



στην υπηρεσία της επιχείρησής σας



ΚΥΠΡΙΑΚΟ  
ΕΜΠΟΡΙΚΟ ΚΑΙ  
ΒΙΟΜΗΧΑΝΙΚΟ  
ΕΠΙΜΕΛΗΤΗΡΙΟ



Λευκωσία, 22 Οκτωβρίου 2014

Προς: Όλες τις Βιομηχανίες

**Θέμα: Δημόσια Διαβούλευση για πρόσβαση των Ευρωπαϊκών βιομηχανιών σε πρώτες ύλες**

Κυρία/ε,

Η Ευρωπαϊκή Επιτροπή στα πλαίσια διεξαγωγής μελέτης για τη πρόσβαση των Ευρωπαϊκών βιομηχανιών σε πρώτες ύλες, απέστειλε το επισυναπτόμενο ερωτηματολόγιο, το οποίο σκοπό έχει τη συγκέντρωση στοιχείων για την παρούσα κατάσταση στα κράτη μέλη της Ε.Ε..

Στο επισυναπτόμενο ερωτηματολόγιο περιλαμβάνεται αριθμός ερωτήσεων, οι οποίες αναμένεται να οδηγήσουν σε ενέργειες με στόχο τη λήψη μέτρων σε δασμολογικά ή μη εμπόδια τα οποία ενδεχομένως να δυσχεραίνουν την πρόσβαση Ευρωπαϊκών επιχειρήσεων σε πρώτες ύλες.

Παρακαλούμε όπως έχουμε τη συνεισφορά σας για το εν λόγω θέμα στην αγγλική γλώσσα το αργότερο μέχρι τη Δευτέρα, 10.11.2014, στην ηλεκτρονική διεύθυνση [aaaristotelous@mcit.gov.cy](mailto:aaaristotelous@mcit.gov.cy).

Για περισσότερες πληροφορίες ή διευκρινήσεις για το θέμα μπορείτε να επικοινωνείτε με την αρμόδια λειτουργό του Υπουργείου Ενέργειας, Εμπορίου, Βιομηχανίας και Τουρισμού κα. Αρίστη Αριστοτέλους στο τηλ. 22867229.

Με εκτίμηση,

Μιχάλης Πρωτοπαπάς  
Λειτουργός, Τμήματος Εκπαίδευσης και Ανάπτυξης  
Ευρωπαϊκό Κέντρο Επιχειρηματικής Στήριξης Κύπρου  
για Γενικό Γραμματέα.

# **Consultation of EU Member States on challenges, trade issues and possible responses to EU access to industrial raw materials**

## **Introduction**

In the context of the TPC-STIS, as mandated by the TPC-FM, the Italian Presidency and European Commission jointly have launched a consultation on the EU access to raw materials for the industrial sectors. The aim of the consultation is to get the views of EU Member States on the current challenges, trade issues and possible responses on how to obtain a more reliable and undistorted access to raw materials for the EU industry.

On this basis a report aims at informing future trade policies choices related to the sourcing and security of supply of industrial raw materials, export restrictions (export duties, licensing), and other trade and regulatory measures (e.g. trading and export monopolies, minimum export prices, dual pricing or investment restrictions).

Ultimately, the exercise should provide the TPC- FM with a number of key elements for follow-up discussion.

## ***Rationale***

Industrial raw materials' prices on world markets remained fairly stable during the 1980s and 1990; since the early 2000s, however, world markets came under pressure from strong economic growth in major emerging and developing economies. Prices of many raw materials soared to historic levels from 2005, and although the adverse environment of the financial crisis abruptly reversed the trend in 2008-09, countries traditionally engaged in extracting and exporting minerals have become more inclined to regulate output and trade. Many of these resources are critical inputs for industrial production, and have to be procured by resource-poor countries through trade.

Access to raw materials, including imported materials, determines in a sense the 'heartbeat' of an economy. Traditional industries producing motor vehicles, machinery or steel are major consumers of basic and other minerals as inputs. Since the 1990s a range of new technologies has created additional demand for many industrial raw materials, often used in very small quantities although not visible to end-consumers. A smartphone, for example, contains from 9 to 50 different metals. An array of different minerals is used in areas of clean energy technology. Besides iron ore, limestone and clays for steel and cement structures, wind turbines contain bauxite, cobalt, copper, zinc and certain rare earth oxides. Building a hybrid car takes bauxite, cadmium, cobalt and at least 16 other metals. The number of non-renewable materials used to make a solar panel, or a LED light bulb, is even higher. Economic activity depends on raw materials, many of which are traded around the world because no country is self-sufficient. Thus, all economies are to some extent interdependent and therefore vulnerable to trade restrictive measures on raw materials markets.

More restrictive export policies in resource-rich countries has prompted governments of countries that are reliant on procuring industrial raw materials from abroad to follow developments on global markets more closely. Where they are dependent on access to commodities produced abroad but of strategic industrial value to their own economies, they

have begun developing strategies for mitigating supply risks and reducing supply-chain vulnerabilities caused by reliance on foreign supplies. This is the case of the EU launching the raw materials initiative in 2008.

### *Existing initiatives*

The report intends be complementary and add value to work conducted in other groups such as the Market Access Advisory Committee, the Market Access Working Groups or the Economic Tariff Question Group.

Whilst the analysis relies on the input received, the process will build on the experience gained with the STIS assessment of the EU non-ferrous metals, chemical, car and ceramic industries.

Against this background the following studies and reports carried out by the Commission and the OECD may serve as useful reading material prior to responding to this questionnaire:

- EU trade policy and raw materials: <http://ec.europa.eu/trade/policy/accessing-markets/goods-and-services/raw-materials/>
- 2014 Commission Staff working document on the implementation of the raw Materials Initiative: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014SC0171&from=EN>
- 2014 Report on critical raw materials for the EU: [http://ec.europa.eu/enterprise/policies/raw-materials/critical/index\\_en.htm](http://ec.europa.eu/enterprise/policies/raw-materials/critical/index_en.htm)
- OECD reports on export restrictions on raw materials: <http://qdd.oecd.org/subject.aspx?subject=8F4CFFA0-3A25-43F2-A778-E8FEE81D89E2>

### **Practical information**

The European Commission would like to receive your reply to this questionnaire the latest by 15 November 2014.

You can send your reply by e-mail to: **TRADE-INDUSTRY@ec.europa.eu**

If you have any questions or comments on this questionnaire you can send them to the following e-mail-address: **TRADE-INDUSTRY@ec.europa.eu**

### **Definitions**

#### *Industrial raw materials*

The product scope of the questionnaire consists of "raw materials" meaning substances used in the manufacture of industrial products, excluding energy products, processed fishery products or agricultural products, but including natural rubber, raw hides and skins, wood and wood pulp, silk, wool, cotton and other vegetable textile inputs..

### Key raw materials

In this questionnaire, key raw materials are understood as having a high economic importance to your country combined with a high supply risk, i.e. dependence on imports from third countries and risk associated with these countries (governance, trade and regulatory barriers).

The EU has conducted a criticality analysis first in 2010 and updated in 2014 and identified a list of EU critical raw materials. However for the purposes of this questionnaire, you are expected to identify the key raw materials relevant to the economy of your country.

### Export restrictions

Restriction of exports can be implemented through various measures, detailed in the list below. This list is however non-exhaustive and you are invited to report in your reply to the questionnaire other trade or regulatory barriers restricting the export of raw materials.

- Export duties
- Dual pricing scheme
- Differentiated VAT tax reduction/withdrawal for raw materials against processed products
- Fiscal tax on exports
- Restriction on customs clearance point for exports
- Export quota
- Qualified exporters list
- Export prohibition
- Domestic market obligation
- Local processing requirements
- Export licensing requirement
- Captive mining
- Minimum export price/price reference for exports
- Measures on foreign investment including minimum capital requirements, conditions on the location of investments and domestic ownership requirements
- State trading companies having a control on the price and/or quantity of the exports of raw materials

## Questions

### **1. Member State respondents**

1.1. Please provide the name of the Member State and its responsible department.

1.2. Please provide contact details, including email address

## **2. Identification of key raw materials**

### *– Key raw materials and third-country suppliers*

- 2.1. What are the main industrial raw materials identified as key to your country's industries? Please submit a list of the relevant product categories (using Harmonised System at HS 6 level if known).
- 2.2. For each of the products identified as key for your country's industries, please list the main third-country suppliers to your country and your best estimates of the share of each third-country in your supply.

### *– Industrial sectors affected by the critical access to raw materials*

- 2.3. What are in your opinion the industrial sectors in your country that are most impacted by trade issues concerning raw materials?
- 2.4. What is your assessment of the importance of raw materials in the competitiveness of the industrial sectors identified in your reply to the previous question?
- 2.5. How decisive, to your knowledge, is the price level or fluctuation on the issue of industrial raw materials?
- 2.6. What is the relative importance of those industrial sectors to your countries economy in terms of GDP and employment?
- 2.7. Does the critical access to raw materials put your industry in a disadvantaged competitive situation compared to its competitors from third countries?

## **3. Export restrictions, trade and other regulatory measures**

- 3.1. Concerning the identified key industrial raw materials, are they subject to export restrictions applied by third-country?

Please include in your reply information on

- (1) product categories (using Harmonised System at HS 6 level if known),
- (2) the nature of the measures (please refer to the list of possible measures identified in the section on Definitions for example, export prohibition, export quota, export duties, reduction of VAT refund or non-automatic export licensing),
- (3) the stated policy objectives which are to be achieved by export restrictions,
- (4) the impact of the measure on your country's imports (effect on price, quantity, source of imports)
- (5) the effect of your country's economy.

Please explain as much as possible the details of the measures such as export duty rates, amount of quota, etc. and how long they have been in place.

#### 4. EU trade policy responses

In the 2008 communication "*The raw materials initiative — meeting our critical needs for growth and jobs in Europe*"<sup>1</sup>, the Commission defined an integrated strategy for the EU in the field of raw materials including an important external trade dimension. Three main pillars have been identified and pursued since 2008: negotiating trade disciplines in bilateral and multilateral agreements, monitoring and enforcing the disciplines, and reaching out to third countries.

Thus far, the focus of trade negotiations on raw materials has been mainly provisions on export duties, which are unregulated under WTO rules, as well as on export licencing. To this end, good results were notably obtained in a number of FTA negotiations. Removal of trade barriers in raw materials' markets includes monitoring mechanisms, bilateral and multilateral interventions up to dispute settlement to challenge measures that violate WTO or bilateral commitments. Finally, dialogues and outreach activities towards third countries to intensify cooperation in the field of raw materials are pursued; at bilateral level as well as in international fora such as the OECD and the G20.

##### – *Tackling barriers in third countries*

- 4.1. As described above, the EU has developed and implemented a range of options to ensure better access to raw materials and tackle export restrictions on raw materials. If you consider that some components of the EU trade strategy for raw materials as detailed above could be further developed, please identify these areas and make concrete proposals of possible additional policy responses. Please specify if possible the export restrictions, referring to the list proposed in the Definitions that would be addressed by the proposed policy responses.
- 4.2. The EU has successfully pursued an ambitious agenda in bilateral negotiations to secure the elimination of export duties. Should this ambition be maintained as a high priority in the EU trade strategy for raw materials or should we use other fora? Would you consider other provisions or trade actions of similar or even higher importance to ensure a better access to raw materials from third countries? Please substantiate your answer.
- 4.3. Enforcement of disciplines has been at the forefront of trade and raw materials activities notably by making full use of the Market Access Strategy and by successfully bringing two dispute settlement cases on China's export restrictions in the WTO. Please comment on your expectations and recommendations with regard to the enforcement activities to ensure access to raw materials. In particular are there specific export restrictions that would qualify under a similar EU approach, including intervention at the WTO? Please list the specific export restrictions and intervention mechanism you would consider to be relevant.
- 4.4. The EU has agreed with some third countries, in the context of formal agreements or informally in bilateral relationships, to strengthen the cooperation on raw materials issues, e.g. with the US in the TEC or Mongolia in a PCA. What should be the role of

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<sup>1</sup> Communication from the Commission to the European Commission to the European Parliament and the Council, COM(2008) 699 final, 4.11.2008

policy cooperation in the field of raw materials? Which areas of cooperation would you suggest to include?

4.5. Please provide a short assessment of the expected impacts on your country's economy and competitiveness of the policy responses that you have proposed in reply to the previous questions.

– *Autonomous measures from the import and export side*

4.6. In addition to tackling export restrictions implemented by third countries, should the EU explore autonomous measures such as import measures, tariff suspensions or the monitoring and surveillance of EU exports bearing in mind that the latter could undermine our overall access to raw materials agenda with third parties?

What are the reasons that are supporting your request?

4.7. Please provide a short assessment of the expected impacts on your country's economy and competitiveness of the policy responses that you have proposed in reply to the previous questions.

**5. Other issues**

5.1. If there are any other issues that are not mentioned in this questionnaire that you would like to address, please use the space below to set them out.

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