European Policy Brief

STRADE

Strategic Dialogue on Sustainable Raw Materials for Europe (STRADE)
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African Evaluation of European Union's Approach to Raw Materials Engagements: A Review of Responses and Proposals

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STRADE is an EU-funded research project focusing on the development of dialogue-based, innovative policy recommendations for a European strategy on future raw materials supplies. In a series of policy briefs and reports, the project will offer critical analysis and recommendations on EU raw materials policy.

This policy brief is part of a series of research articles and reports produced under STRADE. This brief presents an African perspective of the EU's engagement on raw materials with the region.

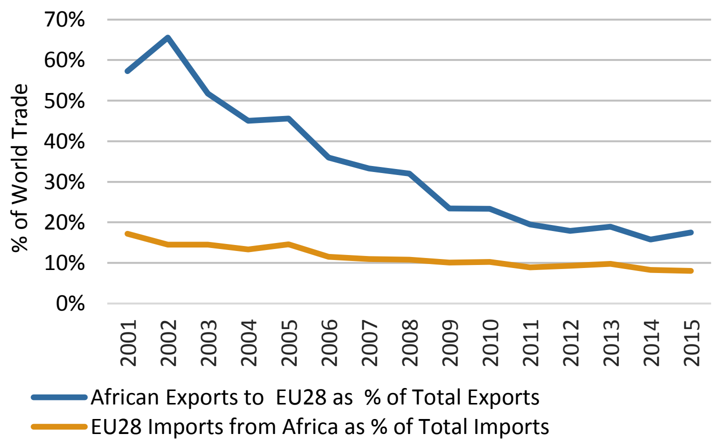
1 Introduction

Africa has long been an important source of mineral raw materials for the EU, though its share of EU imports of ores, metals, precious metals & minerals has been falling: from 17% in 2001 to 8% in 2015 (average 11%, see graph). However, the EU has declined dramatically as a market for Africa's mineral exports due to the rapid increase in demand from Asia: from 57% of ores, metals, precious metals and minerals in 2001 to 17% in 2015 (average 34%)[1]. Nevertheless, Africa is a major source for or has large resources of several "critical"[2] EU raw materials such as Platinum Group Metals (PGMs), cobalt, tantalum, niobium and, to a lesser extent, fluorspar, magnesium, tungsten, graphite and rare earths. In addition, Africa has become a growing market for EU construction and mining equipment, with these exports doubling from $2.2 billion in 2005 to $4.3 billion in 2011[3].

Many of the mining companies active in Africa originate from Europe or are listed on European exchanges, particularly the UK (London Stock Exchange-LSE/Alternative Investment Market-AIM) and dependencies (Caymans, Jersey, Guernsey & British Virgin Islands), The Netherlands (BV companies), Switzerland, France (focused on uranium & manganese) and Luxembourg[4].

Access to a stable and sustainable supply of raw materials for the EU is indispensable to support 30 million people employed in the EU's raw materials industrial sector. This supply provides inputs to diverse industries with a total added value of €1 300 billion[5]. Acknowledging the importance of such access, the Raw Materials Initiative (RMI)[6] in 2008 articulated the need for the EU to secure a sustainable and stable flow of raw materials from both within the EU and from third countries, including Africa.

Trade in Ores and Metals: Africa and EU28 (2001-15)



Source: ITC- COMTRADE, 2016

[1] ITC-Comtrade 2016
[2] http://europa.eu/rapid/press-release_MEMO-10-263_en.htm
[3] Gerber L. with Farooki M. 2012 "Africa and the EU mineral trade", Polinares Consortium
[4] The Caymen Islands, Jersey, Guernsey, British Virgin Islands, Luxembourg and Switzerland have discreet tax regimes and were commonly referred to by respondents as "tax havens".
[5] http://ec.europa.eu/trade/policy/accessing-markets/goods-and-services/raw-materials/
[6] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0699:FIN:EN:PDF

To understand the current and future direction of African raw-materials-producing countries' engagements with the EU and the EU's engagement with them, it is prudent to assess how African countries have experienced EU engagements previously. Based on semi-structured interviews and other source documents, this policy brief reviews African evaluations of EU raw materials engagements and, to some extent, EU interventions compared with similar interventions from non-EU countries over the past decades. Thus, it does not reflect the STRADE consortium's view and evaluation, which will be given in later policy briefs.

This report was compiled using interviews with numerous African respondents (both government officials and civics), published reports and public official documents. Given the importance of European Union (EU) and EU member Overseas Development Aid (ODA), most of the respondents would prefer to remain anonymous.

In previous decades, both the EU and African Union (AU) lacked specific raw materials strategies. More recently, with increasing demand from Asia, trade issues have impinged on security of supply of certain materials, prompting the EU's formulation of the RMI and the boom, in part, prompted the AU's African Mining Vision (AMV).

Through funding and assistance programmes, the EU has provided financial support to commodity-dependent countries experiencing reduced export earnings; directly invested in mining projects; established on-going dialogue to promote cooperation in critical materials; progressed trade partnerships (Economic Partnership Agreements); engaged on combatting Illicit Financial Flows (IFFs), Base Erosion and Profit Shifting (BEPS); developed technical assistance programmes with partner countries; and supported geological mapping, capacity building and multilateral initiatives aimed at transparency and good governance.

2 The African Union (AU) Africa Mining Vision (AMV)

The AMV was adopted by the AU in 2009 and seeks to optimise the developmental impact of mineral extraction through good governance and the realisation of all of the mining linkages (see box). "The African Mining Development Centre (AMDC) has been established to provide strategic operational support for the Vision and its Action Plan. The mission of the Centre is to work with member states and their national and regional organisations to promote the transformative role of mineral resources in the development of the continent through increased economic and social linkages. The AMDC has secured core funding from the United Nation Economic Commission for Africa (UNECA) and from Australia and Canada.

The EU was considered as a "natural partner" for the AU on the AMV due to their long association with African mining (from the colonial period) and because the EU were formulating their RMI at the same time as the AU was developing its AMV. However, there is almost no alignment between the RMI and the AMV. The EU RMI focus on "securing reliable and unhindered access to raw materials" for the EU, whereas the AMV focuses on creating linkages (and hence consumption) within African countries. The development of the AMV has led to tensions between different players, as the realisation of the AMV's backward and forward linkages could require interventions that would hinder EU access in favour of local access to raw materials for Africa's own development[7]. Nevertheless, the 2011 EU-ACP "Framework of Action for the Development of the Mineral Resources Sector" incorporates some key elements of the AMV, particularly Strategic Focus 6: "Enhancement of Mineral-based Industrialisation and Diversification of ACP Countries' Economies" aimed at the "improvement of the value chain through mineral-based economic diversification and value-added industrialisation and increased participation of local service providers to the mining industry".

The African Mining Vision

"Transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development. This shared vision will comprise: A knowledge-driven African mining sector that catalyses & contributes to the broad-based growth & development of, and is fully integrated into, a single African market through: Down-stream linkages into mineral beneficiation and manufacturing; Up-stream linkages into mining capital goods, consumables & services industries; Side-stream linkages into infrastructure (power, logistics, communications, water) and skills & technology development (HRD and R&D); Mutually beneficial partnerships between the state, the private sector, civil society, local communities and other stakeholders; and A comprehensive knowledge of its mineral endowment."

Rather than funding such African Caribbean Pacific (ACP) AMV-aligned projects, the EU, through the European Development Fund (EDF), has decided to fund the UNDP "Stones for Development" focusing on construction materials. The EU has declined to partner in the funding of the African Minerals Development

[7] Concern expressed at continental level (AU/UNECA)

Centre (AMDC) (though there is some GIZ[8] bilateral funding for governance programmes). One African official's interpretation of this decision is that the "EU wanted to control the agenda" whilst the AMV/AMDC was being driven by the AU, assisted by UNECA and African experts. The EU is apparently interested in supporting the AMDC's African Geological Mineral Information System (GMIS) strategy, possibly as it aligns with the RMI on securing access to raw materials (see PanAfGeo below).

3 EU Raw Materials Initiative (RMI)

In 2008, the Commission adopted the RMI which set out a strategy for tackling the issue of access to raw materials in the EU. This strategy has three pillars which aim to ensure: fair and sustainable supply of raw materials from global markets; sustainable supply of raw materials within the EU; and resource efficiency and supply of "secondary raw materials" through recycling. The RMI hardly addresses the development needs of the partner states (raw materials suppliers) and is generally focussed on short-term optimal outcomes for the EU rather than longer term mutually beneficial outcomes for both partners. A negative view[9] of the RMI (with EPAs) is that it is aimed at reinforcing the asymmetrical colonial EU – Africa relationship, where Africa provides raw materials for EU industries and uses the revenues to purchase the EU's industrial products.

The RMI directs that the EU "include provisions on access to and sustainable management of raw materials in all bilateral and multilateral trade agreements", which has been taken up by the EU in their EPAs (Economic Partnership Agreements) with African states and regions. These provisions are justified in the RMI on grounds perceived by African respondents to be ideological, on the basis of removing "trade distortions" or "market distortions" to unfettered free-market economics (Washington Consensus, market fundamentalism or neoliberalism), which are not necessarily aligned with or sensitive to the African development agenda.

4 Minerals and the EU-Africa Economic Partnership Agreements (EPAs)

In part due to the EU RMI directives, the EU EPA clause prohibiting export restrictions has proved to be one of the most contentious as it limits the ability of African countries to use export restrictions to develop industries based on their natural resources endowments (see box on SADC EPA) and is seen by many Africans as a prime example of Europe "kicking away the ladder"[10] for African development by denying them instruments for industrialisation that the EU states used in their early development and industrialisation. Several African respondents would prefer a clause on "equality of treatment" (level playing field) in the EPAs, whereby the EU is guaranteed that any export restrictions would apply to all ex-African trading partners equally. However, the EPAs appear to aim at giving the EU special treatment rather than equal treatment.

The EPAs also undermine regional integration, critical for African development[11], and the EU needs "to address the obvious contradictions between the explicit EPA objective to foster regional integration and the reality of under-mining regional customs unions."[12]

What Africa needs is a political commitment from the EU to the flexible and responsible interpretation and application of controversial EPA provisions, which inhibit the attainment of Africa's national development objectives. The EU's primary objective is to obtain a prohibition on the

The Southern African Development Community (SADC) EPA

Clause 26 of the SADC EPA on export duties or taxes was opposed by the SADC states as it is much more restrictive than the World Trade Organisation (WTO) agreement and would limit the ability of SADC states to use this instrument to industrialise, which was used by several EU states in their early industrialisation strategies. A watered-down, cumbersome and unviable compromise was reached, whereby in "exceptional circumstances" a SADC state could apply export tariffs on up to 8 products at an HS6 tariff line level (HS4 for *ores and concentrates*) for up to 12 years. However, the clause exempts the EU from such export tariffs for the first 6 years and half the tariff for the next 6 years. This effectively negates the application of export tariffs to promote forward linkages because EU firms would arbitrage their exemption and on-sell to third parties (non-EU states), as the anti-arbitrage sections of Clause 26 (#6 to 9) are complex, unwieldy, ineffective and would take more than 210 days to comply with. Consequently, *a prohibition on the use of export tariffs would continue to apply.*

[8] German Development Agency
[9] Expressed by several African commentators.
[10] Ha Joon Chang 2002 "Kicking Away the Ladder – Development Strategy in Historical Perspective", Anthem Press, London
[11] "Our advantage is regional integration. Can EPA help us to integrate our markets? If anything it will stall us. I don't think EPA is a priority for Africa," Onkundi Mwencha, Deputy Chairperson of the African Union (AU) Commission, 2014.
[12] http://www.traidcraft.co.uk. The EPAs impose different market access arrangements on countries in the same region, meaning that consolidating their customs union is impossible while they are faced with controlling their borders for EU imports/exports

use of export taxes incorporated into the WTO rules. By securing these provisions in the African EPAs, the EU reportedly hopes to "demonstrate" the acceptance of such restrictions by African states, thereby strengthening its position for WTO incorporation. At WTO level, this provision would primarily be aimed at the PRC and thus Africa could be viewed as "collateral damage" of this global EU strategy[13].

5 Joint Africa EU Strategy (JAES) Action Plan 2011-2013.

The Joint Africa EU Strategy (JAES) "Partnership on Regional Economic Integration, Trade and Infrastructure Priority 5: Raw materials" focused (a) on *natural resources governance*, including transparency (Extractive Industries Transparency Initiative, EITI and AMV), contract negotiations, trade promotion and sustainable mining development; (b) on *investment*, including mining development corridors (AMV "spatial linkages" for investment promotion), local content and value-addition (AMV back- & forward linkages), mineral policy and related regulatory frameworks (enhance the investment climate) and the promotion of Corporate Social Responsibility (CSR); and (c) on *geological knowledge and skills* (AMV side-stream linkages & knowledge of its mineral endowment), including mineral exploration, co-operation between African and EU geological surveys, capacity building (stewardship, environmental quality and recycling)[14].

The JAES was clearly strongly aligned with the AMV, but supported "within the available cooperation instruments". However, this failed to lead to an alignment of EU African engagements with AMV, exemplified by the disjuncture between the EU's RMI/EPAs with the AMV and the negligible EU funding support for the AMV and the AMDC, except for geological mapping/exploration initiatives. African respondents have commented that, on the AU-AMV, the EU is only noticeable by its absence. Several respondents felt that the EU needs to reconfigure its African engagements, beyond the colonial paradigm (RMI: source of raw materials and market for its manufactures), into a mutually beneficial partnership aligned with and in support of the AMV and its projects and programmes.

6 PanAfGeo

The EU has allocated €10M to the BRGM[15] for the Pan-African Support to the EuroGeoSurveys-Organisation of African Geological Surveys (EGS-OAGS) Partnership (PanAfGeo). The AMDC's Geological Mineral Information System (GMIS) project is aligned to the PanAfGeo, which aims at establishing long-term strategic cooperation between European and African Geological Surveys through the EuroGeoSurveys (EGS) and the Organisation of African Geological Surveys (OAGS) in the areas of human resources capacity building and training for African Geological Surveys; the development of geoscience information infrastructure and management in Africa; the development of Organisation of African Geological Surveys (OAGS) capacities, including technical infrastructure, geographic information systems (GIS) laboratories, equipment, and facilities; and through institutional twinning between European Geological Surveys and African Geological Surveys. The GMIS project is to provide training for some 1,200 geologists from 54 African countries. This is one area of convergence between the AMV (deepen African knowledge of its mineral assets) and the RMI (access to new raw materials). African respondents are generally positive about this intervention, even though the bulk of the spending is likely to go to European service providers (European Geological Surveys).

7 Support for Geological Mapping and Prospective Property Development

The EU and its members have supported geological mapping projects in numerous African countries since the Lomé Convention. These projects are strongly supported by African respondents and states, though there could, in some cases, have been greater skills and technology transfers[16].

Over the last 20 years, the World Bank has coordinated the systematic geological mapping projects (including geophysics, geochemistry and remote sensing) of parts of several African countries (e.g. Mozambique, Madagascar, Togo, Mali, Cameroon, Tanzania), with funding from several sources including EU states, the Nordic Fund (expired) and South Africa. These projects also included the building of capacity in the national geological surveys and are generally seen in a positive light by African states. The South African geological survey (CGS: Council for Geosciences) was involved in several of these mapping and capacity building projects, which also built its capacity and its relationships with other African States. This model could be replicated by the EU through the identification of other relatively strong African Geological Survey Departments (e.g. Botswana and Namibia) and the undertaking of joint mapping and capacity

[13] Personal communication with ERO (European Research Office), Brussels, Oct. 2016
[14] http://www.africa-eu-partnership.org/sites/default/files/documents/03-jeas_action_plan_en.pdf
[15] The French Geological Society
[16] Comment from respondents in West Africa

building projects with EU Geological Surveys in other African states. This would align with the RMI in enhancing access to new (undiscovered) mineral resources.

All mapping projects would benefit from having resources for a second phase, where prospective anomalies identified in the systematic mapping are developed through further exploration by the national Geological Survey and EU partner Geological Surveys to a resource confidence level where they can viably be put out to public tender to obtain the optimum realisation of the AMV linkages (fiscal, up-, down and side-stream). The Geological Survey of Finland (GTK) reportedly follows a similar procedure of targeting the anomalies, post-mapping, for further development for public tender[17].

8 Multilateral Governance Initiatives

8.1 EITI

The most important multilateral governance initiative has probably been the Extractive Industries Transparency Initiative (EITI). Of the 31 EITI compliant countries, 19 are African states. A further 6 African states are EITI candidate countries, and several others have shown interest in joining. The EITI is funded by a variety of donors, including the EU and several EU Members States, such as the UK, Belgium, Denmark, Finland, France, Germany, Italy, Spain, Sweden and the Netherlands.

The EU "Country-by-Country" reporting Directive (2016), for EU and non-EU multinational groups involved in extractives and for EU banks (credit institutions), will complement EITI and assist African states and civil society in tracking financial flows to and from mining. The US Securities and Exchange Commission's (SEC) regulation[18] requires extractives companies in the US to disclose payments made to governments for the commercial development of minerals and will consequently also complement EITI, particularly in non-EITI African countries, where US listed firms are operating.

African perceptions of the EITI are by and large positive and the only semi-criticisms are that EITI only deals with financial flows after the weak mineral agreement is in place and does not encompass the lost revenues due to bad mining contracts[19]; and that it does not appear to have had any impact on the haemorrhage of IFFs (see below). The EITI urgently needs to be complemented with a facility to support African states in striking equitable agreements that reflect a fair return on investment and that realise the AMV linkages[20].

The African Development Bank (AfDB's) African Legal Support Facility (ALSF) provides limited contract negotiations support as does the World Bank's Extractive Industries Technical Advisory Facility (EI-TAF), though the latter takes some time to mobilise resources. The G7 Connex is a new initiative, supported by Germany (BMZ)[21], for "strengthening assistance for complex contract negotiations" and has 3 prongs: a web-based information and support portal, independent advisors for contract negotiations on the ground, and capacity-building of stakeholders before and after negotiations". African respondents have not yet experienced its operations and consequently expressed no opinion on it. However, it is seen as a positive initiative addressing an important need and would benefit from EU support and sponsorship.

8.2 KPC (Kimberly Process Certification)

The KPC aims to prevent the funding of conflict through diamond mining and trade. It originated in a meeting of Southern African diamond-producing states in Kimberley in 2000 and currently has 54 participants representing 81 countries (20 African states; the EU participates as a single entity). Members implement the KPC Scheme (KPCS) created in 2002 and 98.1% of rough diamond production now falls under the KPCS[22]. The scheme is under criticism for not dealing with human rights abuses in diamond mining, failing to effectively curb trade of rough diamonds from conflict areas, and creating a false impression of legitimacy[23].

While EU countries and consumers may support the intention and implementation of the KPC, the dealings of Brussels-based Omega Diamonds, uncovered in 2012/13, clearly indicated that loopholes in the KPC allowed and facilitated the deliberate obfuscation of the origin of large quantities of rough diamonds and

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[17] "All GTK discoveries are offered to the private sector through an open tendering process arranged by the Ministry of Employment and the Economy", http://en.gtk.fi/mineral_resources/mineralpolicy.html

[18] Giving effect to Section 1504 of the Dodd Frank Act

[19] The "EITI++" concept includes resourcing for the realisation of equitable mining contracts. https://eiti.org/sites/default/files/documents/Nicholas_Garrett_EITI_Mineral%20Certification_23_9_2008.pdf

[20] "The EITI++ will seek to support committed governments, notably in Africa, in implementing good policy and practice throughout the whole process of natural resource utilization", http://ppp.worldbank.org/public-private-partnership/sites/ppp.worldbank.org/files/documents/wbeitifactsheet_undated_english.pdf

[21] The German Federal Ministry for Economic Development and Cooperation

[22] www.kimberleyprocess.com

[23] www.globalwitness.org/en/campaigns/conflict-diamonds/kimberley-process/

large scale under-invoicing[24]. Given these imperfections, the exclusion of diamonds from the EU's new laws on trade in conflict minerals needs review.

8.3 ICGLR (International Conference of the Great Lakes Region)

The ICGLR was established to coordinate efforts towards peace in a region of political instability and conflicts often fuelled by conflict minerals (tin, tantalum/niobium (coltan), tungsten and gold). Germany has, via GIZ, provided support to the ICGLR since 2004. It has been instrumental in the establishment and capacity building for the RINR (Regional Initiative against the Illegal Exploitation of Natural Resources), which works to curb the link between mining and conflict through *inter alia* Regional Certification Mechanism (RCM). Since 2014 the EU has provided funding for the RINR in collaboration with GIZ and Partnership Africa-Canada.

In 2014, the EU proposed a law which would encourage but not enforce adherence to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. In June 2016 the EU resolved that due diligence, as per the Guidelines, should be compulsory for importers of tantalum, tin, tungsten and gold, only excluding very small importers. Companies whose products contain these metals need to join a register and are encouraged to report on due diligence, and the mechanism will be reviewed for efficacy and adapted if necessary.

African respondents and governments are largely in favour of multilateral initiatives to track/certify "conflict minerals", and the EU could do more to support such initiatives and close loopholes within its jurisdiction.

9 Capacity Building

The EU is involved in a wide range of capacity building projects and programmes within the African minerals sector and in related sectors (fiscal, environmental, water, industry, trade, et al), funded by both the EU and/or EU members. These are extensively covered in STRADE Policy Brief 01/2016[25]. African perceptions of EU capacity-building programmes are generally positive and appreciative, but many respondents would like a greater emphasis on EU support for building African training entities (universities, colleges, etc.) rather than scholarships to EU skilling entities (where the funding returns to the EU). One method of building African HRD capacity is through EU support and funding for the "twinning" of African and EU training entities, to enhance the quality, capability and capacity of African institutions, along the lines of the PanAfGeo initiative (above). A Ghanaian respondent with several decades of experience in minerals governance felt that SYSMIN had been of very limited use, but that the Natural Resource and Environmental Governance Project (NREG, see box) had been more useful, particularly in terms of capacity building.

Ghana – NREG

Under the Natural Resource and Environmental Governance Project (NREG), the government of Ghana received assistance through Sector Budget Support from the World Bank, the Netherlands, UK (DFID), France (AFD) and the EU to implement a programme with an overall objective of assisting in the improvement of Natural Resource and Environmental Governance in Ghana.

The NREG programme focuses on a set of policies and reforms intended to: improve mining sector revenue collection, management and transparency; address social issues in forest and mining communities; and mainstream the environment into growth through Socio Economic Analyses and Environmental Impact Assessments, among others.

The expected outcomes include (a) improved management of government revenues in the Forestry and Mining subsectors; (b) reduced illegal logging and small scale mining; (c) reduced social conflict in Forestry and Mining communities; and (d) integration of environmental considerations into policy formulation and implementation.

10 Illicit Financial Flows (IFFs)

There have been several studies undertaken in the last few years on illicit financial flows (IFFs) (e.g. GFI, AfDB, Mbeki Report, UNCTAD, etc.), and financial leakage from Africa is reportedly large, principally from trade mis-invoicing (83%[26]) and mainly from the extractives sector. A large proportion of these flows ends up in Europe or with European companies, possibly resulting in a huge subsidy from Africa to Europe.[27]. One report estimates that from 2003 to 2013 IFFs from Sub-Saharan Africa nearly equalled the combined overseas development assistance (ODA) and FDI flows into SSA.

[24] www.worldpolicy.org/blog/2014/01/13/kimberleys-illicit-process

[25] http://stradeproject.eu/fileadmin/user_upload/pdf/PolicyBrief_01-2016_May2016_FINAL.pdf

[26] Global average from 2004-13. Kar D. & Spanjers J. 2015 "Illicit Financial Flows from Developing Countries: 2004-2013" GFI, Washington.

[27] Kar D. & Spanjers J. 2015 "Illicit Financial Flows from Developing Countries: 2004-2013" GFI, Washington

The EU is involved in several efforts to combat IFFs (e.g. the OECD base erosion and profit sharing (BEPS)) and has supported several African countries on tax collection and capacity building. Given the potential scale of IFFs, particularly from mining, the EU could consider establishing an AU-EU Unit to combat trade mis-invoicing by closing the so-called “policy gap” (laws and regulations that close loopholes, eliminate contradictory statues, and establish new tax categories of activity) as well as by closing the “compliance gap” (building the technical capability and efficiency of tax collection entities). The AU Heads of State Meeting in Kigali in 2016 called for strategies to combat IFFs (in response to the Mbeki Report on IFFs).

Europe has 7 countries in the top 20 secrecy jurisdictions[28] (tax havens), including Switzerland (#1), Caymans (UK, #5), Luxembourg (#6), Germany (#8), UK (#15), Jersey (UK, #16) and Guernsey (UK, #18)[29]. Not all of these are EU members, but the EU has significant influence over them as well as several others in the top 20 (e.g. USA, Lebanon and Japan). The EU could start by tackling the secrecy jurisdictions within the Union before prevailing on its large trading partners to do likewise. Africa also needs to get its secrecy jurisdictions to come to the party, such as Mauritius (ranked #23)

11 Compensatory Financing for Shocks

Several African states received support under the European Economic Community’s European Development Fund (EDF) instrument SYSMIN (System of Stabilization of Export Earnings from Mining Products), which was established under the second Lomé Agreement in 1979 and was replaced by FLEX (Fluctuations in Exchange Earnings) in 2000 under the Cotounou Agreement.

Both SYSMIN and FLEX had complicated thresholds and procedures and many African countries found them difficult to access. Furthermore, the perception of SYSMIN by some respondents was that, once the funds were finally released, much of it went back to the EU to pay European goods and services providers. Nevertheless, respondents feel that a compensatory mechanism for mineral price shocks is needed, but that it should be a direct grant to the fiscus to support the national budget, with appropriate controls and audits of its deployment.

Unfortunately, due to long time (bureaucratic) delays before funding was released, SYSMIN and FLEX tended to be counter-cyclical, with the support often only coming when the shock had abated. Likewise for the IMF’s old CFF (Compensatory Financing Fund, later CCFF). There appears to be some support for a new instrument to ameliorate export earnings shocks, either by the IMF or EU, or both, but it would need to be able to respond with alacrity to serve its purpose.

12 Conclusion

In order to enhance its credibility as a long-term minerals trade and investment partner, the EU needs to position itself as Africa’s development partner rather than seeing Africa as a source of raw materials (RMI). A first step in this direction would be for it to become the AU’s principal partner on the AMV and the AMDC endeavour. It needs to revisit the RMI to incorporate the development needs of the developing supplier countries and to desist from the imposition of its “free market” ideological conditionalities in its partnership agreements (EPAs); otherwise, the worrying trend of Africans perceiving the EU as promoting a neo-colonial paradigm will intensify.

The EPAs also undermine regional integration, critical for African development. The EU needs to resolve its stated support for integration with the negative impact of the EPAs on regional customs unions. A political commitment from the EU is needed for flexible and responsible interpretation and application of controversial EPA provisions, which inhibit the attainment of Africa’s national/regional development objectives.

There appears still to be some African support for a new instrument to ameliorate export earnings shocks (ex-SYSMIN/FLEX), either by the IMF or EU or both, but it would need to be able to respond with alacrity to serve its purpose.

IFFs from Africa are compromising the continent’s development agenda, and the EU needs to partner and support the AU in combatting this leakage of revenues rather than being a silent participant. The EU could consider establishing an AU-EU capacity to combat trade mis-invoicing, whilst closing down or normalising its own and other secrecy jurisdictions.

The EU needs to build on successful programmes, such as support for geological mapping and capacity building, by supporting the next phase of targeting prospective anomalies for development for public tender in order to optimise the development impact of such new deposits. It should reconfigure its African engagements, beyond the colonial paradigm (RMI: source of raw materials and market for its manufactures),

[28] The Tax Justice Network refers to those states with discreet tax regimes as ‘secrecy jurisdictions.’
[29] Tax Justice Network, Financial Secrecy Index 2015. www.financialsecrecyindex.com/introduction/fsi-2015-results

into a mutually beneficial partnership aligned with and in support of the AMV and its projects and programmes. Ultimately, the very long term objective should be for a developed Africa with the EU as its closest partner, akin to the current EU-US symmetric relationship (trading both raw materials and value-added goods & services).

Time is running out: the reality is that the EU has been replaced by Asia as the principal market for African minerals. Consequently, the EU needs to step up and position itself as Africa's main partner in the realisation of the AMV and the development of the mining linkages in order to *sustainably* secure its raw materials requirements (albeit with higher value added). Several African respondents recognise that, due to the EU's strong civil society cluster of protagonists, it could be a more reliable longer term partner than Asia, which has a dearth of civil society "watchdogs".

Project Background

The Strategic Dialogue on Sustainable Raw Materials for Europe (STRADE) addresses the long-term security and sustainability of the European raw material supply from European and non-European countries.

Using a dialogue-based approach in a seven-member consortium, the project brings together governments, industry and civil society to deliver policy recommendations for an innovative European strategy on future EU mineral raw-material supplies.

The project holds environmental and social sustainability as its foundation in its approach to augmenting the security of the European Union mineral raw-material supply and enhancing competitiveness of the EU mining industry.

Over a three year period (2016-2018), STRADE shall bring together research, practical experience, legislation, best practice technologies and know-how in the following areas:

1. A European cooperation strategy with resource-rich countries
2. Internationally sustainable raw-material production & supply
3. Strengthening the European raw-materials sector

Project Identity

Project Name	Strategic Dialogue on Sustainable Raw Materials for Europe (STRADE)
Coordinator	Oeko-Institut; Doris Schueler, Project Coordinator, d.schueler@oeko.de
Consortium	
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