



The Rt Hon Peter Mandelson
Member of the European Commission
200, rue de la Loi
B-1049 Brussels

11 January 2008

Dear Commissioner,

BUSINESSEUROPE appreciates the Commission's project to develop an EU Communication on raw materials and wishes to highlight some concerns for future work on this issue. Securing a level playing-field for access to raw materials is a high priority for Europe's diverse and interdependent industries; not only in light of trade considerations, but also due to the need to adapt to ever increasing global competition for limited resources.

To facilitate access to raw materials available in the EU, greater significance needs to be given to the resource needs of European industries in the overall balance of public policy considerations when devising or applying European, national and local rules that affect the extraction or commercialisation of raw materials. Community rules should notably avoid introducing barriers that effectively reduce access to local raw materials for EU industry, including secondary raw materials, as an integral part of policy considerations. Similarly, EU policies – such as the Common Agriculture Policy or biofuels policy - should be adapted to avoid distorting competition for raw materials between food, energy and industrial uses.

While internal policy issues are important, the EU imports as much as 80% of some industrial raw materials. It is therefore crucial that, externally, the objective of a level playing-field for access to natural resources and unfettered trade is pursued. The Commission should pro-actively pursue the removal of export taxes and other forms of trade or investment restrictions imposed by foreign governments.

We are concerned about the proliferation of trade and investment restrictions around the world. Today this is especially affecting trade in critical resources from Ukraine, Russia, China and Gulf States and some African countries. These new developments are particularly worrisome in light of Ukraine and Russia's accession to the WTO - which should, in principle, encourage them to reduce market distortions. The Gulf Countries are also providing substantial trade distortions and energy subsidies while negotiating FTAs with the EU which could send the wrong signal to other parties. When coupled with growing investment protectionism in the resource sector, these trade distortions present a perilous situation for many EU industries. China also appears to increasingly resort to restrictions on raw materials, providing a poor example for other nations to keep or adopt similar policy measures.




The European Commission should firmly oppose these barriers to trade and take a strong stance against Ukraine and Russia's policies to restrict exports of all types of raw materials used for industrial purposes. As these countries have agreed in letter and spirit not to introduce new export restrictions and to reduce or eliminate existing ones in their bilateral accession negotiations, the EU should be firm in its demands in the WTO. A coherent and systematic policy should also be put into place by the EU to fight against the mushrooming export restrictions on raw materials from China.

Beyond the regulatory field, it is important to work on the development dimension of access to raw materials. We believe that businesses, development agencies and resource-holding countries can work together to promote freer and more sustainable development and trade in raw materials, benefiting all the actors involved as well as the end-users. In addition, it is essential to oppose outdated arguments used by emerging countries – such as infant industrial policy – to justify what are effectively trade distorting, protectionist policies that favour certain industrial sectors at the expense of the economy as a whole and EU industries in particular.

We count on the Commission to pave the way for more open access to natural resources for European businesses in accordance with the fundamentals of a market economy. We look forward to exchanging ideas with the Commission in the near future.

Yours sincerely,

best regards,


Philippe de Buck