

# ACP Keynote Statement at 2nd European Raw Material Conference, 20 March 2012, Brussels

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*Keynote address delivered by Mr Achille Bassilekin III, Assistant Secretary General of the ACP Secretariat and Head of the Department of Sustainable Economic Development and Trade on the occasion of the 2nd European RawMaterial Conference held in Brussels, Belgium 20 March 2012.*

*Session 3: An interdependent world – global trade, co-operation and development for rawmaterials*

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**Distinguished Guests,**

**Ladies and Gentlemen,**

First and foremost, I would like to thank the organizers for inviting the ACP Secretariat to participate in this important Session entitled "*An interdependent world-global trade, co-operation and development for rawmaterial*".

Since the end of the 1990's, the accelerated development of emerging countries has increased global demand for mineral resources. Geographically speaking, a significant portion of these mineral resources, still largely untapped, are concentrated in ACP Countries, which are considered as natural reservoirs of these resources.

It is estimated that the world's population will reach 9 billion by 2050. Clearly the demand for raw material and the services they provide can be only expected to increase proportionally. As evidenced by the OECD forecast, it is expected that metallic mineral consumption alone will experience a growth of around 250% by 2030.

It is indeed foreseen that there will be an explosion in the demand for manufactured goods, with a rapidly expanding middle class and an increase in the number of emerging countries. This trend will speed up the evolution of the global demand for both common metals such as lead, zinc, and copper, as well as rare metals, for which the EU strategic list is gradually expanding since they are increasingly being used in innovations in aeronautics, the automobile industry, defense, energy and health.

On the other hand we all know that no country in the world, whether developed, emerging or developing can be considered self-sufficient in all materials. It is therefore a reality: As far as Raw Materials are concerned, we are all interdependent.

**Distinguished Guests,**

**Ladies and Gentlemen,**

This 2<sup>nd</sup> Annual Conference of European Raw Materials could not have been more timely. On the one hand, we are at a juncture when the EU and other Development partners are endeavouring to secure access to raw materials, and foster sustainable development, while on the other hand the ACP countries are reflecting on how best to translate their abundant Mineral resources potential into actual development tools for their populations. Certainly, the structural transformation of our Mineral resources potential into competitive and sustainable industries is an essential component of any long-term strategy to ensure the achievement of the Millennium Development Goals (MDGs) for poverty reduction. Clearly, these two objectives should be reconciled so that we can successfully achieve win-win partnerships for sustainable development.

As far as the ACP Group is concerned, the following facts are worth underscoring to illustrate the importance of the mineral sector to our economies:

- Mineral exports accounts for over 20% of total exports in more than 20 ACP countries.
- Africa as a pillar of the ACP Group accounts for 30% of world reserves and possibly even much more as Africa remains widely under exposed of Raw Material and actually produces more than 60 different minerals and metals, many of which are listed by the EU as strategic.
- Some ACP Countries are amongst the World's major producers of key raw materials. For instance, Democratic Republic of Congo exports 41% of the global production of cobalt, while South Africa produces 79% of Platinum Group Metals worldwide among others.
- Last but not least, it is worth noting that several ACP Countries are heavily dependent on the export of Raw Materials and Minerals. For instance:
  - diamond and nickel accounts for 93.5% Botswana's exports to EU
  - aluminium and diamond accounts for 75.7% of Guinea exports to EU
  - for Zambia, 61.5% of its exports to EU is in the form of copper

Looking at the challenges, it is also a fact that most of our minerals are exported as ores, concentrates or metals, without significant value-addition. Investment in value-added processing of raw materials on the other hand, would offer us, higher returns and increased protection against terms of trade fluctuations while boosting employment and incomes. This is a strategy that several Asian countries are successfully promoting.

The other challenges facing ACP Countries is to develop their capacity to exploit their natural resources within a sustainable development framework, while at the same time mitigating any negative social and environmental effects and maximizing social development.

## **Distinguished Guests,**

### **Ladies and Gentlemen,**

Since December 2010, following the mandate we received from the First ACP Ministerial meeting on the development of Mineral Resources, the ACP group has been actively reflecting on a vision for the development of its Mineral Resources sector. This vision is now encapsulated in a Framework of Action which spells out actions to be undertaken at the all ACP level in the short/medium/or long term, to complement existing national and regional initiatives.

In terms of specific objectives, the draft Framework, aims at:

- i. Firstly, strengthening the management capacity of ACP countries in the mineral sector;
- ii. secondly, integrating sustainable development measures into the ACP mining sector; and
- iii. thirdly, enhancing the ability of states to derive maximum economic and social benefits from the sector, while mitigating the negative impacts of the mining industry.

In elaborating the draft Framework of Action, six main strategic areas of intervention have been identified. They are namely:

- Enhancement of Institutional Capacity;
- Development of Exploration and Geo-scientific Information Systems;
- Development of Small- and Medium-Scale Mining Sector;
- Reduction of Social and Environmental Impacts;
- Improvement of Energy and Transport Infrastructure; and
- Development of Industrialisation and Diversification.

In our view when considering the debate on Trade, Cooperation and Development in Raw materials, we should encompass all the above mentioned dimensions.

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### **Ladies and Gentlemen,**

The role of private sector in Mineral sector investments should not be neglected. I am convinced that, with political will and the right macroeconomic and transparent institutional environment, we can attract the necessary investments, which will propel the development of the Mineral resources sector in ACP countries, while enhancing overall competitiveness.

The All ACP Framework document encourages ACP states to put in place the appropriate legal and institutional frameworks, which contribute to transparency and good Governance. Indeed success in economic growth is tied to “good policies”.

Accordingly, initiatives aimed at cutting red tapes, facilitating domestic and foreign investments, and improving fiscal policies, should be greatly promoted.

Likewise, adherence of Mineral rich countries to transparency initiatives is essential to ensure that they fully harness the opportunities arising out of the development of the mineral resources sector, and that these benefits effectively trickle down to the poorest and most vulnerable segment of the population.

In that regard, transparency is the key engine for ensuring fairness in Global Trade of Raw Materials. Transparency initiatives such EITI should be subscribed to by OECD countries and companies, Mineral producing ACP countries as well as companies from Emerging Economies.

We are aware that transparency has been a core element in the debate on the Raw material initiatives at the level of the European Council and the EU Parliament since 2008.

This is further evidenced by the October 2011 proposal of the Commission, to amend the existing Directive on Transparency (2004/109/EC <sup>[1]</sup>) for listed companies.

The ACP looks forward to further development on the EC proposal. Certainly when enforced as EU law, this proposal could be a major step towards global standards in transparency.

We are also aware of the opportunities for the ACP countries, offered by the EC proposal for the forthcoming EU Research and Innovation Framework Programme “Horizon 2020, and the related proposals for and EU Innovation Partnership on Raw Materials.

Therefore, within the framework of an international consensus, there must be commitment to the ethical management of access to these mineral resources without hindering ACP Countries from accessing their biodiversity and their geological resource through a sustainable development approach.

## **Distinguished Guests,**

## **Ladies and Gentlemen,**

If we want to improve fairness in Global Trade, we also need to restore balance of negotiation capacity between ACP states and mineral resources investors. In that context, assistance from developed partners and relevant International Institutions would be required to help enhancing the negotiating capacities of ACP Government to negotiate Mining Contracts that can optimise their mining development outcomes.

I would like to conclude my remarks by reiterating that as far as the issue of Raw Material is concerned, we are all interdependent.

However depending on how countries or group of countries respond to their delayed development, global competition for access to mineral resources could eventually become a race to the bottom, as the fight to acquire them is potentially dangerous for the most vulnerable countries, such as those of the ACP Group, if there is no strategic Vision for tackling these issues. The consequences could be dire for these countries and for the world, as a whole.

Mineral Resources is therefore a concrete area for enhanced collaboration between the ACP and its various Cooperating partners, including the EU and we need to strengthen this cooperation to make this area an instrument for inclusive growth in line with the Agenda for Change.

**Mr Achille Bassilekin III**  
**Assistant Secretary General**  
**ACP Secretariat**

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