



Europe's Resource Grab

Vested interests at work in the European Parliament

Corporate Europe Observatory, 27 June 2011

On 30 June, the European Parliament's industry, energy and research committee (ITRE) is due to vote on the EU's Raw Materials Initiative, establishing guidelines for Europe's future policy on natural resource use. The Parliament's report could effectively give the green light to mining in protected European nature reserves as well as a resource grab in Asia, Africa, the Americas and the Arctic.

The vote follows fierce calls from a number of MEPs with close links to industry for European big business to be allowed to exploit other countries' raw materials without any restrictions – via trade, development and even military policies. MEPs have also tried to block strong language in the report on the need to stop corporate abuse in the extraction sector and to reduce Europe's over-consumption of raw materials.

Several of the MEPs pushing this aggressive agenda are from the European People's Party (EPP) and have close links to industry sectors which have a vested interest in the raw materials debate (Bendt Bendtsen – Denmark; Herbert Reul and Daniel Caspary – Germany).

Others such as Paul Rübig MEP (EPP, Austria) seem to have clear conflicts of interest¹. Rübig profits from companies which depend heavily on the access to cheap raw materials. He also has close connections with industry lobby groups which have tried to shape the EU's Raw Materials Initiative. Nonetheless, Rübig is one of the lead persons in the debate in Parliament and has set up a cross-party group of MEPs, the European Raw Materials Group, which will follow the issue, working closely with a parallel industry group.

Another MEP who appears to have a distinct conflict of interest is Elmar Brok (EPP, Germany) who has argued for military backing for the EU's resource policy. Brok is employed by media giant Bertelsmann, the parent group of Arvato Services Technical Information, which sells IT services to clients in the military sector.

Following the Parliament's cash for influence scandal earlier this year, when three MEPs were caught accepting cash in return for amending laws, MEPs lobbying links have been under close scrutiny. A parliamentary working group, chaired by the President of the Parliament, Jerzy Buzek, was established to develop a code of conduct for MEPs and is scheduled to conclude its deliberations this week. The findings of this report underline the importance of tackling the issue of conflicts of interest in the Parliament. In particular, it is vital that the new code of conduct for MEPs bans all second jobs that involve lobbying or which require an MEP to act in another's interests ie. by being a board member of a company. There also needs to be regulation of all cross-party groups, including MEP-industry forums.

The race is on: the EU's Raw Materials Initiative (RMI)

Following a lengthy strategic lobby campaign by German industry (see box 1 below), the European Commission published its first Raw Materials Initiative (RMI) in 2008². Its aim was to secure access to vital non-energy and non-agricultural raw materials for the benefit of the EU's manufacturing industry. This included minerals (e.g. fluorite, silica), metals (e.g. copper, aluminium) and high-tech metals needed for the production of products ranging from mobile phones and flat TV screens to electric cars and wind turbines (e.g. lithium, rare earth). To avoid shortages in the supply of these materials, the Commission proposed three different 'pillars' of actions: 1) guarantee supply from outside the EU; 2) foster supply from EU sources through relaxed mining conditions; and 3) increase resource efficiency and recycling. The priority was the first pillar. The EU wanted countries to abandon any trade and investment policy instruments that limited access to raw materials, exploitation or extraction.

The RMI's focus on securing resources from other parts of the world triggered a wave of criticism from environmental and developmental groups. They saw the initiative as an unabashed neo-colonial call to plunder the resource wealth of the Global South, undermining prospects for economic development. They feared that the RMI would exacerbate existing environmental, social and health problems related to resource extraction: poor working conditions and low wages, human rights violations, armed resource conflicts, the destruction of fertile land, water shortages and toxic pollution. And they warned that the strategy would prevent the sustainable use of natural resources, instead reinforcing Europe's reliance on raw materials.³ The EU is already more dependent on imported resources than any other region in the world, importing an estimated 80% of the raw materials used by its manufacturing companies⁴.

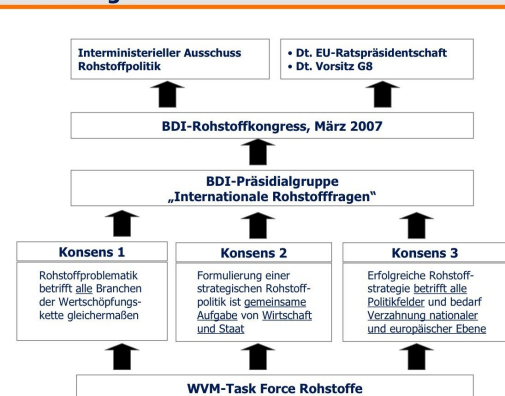
Box 1: Corporate Germany and the Raw Materials Initiative (RMI)⁵

The 2008 RMI was the result of a well orchestrated lobbying campaign by the European, and in particular the German metal industry. In 2003, the European metal lobby, Eurometaux, developed a "2-year advocacy plan for awareness and alliance building at EU and national level" on raw materials⁶. A first result was a conference on raw materials organised by the German industry federation (BDI) in 2005 and the establishment of a "raw materials task force" within the BDI.

Led by the German metal industry federation, Wirtschaftsvereinigung Metalle (WVM), and in close cooperation with the German government, the task force forged an industry-government consensus on three issues: 1) access to raw materials affected all industrial sectors; 2) the formulation of a raw materials strategy was a joint task for industry and the state; and 3) the raw materials strategy cut across all policy fields on the national and the EU level (see the graph below in which a member company of the task force explains the "development of an international raw materials strategy"). In parallel, Eurometaux entered into a "focused interaction" with the trade and industry departments of the European Commission to establish a similar consensus⁷.

Following BDI's second raw materials conference in 2007, the German government issued its own raw materials strategy and established an inter-ministerial working group on the issue, including the ministries of defence and development. With this working group, German chancellor Angela Merkel assured industry, "you get what you wanted: a forum to raise your concerns and to network with policy-makers"⁸. Merkel used the 2007 German EU and G8 presidency to put the issue high on the international agenda. The 2008 RMI presented by then industry Commissioner Verheugen (Germany) was one result.

Entwicklung einer internationalen Rohstoffstrategie



Source: Presentation of Norddeutsche Allianz, May 2007⁹

Nonetheless, the EU's revised raw materials strategy, which was published on 2 February 2011¹⁰ is almost a carbon copy of the 2008 version. Rather than stressing the need to curb Europe's overconsumption of resources and outlining concrete measures to do so, the 2011 strategy again emphasises resource supply.

The raw materials debate in the European Parliament

Six Parliamentary committees have discussed the Commission's raw materials proposal since its publication in February 2011. The industry, research and energy committee (ITRE) took the lead, supported by the environment committee (ENVI). The committees on foreign affairs (AFET), international trade (INTA), development (DEVE) and agriculture (AGRI) also commented. Four out of six of the lead MEPs on the committees, the rapporteurs, were from Germany, the country driving forward the EU's raw materials policy (see box 1 on the previous page).

While all the committees welcomed the RMI, MEPs made a number of critical points:

- DEVE and INTA members in particular criticised the EU's attack on developing countries' export and investment restrictions in the raw materials sector and the lack of legal liability for companies in the extractive sector which violated environmental standards and human and labour rights;
- several MEPs stressed that competition for raw materials was a root cause of conflicts and wars and that the EU should help create international mechanisms to prevent such conflicts;
- members of the ENVI and ITRE committee proposed concrete targets for resource efficiency and reduced resource use in the EU. ENVI members also called for a more sustainable economic model decoupled from material use and the examination of a tax on resources;

But in each of the committees, MEPs with close links to industry countered these proposals, tabling amendments fiercely supporting the exploitation of other countries' raw materials, secure access through the EU's foreign and security policy, and blocking any strong wording opposing corporate abuse in the extractive sector or clear words on the need to reduce Europe's resource consumption. With the notable exception of the DEVE committee, where "lobbyists do not pass by on the topic of raw materials" according to the committee's lead person on raw materials, Green MEP Judith Sargentini (Netherlands)¹¹.

'Mr. Raw Materials' Paul Rübzig driven by vested interests?

The Conservative Austrian MEP Paul Rübzig – known in the media as Brussels' Mr. Raw Materials¹² – is a key figure in the debate. Together with Karl-Heinz Florenz (EPP, Germany), Rübzig set up the European Raw Materials Group, a cross-party group of around 30 MEPs, which works closely with a parallel industry group (see box 2 on the next page). As the EPP's key person on raw materials in the lead committee (ITRE), Rübzig tabled a number of aggressive amendments. He also sponsored events for the raw materials industry in Parliament. In June 2010, for example, he hosted the 50th anniversary of the gypsum lobby group Eurogypsum – with a gala dinner and a visit to the Parliament's premises in Strasbourg. According to Eurogypsum, the event "encouraged our members to establish a stable and effective relationship with the MEPs in the future"¹³.

Rübzig has an interest in such activities. He receives a share of the profits from two family companies which depend heavily on access to cheap raw materials: Probig, which produces water- and wastewater treatment systems, and the Rübzig group, made up of engineering, forging, heat treatment and aluminium companies¹⁴. While the Austrian EPP press spokesperson in the Parliament assured Corporate Europe Observatory (CEO), that Rübzig no longer had a management position in any of these firms, he does have a personal secretary at Rübzig Die Forge. His secretary, however, was not allowed to answer questions about Rübzig's activities and referred CEO to the EPP's press contact.

Box 2: The European Raw Materials Group

In June 2010, MEPs received an invitation to join a new cross-party group of MEPs working on raw materials: the European Raw Materials Group (ERMG). It came from the Conservative MEPs Karl-Heinz Florenz and Paul Rübig who wanted to make “the supply with raw materials a priority in all fields of action for the European Union” and “to provide momentum” to the EU’s external activities on raw materials¹⁵.

The ERMG was officially set up in February 2011 and has around 30 members, including the Parliament’s rapporteur on raw materials, Reinhard Bütikofer (Greens), the lead person of the development committee, Birgit Schnieper-Jastram (EPP), the shadow rapporteur for the Liberals in the ITRE committee, Vladko Todorov Panayotov, German EPP member Burghard Balz¹⁶ as well as Florenz and Rübig. Both Rübig and Florenz ignored repeated requests from CEO to disclose the full membership of the group.

According to Florenz, the ERMG’s work programme is still in the making, but will focus on rare earths, foreign affairs, trade and recycling. It will work closely with the European Raw Materials Club (ERMC), a parallel lobby group representing raw material producing and processing companies. Florenz explains the close links between the two groups saying: “There is hardly another problem on which industry and politics must co-operate as closely”¹⁷. And adds: “We want to work with industry, with those engaged, to see on which corner we will be able to work”. Having established the priorities, Florenz wants the group to “react quickly” and “take direct and quick action” – instead of going through the usual lengthy and democratic processes in the Parliament.¹⁸

The ERMC is being set up by the Austrian lobby firm Public Interest Consultants – in a “particularly transparent” manner, CEO was told. The lobby firm cannot however be found in the EU’s lobby register¹⁹. Public Interest Consultants offers its clients “EU-people management” (= building and sustaining tailor-made networks between clients and key decision-makers) and “alliance campaigning” (= initiating and maintaining strategic alliances to advance clients’ interests, including through cross-party coalitions in the European Parliament), among other services²⁰.

Against the background of the Parliament’s spring 2011 lobby scandal, both Florenz and Public Interest were quick to assure CEO that the ERMG and the ERMC were “strictly separate”, with no cash flows, or personal or organisational links between them²¹. The Austrian EPP group press spokesperson in the Parliament dismissed CEO’s concerns about the proximity of the two groups as “a big misunderstanding”, probably generated by the scant information available.

Yet some businesses have told the media that they consider the club as “too dodgy” to join. There are rumours that Rübig and Florenz are close to Public Interest Consultants²². Florenz in particular seems to have good connections with one of the lead companies of the ERMC, the Austrian ceramics producer RHI. In autumn 2009, Florenz held a joint press conference with RHI, calling for a “pan-European raw material policy”, which should include “raw material security as a focal point when considering new legislation”²³. Public Interest Consultants has praised the “close co-operation and connection” between the industry club and the MEP group saying this is the “distinctive feature” of the ERMC. And MEP Florenz said: “The ERMC and the ERMG, that is not just ‘industry’ and not just ‘politics’, but both!”²⁴

According to his declaration of financial interests, Rübig is also remunerated by the Austrian Federal Economic Chamber (WKÖ), one of the main functions of which is “interest representation in Austria and the EU”²⁵. Rübig is a member of the presidency of the WKÖ’s industrial division, which represents around 4,000 companies from the industrial sector. The division’s director told CEO that Rübig’s role is to “report on current developments in Brussels” and “receive important information from industry”, including “no gos”²⁶.

Rübig’s parliamentary staff are co-sponsored by the WKÖ, by the Federation of Austrian Industries (Industriellenvereinigung, IV) and the Austrian electricity industry’s lobby group, Österreichs

Energie²⁷. All have sent trainees to Rübigs office where they have worked for up to a year. One of Rübigs current assistants, Ina Paripovic, is listed as a member of staff with WKÖ's Brussels network – with contact details at the Parliament²⁸.

Rübigs is also a vice-president of the European Energy Forum (EEF), a lobby forum that brings together MEPs and big energy multinationals (see the section below on Herbert Reul and Daniel Caspary for more information). The Austrian media has recently reported that Rübigs repeatedly tabled positions that were in the interest of EEF's members. Austrian MEP Martin Ehrenhauser has called Rübigs "an old school lobbyist" and explained: "These people are not interested in quick money, but in long-term networking. They represent the special interests of powerful groups – and successfully so"²⁹.

As consumers and processors of raw materials, Rübigs companies and the lobby groups he acts for have a vested interest in access to cheap supplies. WKÖ and IV have also lobbied in their own right to shape the EU's raw materials initiative³⁰. So, Rübigs faces a clear conflict of interest on this issue.

His employers must be satisfied with the MEP's performance. He makes his case by condemning the "resource hunger" of newly industrialising countries such as China and India – appealing to a sense of fair play. But the average European consumes three times as many resources as the average Asian³¹. Stressing that "Europe's interests in raw materials are global" Rübigs has continuously attacked Chinese export restrictions on raw materials and the country's strategy to secure access to resources in Africa. Rübigs has also demanded easier access to European natural resources for local mining companies and suggested that they should be protected against ambitious requirements to reduce emissions in the fight against climate change³².

In a debate of the lead ITRE committee on 31 March, Rubig argued that "scarcity of raw materials is an industry topic" and that the committee should focus even more on "the supply side and the competitiveness of European industry"³³. In his amendments, the MEP warned "that the policy of some emerging countries, especially China, sourcing raw materials worldwide, in particular in Africa, might endanger the European Union's access to commodities on the continent". He deleted wording opposing the misuse of development policy to secure EU companies access to raw materials. He also suggested that trade preferences should be denied for countries that apply restrictive trade and investment measures on raw materials. And Rübigs called on the Commission "to develop new strategies for an unhampered local access to raw materials" within Europe³⁴.

Rübigs is not the only MEP who wants to relax extraction restrictions in the EU, including in protected areas. The MEPs Herbert Reul (see below for more information), Karl-Heinz Florenz, Anja Weisgerber and Angelika Niebler all sing from the same hymn sheet³⁵. They are all German EPP members with reportedly close links to industry³⁶. Environmental groups have criticised initiatives to facilitate mining in the EU's protected areas because of the risk of further loss of biodiversity and the destruction of ecosystems³⁷.

Elmar Brok and Bertelsmann's militarist agenda

The German Conservative MEP Elmar Brok was the lead person on raw materials in the foreign affairs committee (AFET). According to his declaration of financial interests, the EU veteran also works for the German media conglomerate Bertelsmann – where he is Senior Vice President Media Development³⁸. Brok has repeatedly been accused of acting in the interest of his employer, rather than his voters³⁹. His role in the raw materials discussion seems to be another case in point.

At a hearing in the European Parliament on 18 November 2010, Brok openly stressed the need to discuss "how far one may secure trade routes with military means in order to secure access to raw materials"⁴⁰. In his draft AFET opinion, he argued that "around 50% of worldwide raw material [...]"

resources [...] are located in fragile states or unstable regions”, and that was why there was an urgent need for a “coherent and effective EU diplomacy” to “ensure a strategic and secure supply for European industries”. Brok also argued that the responsibility for this policy “must lie with the EEAS”, the EU’s external action service. And he stressed that access to raw materials was a key issue for the arms industry, calling on the European Defence Agency to “strengthen the industrial and technological base of the defence sector with regards to raw materials”.⁴¹

The EEAS is not only responsible for the EU’s foreign and development policy, but also for its military operations. Its role in the Union’s strategy for a secure supply of energy and raw materials was underlined in a speech by the EU’s High Representative for Foreign Affairs and Security Policy, Catherine Ashton, who said: “Wider issues also affect the security of our citizens: energy, climate change and the competition for natural resources [...] Many of these threats are inter-linked. We have to identify the linkages and then frame and implement comprehensive strategies. We must mobilise all our levers of influence – political, economic, plus civil and military crisis management tools – in support of a single political strategy [...] The creation of the European External Action Service is important to promote exactly the kind of joined up thinking and action we need... The days when EU foreign policy could be dismissed as all talk and no action are long over”⁴².

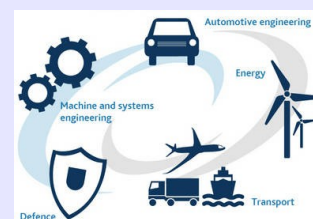
But how does Brok’s hawkish agenda benefit media giant Bertelsmann? One of the company’s subsidiaries is the IT service provider, Arvato Services Technical Information (formerly VAW-Arvato), which profits directly from the militarisation of the EU’s foreign policy. The company offers “all services in the context of a logistical master plan for military projects”, including technical documents for military vehicles such as tanks⁴³. While Arvato Services refused to give CEO any information on its clients, a number of blogs and a screenshot from the company’s website in 2008 suggest that Arvato Services is responsible for the electronic documentation for the military in EU member states such as Germany and the Netherlands (see box 3 below)⁴⁴. The company regularly advertises for technical writers for the military sector in both countries. Arvato’s clients also include mining and energy companies⁴⁵.

The Bertelsmann Foundation, a think tank and shareholder in Bertelsmann, has lobbied for decades for a more militarist EU, capable of securing its economic interests with military means⁴⁶. Access to raw materials is one of these interests. In its manifesto ‘Beyond 2010. European Grand Strategy in a Global Age’, Bertelsmann’s Venusberg group of security and defence experts

Box 3: Arvato Services Technical Information’s military clients



The above image was copied from the company’s website in March 2008 and shows Arvato’s defence engineering (Wehrtechnik) clients at the time: military vehicle producers (Bundeswehr, Nederlandse krijgsmacht). The images on the right from the current website show the sectors, in which Arvato has been active “for more than 5 decades”. A click on the bomb or the shield symbolising the defence sector no longer leads to information about the military vehicles.



Source: <http://www.vaw-arvato.com/index.php?id=9&L=12> (27 March 2008); courtesy of Hubert Kniesburgs. Images on the right: www.arvato-services-ti.com.

agitates: “Securing the sources of energy, guaranteeing its supply, protecting sea lanes upon which it moves and reducing Europe’s dependence on others are fundamental to the future well-being of Europeans. Consequently, energy is a vital interest for Europeans”. The group made no bones about how vital interests should be defended: “If threatened, such interests must be secured by all possible means, incorporating the full spectrum of military capabilities, including nuclear deterrence”.⁴⁷

The Bertelsmann Foundation's Brussels office has stepped up activities that focus on raw materials. Since 2010, it has funded an exchange programme between MEP assistants and US-Congress. Energy and raw materials are a specific focus and half of the EU fellows work for key MEPs in the raw materials debate⁴⁸. The Foundation also organised an event on EU-US cooperation on rare earth policies in the Parliament⁴⁹. Its programme ‘Europe’s Global Responsibility’, which “is helping to shape the development of the EU’s foreign and security policy” explicitly mentions “a potentially conflict-prone struggle over a number of resources, including access to essential raw materials and new markets”⁵⁰.

Not all MEPs agree with such an aggressive race for raw materials. Helmut Scholz MEP (German Left), for example, pointed out “that competition for access to raw materials has often been a root cause of conflicts and wars” and argued for a more co-operative approach from the EU. Italian Socialist Vittorio Prodi called for the EU’s raw materials diplomacy to “prevent the risk of resource based conflicts”.⁵¹ The rapporteur for the development committee, Birgit Schnieper-Jastram (Germany, EPP), demanded “an international mechanism that aims at preventing the use of military force as a means to secure access to raw materials”⁵².

Big energy & EU resource imperialism: Herbert Reul and Daniel Caspary

Herbert Reul MEP, the chair of the ITRE committee, and Daniel Caspary MEP (both German Christian Democrats) put forward some of the most bluntly neo-colonial proposals for the EU’s global quest for raw materials. In order to “defy economic rivals” (Reul), they demanded a “co-ordinated raw materials diplomacy securing industry’s long-term access to key natural resources”⁵³ – well aware that what is euphemistically termed ‘raw materials diplomacy’ by the EU Commission includes gagging trade deals imposed on developing countries and backed by military means.

According to Reul and Caspary, agreements with resource rich countries in Africa and Latin America, including Economic Partnership Agreements (EPAs) with countries in Africa, the Caribbean and the Pacific, should be used to guarantee EU companies free access to raw materials. And EU development aid should be conditional: “A free and undistorted access to raw materials must be a condition for EU aid to third countries”. Both MEPs also called for “tougher action” against China after the country increased its export taxes on rare earths, saying that: “Chinas hunger for raw materials must not lead to empty plates in Europe”.⁵⁴ Caspary in particular supported “every attempt by the Commission to open up the markets for raw materials”⁵⁵.

Caspary translated this neo-colonial agenda directly into amendments for the ITRE draft report on raw materials. He added a condition that developing countries which limit the access to their resources should no longer benefit from preferential access to the EU market under the so called Generalised System of Preferences (GSP)⁵⁶. In the INTA committee, Caspary tried to weaken proposals for rules governing the social responsibility of European companies mining abroad⁵⁷. Earlier this year, he fought viciously against strict social and environmental obligations for EU companies investing in foreign countries and against attempts to limit their access to international arbitration tribunals in disputes over natural resource rights⁵⁸ – efforts that were probably appreciated by Caspary’s friends from the oil, gas and electricity sectors, which are amongst the sectors most involved in international investment arbitration⁵⁹.



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Both, Reul and Caspary are active players in the European Energy Forum (EEF), an MEP-industry group linking MEPs, Commission staff, companies and lobby groups with an interest in energy policies – or as the EEF website frames it: legislative, executive and economic power⁶⁰. Corporate members include energy multinationals such as Areva, BP, Shell, ExxonMobil, Vattenfall and RWE⁶¹. Some have a direct interest in the EU's raw materials strategy (despite its focus on non-energy raw materials). French nuclear giant Areva, for example, not only builds atomic power plants, but also exploits uranium mines in Canada, Kazakhstan and Niger⁶². Other EEF members including the European Chemical Industry Council (Cefic) and the European Cement Association (Cembureau) have actively lobbied for the RMI⁶³.

For an annual membership fee of a minimum of 7,000 Euros, the EEF's corporate members can “meet with key players” in the debate at company-sponsored exclusive dinner debates and lunchtime discussions, briefings for MEPs' assistants and visits to energy sites, such as the scheduled tour of the environmentally destructive oil sands of Alberta, Canada⁶⁴. The EEF has been referred to as the “submarine of the energy industry”, with discussions starting at the forum usually ending up in Parliament⁶⁵. Reul is a vice president of EEF, Caspary one of the directors.

But Reul's links with Big Energy extend beyond the EFF. He is a board member of RheinEnergie AG⁶⁶, a German energy company. Energy giant RWE owns 20% of RheinEnergie. According to German media reports, Reul has previously tabled amendments written by lobby groups from the energy sector in discussions about the EU energy market and rules for CO2 emissions from cars. When Reul became the chair of the ITRE committee in 2009, there was speculation in the media as to whether he would be able to change from being an “MEP with a strong pro-business stance” to a more neutral facilitator. Reul himself wondered: “What is wrong about the industry committee acting as the lobby group for European industry?” and added that “it would be wrong to think about how to make industry's life harder day and night”⁶⁷. It comes as no surprise then that, in the raw materials debate, Reul was also “worried about the tendency within the European Parliament and also in parts of the Commission to emphasise resource efficiency”⁶⁸.

A large group of MEPs from all parties rejected Caspary and Reul's EU resource imperialism, recognising the importance of “resource sovereignty” and the rights of countries to restrict access to their raw materials. MEPs rejected “the inclusion of explicit guarantees on market access to raw materials in EU trade agreements” and stressed the “legitimate right of developing countries... to regulate foreign investment in the public interest” and to use export restrictions. MEPs also underlined the need for “rules on the social responsibility” of European companies “involved in the mining of raw materials”. They called on the EU to “help developing countries diversify their economies and reduce dependency on raw materials to protect exhaustible natural resources” and underlined that “the exploitation of natural resources should be pursued in order to help a country meet its broader social and economic goals, not as an end in itself”. Some even demanded “the reduction of the EU’s dependency on imported raw materials” and the “creation of a sustainable and equitable system to manage the world’s natural resources”.⁶⁹

Unlike Caspary and Reul, these MEPs seem at least to be familiar with the United Nations International Covenant on Economic, Social and Cultural Rights, which clearly states that: “All people may, for their own ends, freely dispose of their natural wealth and resources without prejudice to any obligations arising out of international economic cooperation, based upon the principle of mutual benefit, and international law. In no case may a people be deprived of its own means of subsistence”⁷⁰. Similarly, the second principle of the Rio Declaration on Environment and Development says that states have “the sovereign right to exploit their own resources pursuant to their own environmental and developmental policies”⁷¹.

Ironically, the EU – and EU industry – seem to be fervent supporters of resource sovereignty when it comes to limiting the export of recyclable materials from Europe to increase the availability of secondary raw materials to EU industry.

Exploiting the Arctic: Bendt Bendtsen acting for the shipping industry?

The Danish Conservative MEP Bendt Bendtsen focused his contribution to the raw materials debate on access to Greenland’s natural resources. In the ITRE committee, the MEP tabled amendments stressing the need for EU-Greenland negotiations on access to the country’s stocks of rare earth. Two mountains in the South of Greenland are thought to contain some of the world’s largest deposits of these materials, which are used to build wind turbines, mobile phones, electrical motors and many other products. Bendtsen also wants to review the existing EU-Greenland partnership agreement in order to ensure EU companies are granted “priority access” to Greenland’s extracted raw materials and “financial aid for mining” from the EU⁷².

According to his declaration of financial interests⁷³, Bendtsen works for at least two companies, which might profit from the scramble for resources in Greenland: the Danish ship operator Esvagt and SeaMall, a company where Bendtsen is a board member. SeaMall sources materials for its member shipping companies. SeaMall’s members could be among the companies shipping rare earth mined in Greenland to the rest of the world. The shipping routes which connect Greenland to North America, Europe and, via potential future open water routes to Japan seem to be one of the decisive factors for rare earth drilling projects on the island, according to a presentation from one Canadian company currently drilling in Greenland⁷⁴. The shipping routes displayed would guarantee “excellent access to major end users” of rare earth metals mined in Greenland, as well as potential big profits for the shipping industry, especially in Denmark. Danish shipowners already transport about 10% of world trade⁷⁵.

Shipping routes from Greenland’s rare earth mines



Source: Hudson Resources Inc.

Esvagt runs safety and rescue ships as well as service vessels in the North Sea⁷⁶. In summer 2010, Esvagt's standby and oil spill response vessels participated in exploration drillings off Greenland's West coast. A scramble for Greenland's resources and more EU money to extract its raw materials as demanded by Bendtsen, is definitely in Esvagt's interest.

Bendtsen is not the only MEP to put the spotlight on the Arctic's natural resources. Rübig (see above) tabled amendments that were completely identical to Bendtsen's⁷⁷. Several other Nordic MEPs, including Lena Ek (Liberals, Sweden), Marita Ulvskog (Socialists, Sweden), Andrzej Grzyb and Bogdan Kazimierz Marcinkiewicz (Conservatives, Poland) as well as Riika Manner (Liberals, Finland) have stressed the role of the Arctic and the Barents region as suppliers of oil, gas, forestry, metals and fish for European companies⁷⁸. Environmentalists have warned of the potentially destructive impacts of mining on Greenland's fragile ecosystem and on the indigenous peoples who rely on the region's natural resources⁷⁹. Campaign groups have called for a moratorium on all oil and gas developments in the Arctic⁸⁰.

The need for an alternative raw materials policy...

When MEPs vote on the RMI this week, they could endorse an EU resource grab, that undermines the sovereign rights of developing countries, while also putting Europe's own natural resources at risk. While several MEPs have rightly rejected some of the most exploitative proposals put forward in support of the extractive industries, the strategy as it stands is nevertheless an attempt to legitimise the plunder of other states' resources – in a way not seen since colonial times.

Paul Murphy MEP (Ireland, European United Left Group) in fact went so far as to condemn the strategy as being "solely in the interest of big business in Europe... at any costs and despite the damaging impact that this can have on indigenous communities and working class people". He told CEO: "In my opinion, the European Parliament should oppose the initiative and support an alternative strategy. It shouldn't be based on the interest of multinationals in Europe. It should be based on the interest of ordinary people everywhere. This would mean recognising the democratic right of countries to impose export taxes, to regulate companies and to nationalise their raw materials if that's what their people wish to do"⁸¹.

What is needed is a completely different approach to resources, which recognises people's resource sovereignty and encourages a shift to a more sustainable production model, based on a reduced consumption of resources, on re-use and recycling – rather than extraction, unlimited production and waste.

... and for a new code of conduct for MEPs

As this report shows, there is also an urgent need for reform to prevent MEPs from promoting outside interests in their work. Such conflicts of interest undermine their ability to work in the public interest. In a recent report, CEO showed that up to one in seven MEPs has a second paid job which could create a conflict of interest with their work as an MEP⁸². This new report highlights exactly how those conflicts of interest can play out in practice and the detrimental impacts this can have on European decision-making, with consequences for people in Europe and beyond. It is vital that the Buzek working group to develop a new code of conduct for MEPs tackles these issues head-on. An MEP code of conduct needs to include the following measures⁸³:

- A ban on all second paid jobs for MEPs where lobbying is involved or which require them to represent others. Such paid jobs include lawyers, accountants, company board members and consultants.
- The introduction of a detailed financial declaration by MEPs which requires them to list all outside earnings and and private interest.
- Mandatory requirements that all cross-party groups register with the parliamentary authorities and declare their membership and income.

Endnotes

- 1 According to the OECD, a conflict of interest is the risk or the potential of improper influence taking place, rather than the fact of it, which is at the heart of a conflict of interest. The OECD says a conflict of interest is “a conflict between the public duty and private interests of a public official, in which the public official has private interests which could improperly influence the performance of their official duties and responsibilities”. OECD (2003): Guidelines for Managing Conflicts of Interest in the Public Service, para 10.
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- 13 http://www.zkg.de/en/artikel/zkg_2010-7-8_50_years_support_for_the_interests_of_the_European_Gypsum_Industry_964227.html.
- 14 http://www.europarl.europa.eu/ep-dif/2278_19-01-2011.pdf.
- 15 Email from MEP Karl-Heinz Florenz sent to an undisclosed list of MEPs on 30 June 2011: REMINDER: launch of “European Raw Materials Group”, 7 July 2010, 15.30 h. On file with Corporate Europe Observatory.
- 16 Burkhard Balz is a member of the advisory board of MuP Ingenieurgesellschaft Holding in Munich, which according to its website is “one of the leading German engineering companies in the range of environment, construction, infrastructure, real estate and paper industry”. In 2005, it set up MuP Environmental Consulting in Beijing, China. See: Corporate Europe Observatory (2011): MEPs and second job – Time to regulate, May, <http://www.corporateeurope.org/lobbycracy/content/2011/05/meps-and-second-jobs-time-regulate-1>.
- 17 Euractiv (2011): Business shun ‘dodgy’ raw materials club, 1 March, <http://www.euractiv.com/en/specialreport-rawmaterials/businesses-shun-dodgy-raw-materials-club-news-502618>.
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- 32 Rübig, Paul (2008): Gastkommentar. Europa hat globale Rohstoffinteressen, in: WirtschaftsBlatt, 4 December, <http://www.wirtschaftsblatt.at/home/meinung/gastkommentare/gastkommentar-europa-hat-globale-rohstoffinteressen-353700/index.do>.
- 33 Intervention of Paul Rübig during the consideration of the ITRE draft report in the committee session on 31 March 2011.
- 34 Amendments 163, 246, 249 and 260 to the ITRE draft report on an effective raw materials strategy for Europe, ITRE_AM(2011)462749, 18 April 2011, <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+COMPARL+PE-462.749+01+DOC+WORD+V0//EN&language=EN>.
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- 36 See the below section on Herbert Reul for more information. Angelika Niebler and Anja Weisberger both feature in a recent report by Corporate Europe Observatory: MEPs and second jobs – Time to regulate, May 2011, <http://www.corporateeurope.org/lobbycracy/content/2011/05/meps-and-second-jobs-time-regulate-1>. Florenz is considered a close ally of the chemical and steel industries – two sectors which are heavily dependent on the access to cheap raw materials. During discussions about the EU's climate policy in autumn 2008, Florenz was caught red-handed tabling amendments that were written by the steel sector lobby group Eurofer. See: Corporate Europe Observatory (2010): Industry lobbying on emissions trading scheme hits the jackpot: the cases of Arcelor Mittal and Lafarge, <http://www.corporateeurope.org/climate-and-energy/content/2010/05/industry-hits-carbon-leakage-jackpot>.
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