

**European Commission Raw Materials Initiative questionnaire
Contribution by VCI (Federation of German Chemical Industries),
14 September 2010**

QUESTIONS

POLICY AREA: DEFINING CRITICAL RAW MATERIALS

Questions:

1. Do you have any comments on the methodological approach, including the scope, to determine criticality at EU level? If so, please specify.

We support the contribution of BDI.

2. Do you see any additional raw material that should be considered as critical? If so, please explain.

3. Do you have any comments regarding the recommendations of the report? If so, please specify.

We support the contribution of BDI.

4. Are you aware of any initiatives in your country that aim to assess the criticality of raw materials? If so, please describe briefly.

5. The functioning of raw materials markets has not been dealt with. Do you think that further analysis of their functioning should be carried out? What actions should be proposed to increase their transparency?

We support the contribution of BDI.

6. Do you think that the EU should propose a system of stockpiling for the critical raw materials? If so, please indicate whether you consider it more appropriate to do this at Community or alternatively at Member States level.

We support the contribution of BDI.

POLICY AREA: TRADE

Questions:

7. Do you think that the importance of trade is adequately reflected in the work carried out so far in the Raw Materials Initiative?

Yes, the annual activity report of DG Trade on the raw materials policy shows an impressive number of initiatives. In the context of bilateral trade agreements the EU should push for an inclusion of a provision prohibiting export duties / restrictions. The EU should make it clear at the start of the negotiations with partner countries that this is a *conditio sine qua non* for concluding an FTA. Member States should voice the same message not allowing third countries to break the front.

The spread of dual pricing schemes is to a large extent self-inflicted. The EU did not insist on the removal of dual pricing scheme in Saudi Arabia and Russia in the accession negotiations to the WTO and thus opened the door for other countries to introduce similar practices with regard to raw materials.

The Commission should furthermore continue its efforts in the Doha Round to obtain better disciplines. This issue cannot be postponed until a next round. If we don't get better disciplines in the Doha Round we'll have to live with the existing situation for another 15 years or so. The Commission should also fully exploit the new competences acquired in the area of investment agreements.

We regret that the Commission has not yet made serious work of the removal of import barriers on renewable raw materials which serve as feedstock for the chemical industry or of other distortions created by the Common Agricultural Policy. We consider that duty-free access for EU chemical industry to renewable raw materials at world-market prices is feasible without jeopardizing other sectors.

In general, an improved coordination of activities to maintain a "one-voice" policy between DG Trade, DG External Relations, DG Enterprise and Industry and DG Development will support the process.

8. Do you have any comment regarding the main findings of DG Trade activity report? What activities should be prioritised? Are there, in your opinion, additional activities not mentioned in the report which should be pursued in this strategy?

The EU should conduct a more 'aggressive' policy making full use of the existing trade policy instruments. Trade defence measures should be used as a tool to offset distortions at downstream level resulting from unfair trade practices such as dual pricing and export taxes/restrictions. Countries applying discriminatory raw materials policies should not be granted benefits under the Generalized System of Preferences for products from the Harmonized System chapters concerned. Distortion in the raw materials sector should be used as justification for refusal to grant market economy status - as long as China applies discriminatory practices in the raw materials sector this country should certainly not be granted Market Economy Treatment.

9. Please identify trade distortive measures (i.e. export restrictions) concerning raw materials that in your view should be tackled.

Dual pricing practices (Middle East – ethylene feedstock, Russia - gas)

Export taxes: palm oil Malaysia, skins and hides as well as soya oil (Argentina) and yellow phosphorus (China).

Export restrictions: rare earths and fluorspar (China).

POLICY AREA: DEVELOPMENT

Questions:

11. What specific actions would you consider most relevant needed in the following areas:

12. Regarding transparency, what measures do you believe the EU should take to foster revenue transparency in the mining industry in raw material resource rich countries? What are your views regarding existing initiatives currently being taken in this area, namely by the Extractive Industries Transparency Initiative (EITI6)?

13. Concerning the recent agreement between the European Commission and the African Union Commission, in your view, what concrete objectives, targets and deliverables should be included in such a partnership? 14. Do you consider that wood should be addressed in the framework of development policy? If yes, please specify what are the main issues to be analysed.

14. Do you consider that wood should be addressed in the framework of development policy? If yes, please specify what are the main issues to be analysed.

15. Are you aware of any initiatives in your country that contribute to promoting exploration and exploitation of mines in developing countries? Should such initiatives be better coordinated or promoted at the EU level?

POLICY AREA: IMPROVEMENT OF THE REGULATORY FRAMEWORK CONDITIONS INSIDE THE EU

Questions:

16. Do you agree that these topics correspond to the major challenges in this policy area? If not, please specify.

17. Do you think of any other avenues which should be followed by the Commission? If yes, please specify.

18. Do you agree with the recommendations made in the report on "Exchanging Best Practice on Land Use Planning, Permitting and Geological Knowledge Sharing" or do you have any specific ones to be added. Please explain.

19. Do you consider it useful to establish an EU geological service based on a network of Member State geological services?

20. Do you consider that EU regulatory framework conditions for wood and/or recovered paper need to be further analysed? If yes, please specify.

POLICY AREA: PROMOTING SKILLS AND RESEARCH, DEVELOPMENT AND INNOVATION

Questions:

Skills:

21. What type of actions would you propose to provide better cooperation between companies, universities and public authorities in order to promote skills and in the extractive or other raw materials sectors? Please specify.

Research, Development and Innovation:

22. Are you aware of any research, development and innovation programme(s) at national, regional or local level? Please specify.

23. Where do you see the major gap / the urgent need for the raw materials sector related research, development and innovation at EU level. Please provide details.

24. What is your idea of a major research and innovation action that would have the highest positive impact on the security of raw materials supply for the EU industries? Please specify.

25. Are you aware of innovative exploration and extraction technologies, where project partners on a European level are needed to develop and implement the new technologies and which are the innovative technologies which need to be developed further. Please provide details.

26. Are there any other aspects related to skills, R&D and innovation for other raw materials, such as wood, that need to be further promoted? Please, specify.

POLICY AREA: RESOURCE EFFICIENCY & RECYCLING

Questions:

27. In your view, and beyond measures already being taken (e.g. the recast of the WEEE Directive), what practical measures can be taken by the EU and by Member

States to prevent the illegal shipment of obsolete end-of-life vehicles and electronic equipment?

In our view, the existing regulations are sufficient. However, they need to be applied consequently and implemented consistently by all Member States. Problems might arise from weak implementation and lack of control of implementation by certain EU Member States.

28. In what ways should statistics on trade in, and recycling of, products containing secondary raw materials be improved?

In Germany, there already exists sufficient data on the recycling of waste. Authorities should evaluate the already existing data thoroughly. In our opinion, the request for more data is unnecessary and would run against the objective of reducing the administrative burden for business.

On a more general note, the German chemical industry would like to emphasize the potential of energetic waste recovery. Generating energy in efficient state of the art waste incineration plants can contribute to reduce the use of petrochemical feedstock such as oil and gas. Material waste recovery (recycling) and energetic waste recovery should be put on equal terms.

29. Have you identified major problems with recovered paper? What are the main issues that need to be further analysed?