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COMMUNITY RAW MATERIAL SUPPLIES*

Statement by Mr. Spinelli at his Press Conference of 7 February 1975

Apart from the oil crisis, a host of other events over recent years have all helped to create an atmosphere of insecurity in the raw material supply sector, e.g., nationalisation of extractive undertakings, creation of producers' cartels, substantial price increases, attempts to introduce quantitative export restrictions and, lastly, the Final Declaration of the 10th Extraordinary Session of the UN General Assembly.

In addition, anxieties also exist over the possible depletion of irreplaceable earth resources. These fears have been expressed, in particular, by the Club of Rome and have been reechoed to a large extent by public opinion, which is becoming increasingly apprehensive not only about the immediate economic repercussions of such an eventuality but also about the consequent long-term changes in our way of life.

In these circumstances, it is not surprising to note a growing sense of awareness of these problems throughout the Member States, as well as a growing preoccupation with the question of what action should be taken.

For this reason the Commission felt that an overall survey of the problem, at Community level, was called for. Accordingly, it carried out an analysis of the existing situation and prospects for the future, both on a general level and with regard to a whole range of minerals, and crop and livestock products. From the findings of this study it is apparent that there is very little risk over the next few decades of a general world shortage involving almost any raw material (with the exception of wood, leather, hides and skins and protein-containing substances). It nevertheless has to be admitted that, in the case of almost all raw materials, Europe depends on external sources of supply for an extremely large proportion of its needs (in general, between 70 and 100%). This dependence is further aggravated by a totally inadequate degree of diversification vis-à-vis the sources of supply for a number of these materials, the extremely powerful position of certain suppliers, and an unwillingness on Europe's part to invest in mining and prospecting operations.

It must also be pointed out that, in general, there is an ever-growing and natural tendency on the part of the majority of supplier countries to upgrade raw materials on the spot, rather than export them as such.

Indisputably, therefore, all of these factors do combine to threaten Europe over the long term with a raw material shortage.

While it does not regard disaster as imminent, the Commission has nevertheless arrived at the conclusion that its analysis of the present situation and prospects for the future fully justifies the formulation and implementation of a long-term European policy.

Accordingly, in the communication to the Council and the European Parliament, which it has just adopted, the Commission reviews the main problems facing Europe in this area, and in particular, the lack of knowledge of the situation, and of the prospects with regard to each raw material, the absence of diversified sources of supply, the tendency to upgrade raw materials in their country of origin, the bottlenecks created as a result of market conditions and, lastly, price fluctuations.

The Commission also assesses the various possible solutions, e.g. recycling, use of alternative sources by the sectors concerned, deep-sea exploration, prospecting in the developing countries, setting-up of international data-gathering centres, strategic stockpiling, and the conclusion of long-term contracts and international agreements of various kinds.

In particular, the Commission attaches very great importance to the search for lasting solutions to the problems arising out of the tendency towards on-the-spot upgrading. It takes the view that such solutions must be conceived within an optimum international work-sharing framework and that they will ultimately have to take account of the increasing participation of the countries in question in the ownership, profits and management of mining and manufacturing undertakings. In this connection, the Commission believes that moves in this direction must be backed up by appropriate support measures. At the same time it is considering the possibility of future action aimed at developing mechanisms to aid and guarantee European investment in non-member countries.

First and foremost, the Commission must concede that the enormity of the problem transcends the national frontiers of all of the Member States, and that its importance is such that Community action in this extremely vast area, which at present is all too frequently uncoordinated, must be given a fulcrum which at the moment it lacks. For this reason, every effort must be made to prevent national measures undertaken in isolation from creating additional difficulties.

The Commission is therefore convinced of the absolute need to draw up the framework for a common policy and common strategy and expects, in the near future, to be in a position to forward initial proposals to the Council.