



External Trade

European Union approach to raw materials

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External Trade

I The Issue

Raw materials are essential to our industry: « need to import to export »

- Steel industry dependant for iron ore, coke, metals, ...
- Many critical raw materials are not produced in Europe
- EU exporter of steel scrap

EU dependency on the import of some steel raw materials

- Molybdenum: 100 %
- Nickel: 86 %
- Iron ore: 83 %
- Chromium ore: 53%
- Coke: 10 %

Difficulties for companies to acquire raw materials

- Protectionist measures
- Competition for access to resources
- Rising demand

Economic analysis

- Distortion of competition
- Suboptimal allocation of resources at global level

II Addressing the issue

- **A global issue**
- **Several policy areas**

The EU raw material initiative (1)

- A new integrated strategy which sets out targeted measures to secure and improve fair access to raw materials for EU industry
- Commission Communication of 4 November 2008 (room document)

The EU raw material initiative (2)

3 pillars:

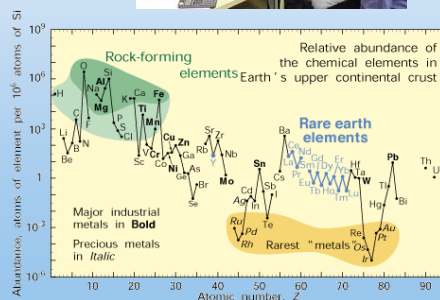
- Undistorted Access to raw materials on the world market
- Sustainable supply of raw materials from EU sources
- Ressource efficiency and recycling within the EU

Some foreseen actions are particularly relevant for the steel industry:

- 2/3/4. Enable access to raw materials on world market at undistorted conditions
- 7. Promote skills and research
- 9. Increase resource efficiency and foster substitution of raw materials
- 10. Promote recycling and facilitate the use of secondary raw materials

7. Promote skills and research

- **Promote** skills through effective partnerships between universities, geological surveys and industry **and** promote more awareness
- **Promote** focussed research on innovative exploration and extraction technologies, recycling, materials substitution and resource efficiency.



9. Increase resource efficiency and foster substitution of raw materials

- **Give impetus to resource efficiency and eco-innovative production processes in the context of the Action Plan on Sustainable Consumption and production and Sustainable Industrial Policy.**
- Promote research **projects that focus on resource-efficient products and production under FP7.**
- Exchange information **with the International Panel for Sustainable Resource Management.**

10. Promote recycling and facilitate the use of secondary raw materials

- **Sound and harmonised enforcement of the Waste Shipment Regulation**
- encourage recycling markets **through the following measures: legislation, standards and labelling, public procurement, financing, knowledge sharing and international action**

Access to raw materials on world market at undistorted conditions

- Includes a **Trade** dimension
- No quick fix
- Policy coherence

To be credible, we rely on prioritisation:

- While some of these restrictions are legitimate and even supported by the EU (e.g. for development and environmental purposes), others are taken by countries for industrial policy purposes
- These latter measures provide indirect subsidies to the downstream industries

Prioritisation

- **Targeted**
Duties on steel scrap providing a competitive advantage to the downstream industry
- **Not targeted**
Guinea Bissau - export tax on Cashew nuts, main revenue resources of the state

Conclusion on Trade raw materials strategy

- Not a North-South issue
- OECD workshop seen not as a one-off event but as the beginning of a discussion