreement (CETA) to the Investment Court System, in relation to mining regulations in Member States, to assist the latter in improving their mining regulations frameworks.

The ratification of CETA by all EU Member States may have consequences for the implementation of mineral regimes of certain Member States. Under CETA rules, where discretionary government decision making has occurred, CETA provides Canadian companies the right to challenge such licensing decisions. This does not mean that CETA requires Member States to change their mining license regimes. While there are some safeguards in place within the treaty, it remains to be seen whether any Canadian mining company will resort to using this mechanism, once ratification is complete.

This report has previously discussed recommendations addressing discretionary decision making in certain Member State mineral regimes, please see section 3.1. The potential for challenges to be brought under CETA underlines the need for Member States to review the appropriateness of their mineral legislation. It is recommended that the EU monitor the mining regime related cases that may be brought to the Investment Court Systems in the future and assist Member State governments in addressing them.

EU Raw Material Engagement with Industrial Countries (Report)

EU-Australia engagement

- ▶ STRADE appreciates the preliminary negotiations document for the EU-Australia Trade Agreement, which includes efforts for harmonising EIA standards. The EU must endeavour to ensure that these are included in the final draft of the agreement.

The EU-Australia engagement is of great relevance for Australia, as it works to diversify its raw-material export markets away from China. The negotiations for the EU-Australia trade agreement are in their infancy. The inclusion of EIA standards in the initial documentation is a promising indication of



harmonising standards between the two regions. These standards need to be included in the final treaty. Direct Australian investment in the EU mining sector may appear to be limited but there is strong exploration interest from Australian based companies in the EU, which can be capitalised upon. See recommendations in section 3.2 on targeted investor interest in this report.

 *EU Raw Material Engagement with Industrial Countries (Report)*

EU-Japan engagement

STRADE analysis indicates that the EU-Japan engagement is based on wider industrial and economic platforms, with very limited attention given to minerals themselves. The trade profile also indicates limited raw-material engagement between the two regions. In the area of green technology developments, continued cooperation would benefit both parties. The bi-annual EU-USA-Japan Trilateral Conference on Raw Materials is a strong tool for such cooperation and needs to continue.

 *EU Raw Material Engagement with Industrial Countries (Report)*





6

Cooperation with China



6. Cooperation with China

6.1 China's key role in the global raw-material sector

China plays a key role in the global as well as the EU's raw-material supply chain for most minerals. China is one of the world's largest raw-material users, accounting for nearly half of global raw-material demand, which continues to increase for certain minerals. China's demand is also the main driver of global mineral investment. Additionally, China is a growing investor in international mining operations for both traditional minerals and technology metals. China has a strong presence in Africa, Asia and Latin America, both as an equity-holder in mining operations and as a trade destination. In contrast to EU headquartered companies, China is also active in conflict regions such as the DRC, with Chinese mining operations, as well as Chinese intermediaries, and engagements with local traders/artisanal miners. China's flagship international strategy – The Belt & Road Initiative – is investing in third countries to increase the depth and width of its engagement. Though the initiative does not specifically focus on mining, as it progresses further, it will foster deeper diplomatic relationships with these countries. China is also a significant exporter of minerals-based products; a large number of semi-finished and final products come, via China, to the EU. This also includes numerous products containing 'conflict minerals' and cobalt.

 *China's Mineral Sector and the Belt & Road Initiative (Policy Brief)*

 *EU Raw Material Engagement with Industrial Countries (Report)*

China as competitor & implications of trade wars

China, as a net importer of raw-material, with immense smelting and refining capacity, is also a global competitor for the EU in the raw-material, semi-finished and finished product markets. With regards to the bilateral commodities trade with China, European industry has been less concerned about supply of minerals from China since the rare-earth crisis ebbed in 2011. Three factors have contributed to this: the sharp fall in commodity prices compared to the commodity boom period; successful development of substitutes; and the increased presence of EU manufacturing companies active within China with access to Chinese domestic raw-material. The recent USA-led trade wars and sanctions, where China has been the subject of the bulk of USA tariff increases, have led to increasing concerns for the EU. Despite their high relevance, the recent trade wars over steel and aluminium are outside the scope of the STRADE project, which focuses on unprocessed minerals. However, it is important to emphasize that such third-party actions can lead to the curtailment or limitation of access to raw-material supply for EU companies.

6.2 Cooperation with China on responsible mining & sourcing

China's increasing responsible mining practices in foreign operations

- ▶ There is on-going cooperation between China, the OECD and some Member State agencies (GIZ & DFID) on the implementation of responsible mining practice in China's foreign mining operations. STRADE recommends that the EU build on this existing cooperation, together with Member States, to support its continuation and extend this support to new collaborations in bilateral and multilateral settings.

China's international mining activities, particularly in developing countries, have increasingly improved their social and environmental performance. Though there are still badly managed Chinese mine-sites, there is an increasing number of international Chinese operations that are managed similar to or even better than mines by Western companies. The Chinese government and the China Banking



Regulatory Commission principally support this trend, as they do not want the long-term and strategically important Belt & Road Initiative to be damaged by the poor reputation of Chinese operated mine sites.

The current cooperation on responsible mining matches the EU goal to support best-practice in the global mining sector and is simultaneously a good starting point for wider bilateral and multilateral dialogues with China. Further STRADE recommendations on multilateral dialogues are presented in chapter 7.

China's Approach Towards Responsible Sourcing (Policy Brief)

China's increasing engagement in responsible sourcing

- ▶ Given China's importance as a source for semi-finished and finished products for the EU, implementation of the EU Conflict Minerals Regulations and broader EU engagement for responsible sourcing will fail if China is not involved as a committed partner. It is essential for the EU to continue the dialogue on responsible sourcing, despite the existing challenges in engagement.

Supply chain management and responsible sourcing implementation by Chinese companies are in their early stages. Within a short period China has created, in cooperation with the OECD, voluntary guidelines for Chinese companies within the 'conflict minerals' and cobalt supply chains. Some Chinese companies have already established supply chain management schemes. This was driven by requirements from Western customers requiring compliance with the USA Dodd-Frank Act or the EU CMR. New multilateral engagements and schemes driven by China continue to emerge: The Responsible Cobalt Initiative launched by China and the OECD in 2016; and the Global Battery Alliance launched in 2017.

The Chinese are rapidly improving their practices in responsible sourcing which is a welcome development given the volume of semi-refined and refined minerals sourced from China by the EU. Chinese responsible supply chain management will improve European usage of responsibly sourced minerals, although challenges remain. From the EU's viewpoint, China's commitments to transparency, environmental and social sustainability are still insufficient. In addition, EU-China dialogues face the difficulties of language barriers, different economic and political systems, and cultural differences. Nevertheless, Europe must not underestimate China's capability for quick transformation. Given strong political will, Chinese policies and companies can undergo significant changes in a fairly short period of time. Thus, strong engagement on responsible sourcing between the EU and China is vital.

EU Raw Material Engagement with Industrial Countries (Report)

EU communication on the CMR

- ▶ STRADE recommends that the EU directly engage with Chinese companies and institutions along the 3TG products supply chain through information and dialogue events in China on responsible sourcing and the EU CMR.

The goal of this engagement is to outline and explain to the Chinese stakeholders, through direct engagement, the EU's motivation for the CMR. This would also allow for the EU to better understand the Chinese perspective, thereby promoting active EU-China engagement going forward. The Chinese participants at the STRADE Workshop in 2017 in Beijing, greatly appreciated direct discussions with Europeans on the CMR as well as the chance to understand and question the European perspective on responsible mining and sourcing.



6.3 China's domestic mining sector & foreign engagement

In its domestic mining sector, China supports the implementation of “Green Mines” and rigorous restructuring has led to the closure of many mine sites. The challenges related to environment and health and safety remain vast, particularly for the numerous small-scale mines using low technology, with low resource efficiency and lack of technical and financial resources. Chinese domestic mining, currently, remains restricted for foreign involvement and investment, and little information on China's domestic mining sector is published in English. It is assumed that China keeps this strategic sector intentionally sealed-off. Broad Sino-European technical cooperation in the domestic mining sector is currently not on the agenda. Human rights issues relating to mineral processing activities within China are also not discussed.

If China permits the opening of this sector, STRADE recommends that the EU structures its cooperation programmes to include technological exchange to strengthen mining best-practice in China.

 *China's Approach Towards Responsible Sourcing (Policy Brief)*





7

Multilateral Dialogues



7. Multilateral Dialogues

- ▶ STRADE recommends that the EU take a leading role in multilateral and multinational dialogues, with the aim of significantly strengthening globally responsible mining and sourcing.

There are numerous bilateral dialogues and international initiatives addressing the challenges in the global mining sector. In STRADE's assessment, the fragmented nature of these international initiatives is not sufficient to significantly push forward international resource governance issues. Mineral value chains are becoming increasingly global and highly complex, and socio-economic and environmental challenges remain high, despite past efforts. On the European side, EU values call for responsible sourcing, whilst widespread responsible production and supply chains support EU firms to remain competitive, as they would benefit from a global level playing field based on high international standards. In-depth multilateral and intra-national dialogues are needed involving key private and public actors along the downstream, midstream and upstream value chains, together with actors from developing, emerging and industrialised countries – all on an equal footing. As already discussed in chapter 2, the EU exercises a great deal of economic and political power and has a global standing that can be utilised to take the lead and initiate the next generation of dialogues.

7.1 International platforms for specific topics

Promotion of global solution-oriented platforms

- ▶ STRADE recommends that the EU advance the creation of solution-oriented platforms to address international governance gaps requiring multilateral and multi-stakeholder action. The establishment of such platforms is preferred to the idea of forming a new central institution for global resource governance. Complementary to the creation of multilateral solution-oriented platforms, STRADE recommends that the EU continue and extend engagement in existing international initiatives for stronger international resource governance. Besides continuous engagement with the OECD and UNEP, deeper cooperation must be explored for the IGF and other international institutions.

The extent to which global initiatives, in addition to bilateral and regional cooperation, can effectively address global challenges has been intensively discussed in international circles for many years. A global platform that brings together all the diverse actors along the numerous value chains does not yet exist. Instead, there are many initiatives that bring together actors from specific industrial sectors, specific governance issues or for specific metals. STRADE is sceptical about whether a new central international organization would effectively be able to advance international governance cooperation. Instead, STRADE favours the approach of solution-oriented platforms which deal with a specific problem and its specific solution, for example, the proposed UNEP forum for tailings dam management.

STRADE also recommends that the EU look at the potential of existing initiatives and make appropriate use of these. There is already close EU cooperation with UNEP and with the OECD. Some Member States are members of the Intergovernmental Forum on Mining, Minerals and Metals (IGF), a governmental platform to which numerous resource-rich emerging and developing countries belong. These programmes are a good starting point for extending engagement into solution-oriented platforms, incorporating all relevant actors along the supply chains. STRADE also recommends that the EU follow the developments of the Responsible Cobalt Initiative (RCI) and explore whether EU membership would strengthen responsible cobalt supply chains.



In the STRADE project, many important global social and ecological challenges were identified, but addressed to varying degrees. Priorities were, for example, economic contribution from mining; improving governance; supporting artisanal and small-scale mining; and dealing with 'conflict minerals'. Many other important topics, for example relocation for LSM projects, were not explicitly deepened, but indirectly taken into account in the general debates on good governance. Two selected environmental issues that are good examples of major global challenges to be addressed through multilateral approaches are presented below. This is not to suggest that some issues have priority over others or that they should necessarily be considered more important.

 *Platforms for Strategic Dialogue (Policy Brief)*

EU support for a global platform on safe tailings dam management

- STRADE recommends that the EU support the UNEP concept of a global platform on safe tailings dam management to address and coordinate global action. This includes the development of funding and assurance schemes for sound tailings management and rehabilitation performance in developing countries where efficient schemes are not yet sufficiently available.

Tailings dam failures are one of the most devastating environmental accidents attributed to the mining sector. A 2017 UNEP study shows that the increasing number and size of tailings dams globally magnifies the potential environmental, social and economic cost of catastrophic failures as well as the risks and costs of perpetual management. UNEP proposes establishing a UN Environment stakeholder forum to facilitate the international strengthening of tailings dam regulations and recommends multiple actions in the fields of knowledge, technology, failure prevention and financial assurance. STRADE particularly affirms the need for supporting developing countries to ensure the availability of sufficient funding for sound tailings management and rehabilitation performance. Further research is needed to explore how such funding or assurance can be provided. A global solution-oriented platform is an appropriate approach, since it has the potential to use broad global expertise and to potentially raise the global funding required for successful implementation.

 *Outlining Environmental Challenges in the Non-Fuel Mining Sector (Policy Brief)*

 *Socio-Economic and Environmental Challenges in EU Mineral Supply (Report)*

EU support for rehabilitation of legacy mines

- STRADE recognizes the importance of funding and technical assistance for mapping and rehabilitation efforts for legacy mines across the world. It recommends that the EU, in partnership with other global leaders, direct such assistance through an existing and capable institution or through a new solution-oriented platform.

The mapping of legacy mine sites undertaken in developing and emerging countries shows massive environmental challenges. However, the majority of current discussions on good international raw-material governance does not focus on the many legacy and orphaned mine sites in developing and industrialised countries. These legacy mines come from both LSM and ASM and are not being remediated due to lack of financing, lack of technical know-how or inadequate mapping. Presently, there are a few rehabilitation projects being carried out, supported or financed by various national and international institutions, including Member States agencies.

There is an urgent need for a broad-based international thematic programme that bundles the following measures: develop an inventory; evaluate hazards; prioritize targets; present action plans for priority areas; raise funding; and support affected countries in capacity-building and knowledge transfer. STRADE sees the need for further evaluation to identify a suitable institution to run such a



programme or to initiate the creation of a new solution-oriented platform. This would also allow the EU to rectify environmental damage resulting from its past imports of raw-material from the affected countries.

Outlining Environmental Challenges in the Non-Fuel Mining Sector (Policy Brief)
Socio-Economic and Environmental Challenges in EU Mineral Supply (Report)

7.2 Next-generation of global dialogues

- STRADE recommends that the EU initiate a forward-looking international dialogue on responsible mining, which can bridge the East-West & North-South approach, by jointly agreeing an international non-binding standard. Such a process will have high political value, particularly in deepening the East-West & North-South cooperation, while sending a positive signal in the current climate of widespread nationalism.

There has been a long discussion in international circles about whether an internationally agreed responsible mining standard would better facilitate dialogue and cooperation and support broader implementation of responsible mining practice. This debate focuses primarily on a non-binding standard, since a binding treaty is not a viable option for political reasons (sovereignty of the mining countries, etc.). Critics point out that there are already a large number of standards; what is more important than a new standard is better interoperability of existing standards and, above all, their implementation. STRADE, in principle, agrees with this argument. Nevertheless, there is one important aspect that speaks in favour of a new internationally recognised standard.

Simplistically, within the current landscape of standards, there are a large number of "Western" standards, most of which were initiated by stakeholders from industrialized countries, and a growing number of Chinese standards. These "Western" and "Eastern" regulations still operate in parallel. Developing countries, where mining often takes place, were either excluded or only involved to a limited extent in the development of most of these standards. Yet they are the subject of their implementation.

The joint agreement on a global standard in a true partnership approach will contribute to improved global resource governance. Such global standards would also support EU companies, as they would benefit from the universal implementation of high standards.

China's Approach Towards Responsible Sourcing (Policy Brief)
Socio-Economic and Environmental Challenges in EU Mineral Supply (Report)

7.3 Promotion of international knowledge networks

Creating new international knowledge networks

- STRADE recommends that the EU use its existing dialogues with Africa, Latin America, Canada and Australia to implement bilateral and international knowledge networks for the exchange of good practices, joint R&D&I and training activities in the field of responsible mining and processing. These knowledge networks can start with selected topics, regions and partners from Europe and particular third countries and stepwise extend the scope and the number of partners.



Multifaceted global R&D&I networks. Mining R&D&I activity now takes place across regions, with the traditional industrialised country-led activities increasingly being replaced by activities in other regions. Therefore, the flow of R&D&I based knowledge will increasingly become multi-directional, as opposed to the past. For the EU to maintain its excellence in the long-term, it must also learn from the experience of other mining countries. This includes not only industrialised countries like Australia and Canada (whether public or private sector), but also new developments in developing and emerging countries. In return developing/emerging countries can learn from other developing/emerging countries as well as from industrial countries. As pointed out in the chapter 4, mining cannot be considered as an isolated sector and must become part of wider development agenda and technology developments. Given this wider scope, the global exchange will not be limited to technology but must also include: best-practice in governance, cultural exchange, cross-sectoral learning, and mining-related multi-stakeholder dialogues. Such exchanges must be inclusive of the differing needs and priorities of different partners.

Integrating regional centres of excellence. Given capital constraints (human and financial), coupled with the advantages that emerge from clustering and specialisation, developing and emerging countries increasingly pool their resources and consider or create regional clusters of excellence. Set up by neighbouring countries, these centres carry out joint R&D&I activities and capacity development programmes. These approaches match well with the idea of connecting global R&D&I players in global knowledge networks which can serve as cross-continental link between the existing and emerging centres of excellence.

Exchanges that foster global education. Reflecting the need for multilateral exchanges, a contemporary approach to cooperating in education will also be required. Instead of the placement of third country students in European institutions, increasing opportunities for joint learning will need to be created by EU citizens' placement in developing and emerging country institutions.

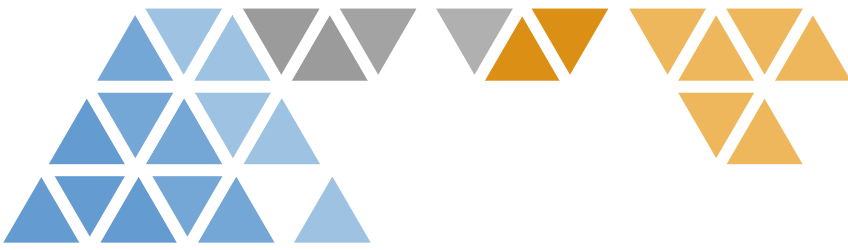
The proposed next generation of training, R&D&I and capacity development activities would accelerate the exchange of best-practice and promote the harmonisation of global mining knowledge.

Continuing the EU-Latin America mineral developments network platform

- STRADE regards the EU-Latin America Mineral Developments Network Platform (MDNP) as a constructive pilot for international cooperation on responsible mineral extraction and processing. STRADE recommends that the EU support the MDNP's continuation and utilise its experience for designing future international platforms.

The EU-funded EU-Latin America Mineral Development Network Platform (MDNP) is a pilot project. Core outputs include the online networking platform and hosting of the METS conference in April 2018 in Madrid. The positive feedback from stakeholders encourages continuing this work. Networking needs time to become effective and long-term programmes are often more effective than follow-up through short-term projects. STRADE recommends continuing EU support for the MDNP-online platform, accompanied by events in Latin America as well as the EU, in parallel with online activities.





8

Concluding Remarks



8. Concluding Remarks

In view of the importance of raw-material for the European economy and for global sustainable development, STRADE has identified various important fields of action for a forward-looking EU raw-material policy. A key recommendation is for the EC to take a leading global role in partnership dialogues on responsible value chains and to utilize EU influence to strengthen a sustainable global raw-material economy.

STRADE has noted the EU mining sector's strategic importance: it is essential for supporting EU industry and employment as well as for setting international benchmarks for environmentally friendly and resource-efficient technologies.

To support the raw-material sector in developing and emerging countries, STRADE has highlighted the importance of having good governance frameworks. The EU dialogue with third countries cannot view the mining sector in isolation; it must be embedded in broader trade, investment and development assistance programmes.

China has a crucial role to play in advancing global responsible value chains, and intensive EU-China dialogues are essential, despite the challenges involved in engagement.

There are a number of areas in which STRADE was unable to provide detailed analysis and recommendations. Specific challenges remain in identifying solutions for problems facing the global raw-material sector. For example, fully addressing the issue of financial transparency and tax avoidance remains urgent. The EU raw-material engagement with Russia requires a more detailed analysis, particularly the impact of third-party policies (such as the USA sanctions)

In other areas, research needs to shift to implementing best-practice standards. There is a growing need to examine financing of responsible mining options and the internalization of external environmental and social costs by mining companies and mineral consumers. A specific aspect of this issue is the fair distribution of costs for the application of certification and due diligence schemes required along value chains, particularly those dealing with minerals from conflict regions.

Overall, the EU's future raw-material policy must be based on partnership. Whether this is through leading multilateral dialogues on responsible mining and sourcing or supporting the creation of international knowledge networks, the EU must play a leading role in shaping the future of the global raw-material sector.





STRADE Publications Overview



9. STRADE Publications Overview

