

LIVING BEYOND ITS RESOURCES: IMPACTS OF ‘GLOBAL EUROPE’ ON SUSTAINABLE DEVELOPMENT

Background & Issues

INTRODUCTION

The evidence and awareness that we are living in a resource-constrained world has never been so strong. Biocapacity indicators such as the ecological footprint show that the population of the planet has been in ‘ecological overshoot’ since the mid-1980’s, and our current rate of use of planetary resources is 25 percent over the Earth’s actual carrying capacity. The Millennium Ecosystem Assessment of 2005 showed that two-thirds of the planet’s ecosystems are in decline. Although emerging economies are increasingly resource-hungry, the majority of the demand for natural resources still comes from Western, industrialised societies like Europe, with economies supported by unsustainable levels and patterns of consumption and production. The quantity of resources used, and the pressure on the environment resulting from the rich minority of the world’s population is severely diminishing the viability of the planet to support us in the future.

As demonstrated once again in the Eurobarometer survey of March 2008 on “Attitudes of European Citizens Towards the Environment”, Europeans attach an overwhelming importance to protecting the environment. Areas of concern include primarily climate change (top concern) but also the issues of water and air pollution, depletion of natural resources and biodiversity loss (both issues are among the top five concerns). Yet these aspirations of European citizens are not met by supportive political actions at the EU level, and the EU claims of being a resource-efficient society are not supported by its policies. Notably, the EU Natural Resources Strategy launched by the Commission in 2005 did not contain any targets or timetables, and focused more on basic data gathering and on introducing a lifecycle approach to policy development. The Commission’s Action Plan on Sustainable Consumption and Production, published in July 2008, falls far short of aims to alter consumption or production patterns, let alone accelerate such changes.

At the contrary, EU policies crafted in the view of increasing Europe’s “competitiveness” seem to rather accelerate these negative trends. In many external European policies, the

imperative of *access* and *supply* of raw materials and natural resources prevails over the objective of their *sustainable* and *equitable* use.

In particular, the 'Global Europe' strategy, adopted in November 2006, seems to run against such an objective. Global Europe is conceived as the "external dimension" of the Lisbon Strategy for "growth, jobs and competitiveness" (adopted in 2000) and a response to new "global challenges", such as the rise of China and India. Global Europe promotes a globally-oriented and outward-looking Europe and aims at increasing Europe's "competitiveness" on world markets by increasing trade liberalisation, securing enhanced market access for European companies and ensuring cheap and predictable supplies of raw materials and primary products (including energy resources) for its industry.

In this conference, we will explore the impacts of 'Global Europe' and related policies on the sustainable use of natural resources in two specific areas: non-agricultural raw materials and energy resources (hydrocarbons, agrofuels). We will also have a closer look at the impact of EU Free Trade Agreements on sustainability, and discuss future options and alternatives to the mainstream free trade/competitiveness agenda.

We will, more precisely, discuss the role and responsibilities of the EU through its *consumption* of resources (influenced by changing consumption patterns and choices, political decisions and trade policies), and through its involvement in the *extraction* of resources (through e.g. overseas operations of European companies, loans, investments and project finance, public subsidies, official development assistance, etc.).

Background documents:

Official documents:

- 'Global Europe' Communication, 4 October 2006
- Comunicación 'Europa Global', 4 octubre de 2006 (ES)
- Communication 'Global Europe', 4 octobre 2006, (FR)
- Mitteilung 'Global Europe', 4 Oktober 2006 (DE)
- Annex to the 'Global Europe' Communication, 4 October 2006
- Draft 'Global Europe' Communication, June 2006

Positions of civil society groups:

- Alert to European civil society, November 2006
- Appel à la société civile européenne, novembre 2006 (FR)
- Llamada a la sociedad civil europea, Noviembre de 2006 (ES)
- Position Deutscher Gewerkschaftsbund Bundesvorstand, February 2007
- Position European Trade Union Confederation, December 2006
- Mapping the impacts of 'Global Europe' in Latin America, Friends of the Earth Latin America, March 2008
- Position War on Want, December 2006
- Position CGT (Spanish Trade Union), March 2008 (ES)
- Global Europe: une critique du document politique de la Commission européenne relatif à la compétitivité extérieure de l'UE, AITEC (FR)

- Global Europe: An Open Door Policy for Big Business at DG Trade, CEO, October 2008

Positions of industry and business groups:

- Position Eurochambres, February 2007
- Position American Chamber of Commerce to the EU, January 2007
- Position UNICE, December 2006
- Position Foreign Trade Association, November 2006
- Position UAEPME, November 2006
- Position European Services Forum, March 2006
- Position CIAA, February 2006
- Position Eurochambres, June 2005

– SESSION 1 –

**GLOBAL EUROPE - EU RAW MATERIALS STRATEGY:
TRADING AWAY THE WORLD'S NATURAL RESOURCES?**

“*We are in a race*” stated former Trade Commissioner Peter Mandelson in September 2008. Access to raw materials has recently climbed up the EU’s external political agenda, with the launch in November 2008 of a new strategy aimed at improving the competitiveness of EU’s industry by tackling a series of “non-tariff barriers” against trade in raw materials. The EU is highly dependent on imports for the supply of the principal raw materials required by industry. It imported more than 175 million tonnes of metallic minerals in 2004, with a total value of EUR 10.5 billion, whilst domestic production of these stood at only 30 million tonnes. The import dependency rate for minerals ranges from 74 percent for copper ore, 80 percent for zinc ore and bauxite, 86 percent for nickel, to 100 percent for materials as cobalt, platinum, titanium and vanadium. In total, Europe imports 70-80 percent of its primary resources.

According to the European Commission, the number of restrictions to trade of raw materials is increasing. “Resource nationalism” is growing across the globe, which distorts the global raw materials markets and threatens the EU’s own competitiveness. The Commission estimates that more than 450 of such restrictions have an impact on more than 400 tariff lines. These restrictions exist in key markets for raw materials such as China, Russia, Ukraine, Brazil and Argentina, but also other resource-rich developing countries like DRC.

While the EU focuses on the ‘security of supply’ of raw materials, developing countries have warned against the attack to the sovereignty over their natural resources, and environmentalists have raised concerns about the strategy’s detrimental impacts on the

sustainable development of the natural resources sector. In fact, in many resource-rich countries, natural resources are exploited beyond a sustainable level, spoiling natural habitats, displacing local communities, affecting people's livelihoods and even fuelling armed conflicts – a phenomenon called the “resource curse”. Most of the times, economic considerations in the resources sector still prevail over environmental ones. Will the EU's strategy tackle these problems or will it further exacerbate them?

In this session, we will raise the following questions:

- Is the EU's Raw Materials Strategy a solution for or a contributor to Europe's unsustainable patterns of consumption and production?
- Is the EU's Raw Materials Strategy a disincentive against resource-efficiency?
- What will be the impact on developing countries of further disciplines or the prohibition of the use of export restrictions and export taxes through free trade agreements or the WTO?
- Why and under which circumstances should developing countries maintain their ability to apply export restrictions on natural resources?
- What are the prospects for sustainability criteria on natural resources use and trade?
- How can the EU reduce the negative impacts of mining activities of European companies in developing countries?

Background documents:

- [EC Communication on the Raw Materials Initiative](#), 4 November 2008
- [EC Background Paper on Raw Materials Strategy](#)
- [Public consultation on EU Raw Materials Strategy – Summary of Replies](#)
- [EP Resolution on Trade in Raw Materials and Commodities](#), 20 May 2008
- [European Commission's DG Trade Conference on Raw Materials](#), 29 September 2008
- [EC Staff Working Document “Analysis of the Competitiveness of the non energy extractive industry in the EU, SEC \(2007\) 771](#)
- [Press Conference Vice President Verheugen](#)
- [High Level Group on Competitiveness, Energy and the Environment](#)
- [Thematic Strategy on the Sustainable Use of Natural Resources](#)
- [Sustainable Industrial Policy](#)
- [Sustainable Production and Consumption](#)
- [G8 - 2007](#)
- [Extractive Industries Transparency Initiative \(EITI\)](#)
- [Kimberley Process](#)

– SESSION 2 –

GLOBAL EUROPE - FUELLING EUROPE: A TRADE-OFF BETWEEN ENERGY SECURITY AND SUSTAINABILITY?

« *Europe is becoming increasingly dependent on imported hydrocarbons. With “business as usual” the EU's energy import dependence will jump from 50 percent of total EU energy consumption today to 65 percent in 2030. Reliance on imports of gas is expected to increase from 57 percent to 84 percent by 2030, of oil from 82 percent to 93 percent* » (EC Communication: *An Energy Policy for Europe*, 10.01.2007). Europe, therefore, has an important responsibility in relation to the problems and opportunities caused by the extraction of these energy sources.

Production of fossil fuels results in enormous amounts of GHG emissions which are proven to be the major cause of climate change. Emissions released by oil and gas companies during gas flaring and venting amounts to approximately 400 million tonnes of CO₂ on a global scale. This is more than the amount covered under current Kyoto mechanisms. Globally flared and vented gas makes up about one third of the EU's annual gas consumption. Besides having significant negative impact on climate change, the extraction of these fuels creates social and environmental problems such as abuses of human rights, corruption, numerous diseases, acid rains and dangerous accidents.

Extraction of fossil fuels in developing countries should contribute to their capacity to build up their economies: earn foreign exchange, create jobs and raise living standards. Instead, in most of the cases, it brings poverty and environmental degradation. Most countries that heavily depend on fossil fuels extraction fall low on the 'Human Development Index' of the United Nations, in addition to the 'Human Poverty Index'. In Nigeria almost 40 percent of the population lives in absolute poverty, while for Indonesia this figure is 30 percent, despite the billions of Euros of revenue these countries have earned through resource exploitation.

As climate change and sustainable development combined with high human rights standards are at the heart of the EU's political agenda, measures for the reduction of GHG emissions and negative impacts of fossil fuels extraction on people and environment should become a top priority.

Reality, however, shows a different picture. As Europe's demand for fossil fuels continues to grow, the EU is getting more aggressive in supporting European oil companies in order to ensure energy security for the European markets. There are several examples of the EU and its Member States giving priority to securing energy supply over sustainable development:

- The EU advocates development of oil and gas exploration from highly environmentally vulnerable areas such as the Arctic, Alaska or the Caspian Sea and does not *request* European oil companies to implement European environmental standards outside Europe. This runs counter to the EU's climate change policies as

oil exploitation from tar sands in Alaska results in 3-5 times higher GHG emissions compared to regular oil exploitation. Drilling in the Arctic and the Caspian sea will destroy extremely valuable and vulnerable ecosystems. In a recent statement Commissioner Piebalgs said that guaranteeing Europe's energy security justified further exploration of the North Pole. *"You even need to go into hostile environments [...] You can't say "this is a sanctuary" because it will not work [...] Otherwise, where will we get energy from?"*

- The EU and its Member States are supporting European oil companies in their negotiations on production-sharing agreements for oil and gas extraction with third countries which are highly unfavourable to these countries. In recent cases EU Heads of State and Commissioners personally intervened and sided with companies such as Eni and Shell to defend deals with Kazakhstan and Russia that were not only harmful for the environment but also economically bad for these countries.
- Despite its sustainable development policies the EU and its Member States continue to give financial support to already extremely profitable oil and gas companies. The EIB, just as EU Member States (via the World Bank, the EBRD, export credit agencies), are funding fossil fuel projects, for instance through R&D funds, new projects on carbon storage or export subsidies. The EU thus undermines its own climate change policies. This also runs counter to a 2007 EP Resolution calling for the *"discontinuation of public support, via export credit agencies and public investment banks, for fossil fuel projects"*.
- Gas flaring is a substantial contributor to climate change and other environmental and health problems in third countries. Through the Fuel Quality Directive (aiming at reducing GHG emissions from fossil fuels with 10 percent in 10 years), the EU has an unique opportunity to pressure oil and gas companies to reduce and phase out gas flaring in countries like Nigeria, Algeria and Russia. However, the EU fails to do so and accepts the unjustified statements from the oil and gas companies that they are not able to reduce GHG emissions through reduced gas flaring.

In March 2007, as part of a package of measures adopted to help mitigate Europe's impact on climate change, the European Heads of State set a target to increase the use of agrofuels in all road transport fuels to 10 percent by 2020. This applied to plant fuels such as bio-ethanol or bio-diesel. This policy was developed to ensure that Europe would have sufficient transport fuels, while not increasing the contribution of transport to global warming.

Since then, numerous reports, including from the OECD and FAO, have pointed to the risks posed by agrofuel expansion to food security, preservation of tropical forests, land use change, and to the doubtful benefits in terms of climate mitigation compared to "conventional" fossil fuels. It became apparent that securing Europe's transport needs has extremely detrimental impacts, mostly in developing countries but also in the EU itself, as the prices of many food products have been rising significantly over the last few months.

In September 2008, the European Parliament's Industry Committee proposed to reduce this controversial target to 5 percent by 2015, with further increases dependent on a major

policy review. For many, the agrofuel boom is just a “hype” which was pushed by its first beneficiaries which are large corporations from the agro-industrial, biotech and chemical sectors. Others point to the danger of energy policies overriding or even hijacking agricultural and food policies, and of both markets converging. With the amount of agriculture land limited, the EU will be heavily reliant on imports from mainly developing countries, who in response to the new European market demand, are developing ambitious plans to expand key agricultural commodities – especially in Africa, Asia and South America.

In this session, we will raise the following questions:

- What are the impacts of fossil fuel extraction on local communities in developing countries?
- What is the EU doing to enforce that European extractive industries implement European environmental and human rights standards for their operations beyond European borders?
- How is the EU, through its energy security agenda, undermining its own climate change and sustainable development policies?
- What could the EU do to reduce climate change impacts of extractive industries in developing countries?
- What are the impacts of Europe’s consumption of agrofuels on the people and environment in developing countries?
- Who really benefits from agrofuel expansion?
- Are agrofuels needed for Europe’s energy mix, from the point of view of energy security and the point of view of climate change mitigation?
- Are sustainability criteria, certification and social and environmental import standards a solution?
- Will an EU moratorium on agrofuels imports not lead to litigation at the WTO from agrofuel-exporting countries like Brazil and Indonesia?

Background documents:

Extractives:

- Communication from the Commission to the European Council and the European Parliament - Energy Policy for Europe:
http://eur-lex.europa.eu/LexUriServ/site/en/com/2007/com2007_0001en01.pdf
- European Parliament resolution of 29 November 2007 on trade and climate change [P6_TA(2007)0576] Art. 29. _Calls for the discontinuation of public support, via export credit agencies and public investment banks, for fossil fuel projects _and for the redoubling of efforts to increase the transfer of renewable energy and energy efficient technologies:
<http://www.europarl.europa.eu/sides/getDoc.do?Type=TA&Reference=P6-TA-2007-0576&language=EN>
- Extractive Industries: Fact Sheets
<http://www.foeeurope.org/corporates/news/dextractives.html>

- A Twelve Year Record of National and Global Gas Flaring Volumes Estimated Using Satellite Data:
http://www.ngdc.noaa.gov/dmsp/interest/DMSP_flares_20070530_b.pdf
- Extracting the Truth: oil industry efforts to undermine the Fuel Quality Directive:
http://www.foeeurope.org/corporates/Extractives/Extractingthetruth_April08.pdf
- Hellfire Economics: Multinational companies and the contract dispute over Kashagan, the world's largest undeveloped oilfield
http://www.foeeurope.org/publications/2007/FoEE_Hellfire_Economics_Dec2007.pdf
- Gas Flaring in Nigeria: A human rights, environmental and economic monstrosity
http://www.foe.co.uk/resource/reports/gas_flaring_nigeria.pdf
- Kashagan oil field development
<http://www.foeeurope.org/publications/2007/KashaganReport.pdf>
- Oil Sands Fever: The Environmental Implications of Canada's Oil Sands Rush
<http://pubs.pembina.org/reports/OilSands72.pdf>
- Citizens' guide to the European Investment Bank*
http://www.counterbalance-eib.org/component/option,com_datso/gallery/Itemid,86/file,CounterBalance_en.pdf/fu nc,download/
- EU energy chief backs Arctic drilling
<http://www.euractiv.com/en/environment/eu-energy-chief-backs-arctic-drilling/article-175601>
- EU could act on Kashagan if needed – Piebalgs
<http://www.reuters.com/article/companyNewsAndPR/idUSL3112090220070831>
- Extractive Industries Transparency Initiative (EITI)

* EIB is the leading international public lender in the extractives sector. In 2006, the EIB provided 49 percent of total global funding provided by all the international financial institutions for extractives. For oil and gas extraction in 2006, its share of global IFI support was 58 percent.

EIB's increasing awareness of the need for renewable projects is to be applauded, in the period 2002-2006 it lent nearly FOUR TIMES as much to the oil and gas sector as to the renewable sector. Out of total energy investments of EUR 23.7 billion during this period in all regions, EUR 11.3 billion went for fossil fuels, while only between EUR 3.0 and 3.6 billion went for renewable energy, depending on whether hydropower is included as renewable.

Agrofuels:

- Joint NGO letter to the members of the ad hoc working group on sustainability criteria: recommendations for the inclusion of social criteria into the standards: Letter and annex of principles (March 2008).
- A note summarising expert legal opinion received by Oxfam pertaining to EU biofuel policy on social standards and WTO compliance (2008)
- FoE Europe's critique of certification schemes for soy and sugarcane (April 2008)
- Reports from Wetlands International
Biofuels in Africa - An assessment of risks and benefits for African wetlands
Peat-CO2 - Assessment of CO2 emissions from drained peatlands in SE Asia (2006)
- The leaked World Bank report on biofuels driving up food prices: A note on rising food prices (April 2008)

- OECD 2008 report: Economic assessment of biofuel support policies
- The Gallagher report (July 2008)
- FAO 2008 report: The Right to Food and the impact of liquid Biofuels (agrofuels)
- FAO 2008 report: Gender and Equality issues in liquid biofuels production. Read the news story here, and download the report here.
- UNCTAD's position on biofuels policies and the global food crisis
- Summary of Fact-finding Mission to Brazil: Joint NGO report (May 2008)
- Reports on land rights and forest protection from the Rights and Resources Initiative (2008)
- Seeing people through the trees
- From exclusion to ownership - Challenges and opportunities in advancing forest tenure reform
- The IFPRI (International Food Policy Research Institute) and FAO report: Impact of climate change and bioenergy on Nutrition
- Oxfam International report: Another inconvenient truth, How biofuel policies are deepening poverty and accelerating climate change (June 2008)
- More documents on agrofuels:
http://www.foeeurope.org/agrofuels/resources/key_documents.html

– SESSION 3 –

GLOBAL EUROPE: EU FREE TRADE AGREEMENTS & SUSTAINABLE DEVELOPMENT: THE NEED FOR A RE-EVALUATION?

With the launch of ‘Global Europe’, the European Union put an end to its 8 year-old moratorium on Free Trade Agreements (FTAs) which started in 1999 in view of the WTO Ministerial Conference in Seattle which was supposed to mark the start of a new round of multilateral trade negotiations.

Today there are between 300 and 350 FTAs in place or in negotiation worldwide. Of these, around 60 have already been concluded by the EU*, and many others are currently being negotiated. This makes the EU a “world champion” in FTAs in contradiction to its self-image as an advocate of multilateralism**.

The EU’s ‘bilateral drive’ has spurred widespread criticism in European and in developing countries, and a number of concerns have been raised around:

- The deviation from multilateralism;
- The domino effect it has on other countries or regions, creating a vicious circle of more bilateral trade agreements across the world;

- Their radical liberalisation agenda, notably through the strong push for ‘Singapore Issues’ and further intellectual property right enforcement, which were all issues rejected by developing countries at the multilateral level;
- The asymmetries arising from ‘face-to-face’ negotiations between rich and poor economic partners.

The EU has put forward a ‘new generation’ of FTAs that it says will contain strong ‘sustainability chapters’, making the EU’s bilateral trade agenda and its sustainable development objectives ‘mutually supportive’. But evidence from previous EU FTAs and current negotiations suggests that such social and environmental chapters or clauses within free trade agreements present little leverage to make trade a driver of genuine sustainable development.

Economic Partnership Agreements with African Caribbean and Pacific countries, in particular, have caused widespread concerns among civil society, parliaments and ACP governments, for both the negotiating tactics employed by the EU and the severe impacts these agreements would have on ACP economies; on their agriculture, natural resources, industrial development and policy space.

* Trade and Trade-related bilateral and bi-regional agreements with third countries or regional blocks carry different names: Free Trade Agreements, Economic Partnership Agreements, Association Agreements, Partnership and Cooperation Agreements, Trade & Development Cooperation Agreements, Stabilisation and Association Agreements, Trade and Investment Enhancement Agreement,

** Bilateral trade agreements are taking an increasing importance in EU’s external trade policy, with already major agreements in place (EEA, EU-Chile, EU-Mexico, EU-South Africa, various FTAs with central European and Mediterranean countries) and others being negotiated (EPAs with ACP countries, FTA with Gulf Cooperation Council, the Euro-Mediterranean Free Trade Agreement, Association Agreements with Central America and Andean Community; FTAs with India, Korea, ASEAN and Gulf Cooperation Council) or envisaged (Armenia, Georgia, Russia, Ukraine, Canada).

See an updated list here (6 November 2008): <http://trade.ec.europa.eu/doclib/html/118238.htm>

In this session, we will raise the following questions:

- What are the EU initiatives to ensure that trade liberalisation and sustainable development are mutually supportive?
- What are “sustainability chapters” in EU FTAs? Are they a political opportunity to mainstream sustainable development in trade agreements, or merely a smokescreen?
- Why are the EU’s FTAs detrimental to people and environmental protection? How are they impacting developing countries?
- Why has the EU’s bilateral trade strategy failed and why is there a need for re-evaluation?
- What has been the role of the European Parliament in EU’s FTAs?
- Why is there a growing number of civil society groups saying “Stop FTAs” and what does it imply for the future of EU’s trade policy?

Background documents:

- Undercutting Africa – Impacts of EU-ACP Economic Partnership Agreements on Natural Resources and Biodiversity, Friends of the Earth, October 2008
- Mapping the impacts of ‘Global Europe’ in Latin America, Friends of the Earth Latin America, March 2008
- EPAs: Corporate Conquest, Friends of the Earth, Sep. 2006
- Global Europe, Position Paper, Friends of the Earth, June 2007
- Les accords commerciaux bilatéraux et régionaux : moteur de l'intégration régionale ou nouveau cheval de troie du libre-échange ?, CNCD, mai 2008
- Letter of European civil society groups to EU Trade Ministers, April 2007 (EN)
- Letter of European civil society groups to EU Trade Ministers, April 2007 (ES)
- Open Letter to ASEAN Leaders, EU-ASEAN FTA Campaign, June 2008
- Latest news from FTAs around the world: www.bilaterals.org

– SESSION 4 –

PANEL DEBATE: TAKING STOCK OF GLOBAL EUROPE, LOOKING AHEAD

In this session, we will raise the following questions:

- What are the outcomes of Global Europe two years after its launch?
- What has Global Europe changed in EU policies, and how has the EU's competitiveness drive influenced them?
- What is the future of Global Europe?
- Why should the EU abandon Global Europe?
- Can “competitiveness” and sustainability be reconciled?

Background documents:

Official documents:

- ‘Global Europe’ Communication, 4 October 2006
- Comunicación 'Europa Global', 4 octubre de 2006 (ES)
- Communication 'Global Europe', 4 octobre 2006, (FR)
- Mitteilung 'Global Europe', 4 Oktober 2006 (DE)
- Annex to the 'Global Europe' Communication, 4 October 2006
- Draft 'Global Europe' Communication, June 2006

Positions of civil society groups:

- Alert to European civil society, November 2006
- Appel à la société civile européenne, novembre 2006 (FR)

- Llamada a la sociedad civil europea, Noviembre de 2006 (ES)
- Position Deutscher Gewerkschaftsbund Bundesvorstand, February 2007
- Position European Trade Union Confederation, December 2006
- Mapping the impacts of 'Global Europe' in Latin America, Friends of the Earth Latin America, March 2008
- Global Europe, Position Paper, Friends of the Earth, June 2007
- Position War on Want, April 2008
- Position CGT (Spanish Trade Union), March 2008 (ES)
- Global Europe: une critique du document politique de la Commission européenne relatif à la compétitivité extérieure de l'UE, AITEC (FR)
- Global Europe: An Open Door Policy for Big Business at DG Trade, CEO, October 2008

Positions of industry and business groups:

- Position Eurochambres, February 2007
- Position American Chamber of Commerce to the EU, January 2007
- Position UNICE, December 2006
- Position Foreign Trade Association, November 2006
- Position UAEPME, November 2006
- Position European Services Forum, March 2006
- Position CIAA, February 2006
- Position Eurochambres, June 2005