

STRADE

Strategic Dialogue on Sustainable Raw
Materials for Europe

**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.



STRADE Publications Overview

Synthesis of results

Summary Brochure

Final Report

Core readings

Report on the EU mineral sector

Report on EU engagement with industrial countries

Report on EU cooperation with developing & emerging

Report on due diligence & certification of conflict minerals

Synthesis of environmental & social aspects

Addressing RMIS

Knowledge tool on mineral supply chains

Background

Environmental & social issues

PB on design of due diligence and certification

PB on Europe's role and responsibility in responsible mining

PB on global platforms for improved resource governance

PB on holding international businesses responsible

PB on ASM and EU support

PB on environmental challenges

PB on environmental standards

PB on socio-economic challenges

PB on socio-economic standards

EU

PB on EU mine-tech sector

PB on attracting mineral investors

PB on supporting EU mineral sector abroad

Report on competitiveness of EU mining sector

PB on exploration in the EU

Report on promoting investor interest in EU mining

EU & non-EU raw material policy

PB on non-EU country engagements

Report on EU engagements with dev. countries – a review

PB on aligning EU coop. with developing countries needs

Report on non-EU engagement with developing countries

China

PB on China's responsible sourcing

PB on Belt & Road initiative

PB on China's engagement in Latin America

Africa

PB on African evaluation of EU approach

PB on renewing Africa-EU mineral partnerships

Case studies on mining sectors in Rwanda & DRC

Latin America

PB on China's engagement in Latin America

PB on Latin America's policy priorities in mining

PB on EU-LA cooperation in responsible min. supply

Raw material flows

PB on lithium & cobalt sourcing for EU battery production

PB on EU raw material flows

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