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Opening of negotiations of an agreement with the United States of America on strengthening international supply chains of critical minerals

European Parliament resolution of 14 September 2023 on the opening of negotiations of an agreement with the United States of America on strengthening international supply chains of critical minerals (2023/2772(RSP))

(C/2024/1765)

The European Parliament,

- having regard to the Commission recommendation of 14 June 2023 for a Council decision authorising the opening of negotiations of an agreement with the United States of America on strengthening international supply chains of critical minerals (COM(2023)0327),
 - having regard to the joint statement of 10 March 2023 by US President Joe Biden and Commission President Ursula von der Leyen,
 - having regard to the US Inflation Reduction Act of 2022 (IRA),
 - having regard to the joint statement following the EU-US Trade and Technology Council meeting of 31 May 2023,
 - having regard to the question to the Commission on the opening of negotiations of an agreement with the United States of America on strengthening international supply chains of critical minerals (O-000037/2023 — B9-0027/2023),
 - having regard to Rules 136(5) and 132(2) of its Rules of Procedure,
 - having regard to the motion for a resolution of the Committee on International Trade,
- A. whereas the EU and the US share common values and a fundamental common interest in shaping an international environment that strengthens multilateralism and democratic values, defends human rights, upholds international law and promotes a rules-based international order and sustainable development around the world;
- B. whereas the US is a founding member of the World Trade Organization (WTO) and has for decades been a strong advocate of a rules-based multilateral world order;
- C. whereas the EU and the US have recently launched the EU-US Clean Energy Incentives Dialogue, focusing on possible revisions to green subsidies rules that the two parties could propose at WTO level; whereas they have also launched the Transatlantic Initiative on Sustainable Trade as part of the EU-US Trade and Technology Council, with a view to amplifying the potential of the transatlantic marketplace as a catalyst for decarbonisation and the green transition;
- D. whereas the global race to shape the future of clean energy technology manufacturing is picking up pace, influenced, among other things, by public interventions;
- E. whereas the objective of promoting clean production and innovation in clean technologies and stepping up climate efforts should encourage the production of clean technologies in the EU, while strengthening the resilience of international supply chains in cooperation with reliable partners and reducing unwanted strategic dependencies;
- F. whereas a multilateral structure of cooperation on critical raw materials could deliver economic and social benefits in relation to the extractive production of critical raw materials and include effective safeguards that reduce impacts on biodiversity and ecosystems within existing global boundaries;
- G. whereas, while the IRA represents the single largest investment in climate action and clean energy in US history, it includes provisions that are discriminatory and undermine the level playing field; whereas, in particular, the IRA excludes EU exporters from the tax credits and subsidies granted under the scheme, including EU exporters of battery-operated or fuel cell-operated vehicles;

- H. whereas the EU and US do not have a free trade agreement in place;
- I. whereas the adoption of a critical minerals agreement is justified in order to grant the EU a status equivalent to that of US free trade agreement partners for the purpose of the IRA's clean vehicle credit;
- J. whereas the continuous inclusion of the European Parliament in the process up to the adoption of the negotiating mandate would ensure a more robust and democratically legitimate process;
1. Welcomes the Commission's engagement with the US Administration at the highest level and urges the parties to find solutions to redress the IRA's discriminatory provisions, which affect EU exporters to the US market and undermine the level playing field;
 2. Welcomes the opening of negotiations on an agreement with the US on strengthening international supply chains for critical minerals, to the extent that these negotiations will achieve a balanced result that is compatible with WTO rules and improves mutually beneficial cooperation;
 3. Stresses that the EU has some of the highest standards in the world when it comes to climate and environmental provisions and that these should allow EU products to qualify for the benefits provided for under the IRA; emphasises that the agreement should also fully respect the EU climate and sustainability *acquis*, should be in line with the EU's efforts to strengthen its open strategic autonomy and should be without prejudice to recently adopted legislation and currently pending legislative proposals, including Regulation (EU) 2023/1542 concerning batteries and waste batteries ⁽¹⁾, the Net Zero Industry Act ⁽²⁾ and the Critical Raw Materials Act ⁽³⁾;
 4. Supports transatlantic cooperation, including through international forums, on fair and inclusive standardisation for the lifecycle assessment and the extraction, labelling and recycling of critical minerals, with a view to building sustainable value and supply chains; welcomes the launch of the Transatlantic Initiative on Sustainable Trade and looks forward to the swift implementation of its work programme; calls on the Commission to work closely with the US to explore the full potential of the Trade and Technology Council, to collaborate closely with other strategic partners to promote resilient, sustainable and reliable global value chains for critical materials, and to use this agreement as an opportunity to create added value in, and cooperate with, the countries where those critical minerals originate, while reducing unwanted strategic dependencies;
 5. Supports the agreement's stated objective of strengthening international supply chains for critical minerals, thus providing for reciprocal trade, labour and environmental commitments, and of promoting the adoption of electric vehicle battery technologies by formalising the shared commitment of the EU and the US to facilitating trade and reducing uncertainty for businesses;
 6. Welcomes the objective of building a shared understanding of distortive non-market policies and practices in critical minerals and developing coordinated action, including with other strategic partners, to foster supply chain diversification and reduce vulnerabilities and unwanted strategic dependencies;
 7. Stresses that the agreement should also lead to clarity with respect to relevant definitions, and calls on both parties to agree on all minerals listed in the IRA that are to be covered under the agreement and to define the list of sectors related to the critical minerals that are the subject of the agreement;
 8. Calls for the agreement also to cover critical minerals obtained through recycling; welcomes the reference in the draft negotiating directives to the need to promote circularity but regrets the fact that they do not explicitly include recycled raw materials in the scope of the negotiations;

⁽¹⁾ Regulation (EU) 2023/1542 of the European Parliament and of the Council of 12 July 2023 concerning batteries and waste batteries, amending Directive 2008/98/EC and Regulation (EU) 2019/1020 and repealing Directive 2006/66/EC (OJ L 191, 28.7.2023, p. 1).

⁽²⁾ Commission proposal of 16 March 2023 for a regulation of the European Parliament and of the Council on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act) (COM(2023)0161).

⁽³⁾ Commission proposal of 16 March 2023 for a regulation of the European Parliament and of the Council establishing a framework for ensuring a secure and sustainable supply of critical raw materials and amending Regulations (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1724 and (EU) 2019/1020 (COM(2023)0160).

9. Welcomes the negotiating directives' stated ambition with regard to sustainability and labour provisions and the reference to International Labour Organization fundamental principles and rights at work; underlines that the agreement should also fully respect the EU approach to trade and sustainable development and should be without prejudice to recently adopted legislation and currently pending legislative proposals, including the proposed regulation on prohibiting products made with forced labour on the Union market ⁽⁴⁾;
10. Underlines the importance of the inclusion of a transparency mechanism for the reciprocal sharing of information about public support provided to the critical minerals sector, as well as of an early warning system for critical mineral supply chain disruptions;
11. Calls on the Commission to continue to assess the potential impact of the IRA on European industry and its competitiveness, including trade and investment distortions, taking into consideration the current challenges for supply chains and the high costs of energy, transport and raw materials, and to continue its dialogue with the US with regard to addressing these issues;
12. Calls on the Commission to carry out an ex post impact assessment on the agreement and to analyse the extent to which it is achieving its stated objectives, at the latest two years after its ratification;
13. Takes note of the ambitious timeline for the conclusion of the negotiations with the US; recalls, in this context, the importance of immediately and fully involving and informing Parliament at every stage of the negotiations in order to ensure democratic scrutiny; recalls that any formal agreement resulting from such negotiations will require Parliament's consent; stresses that the need for an expedited solution should not be to the detriment of ambition;
14. Calls on the Commission to convey to the US Government that an agreement on critical minerals should be considered just one of the first steps towards addressing all of the EU's concerns — both about the IRA, without prejudice to possible action at WTO level, and more widely about outstanding trade frictions in EU-US relations; urges the Commission to continue its engagement with the US Government to address other outstanding concerns;
15. Instructs its President to forward this resolution to the Council, the Commission, the Office of the US Trade Representative and the US Congress.

⁽⁴⁾ Commission proposal of 14 September 2022 for a regulation of the European Parliament and of the Council on prohibiting products made with forced labour on the Union market (COM(2022)0453).