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*President of the European Commission*

*Brussels,*  
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*BARROSO (2011)*

*Dear Honourable Members,*

*Thank you for your letter of 13 April concerning the supply of rare earths to the EU.*

*May I assure you that I share many of your concerns in this area. The Commission is fully aware of the importance of sustainable access to rare earths for the overall performance of the EU economy and has shown leadership in the important challenges we face at present and in the future.*

*In June 2010, the Commission published a report highlighting the particular supply risks related to access to rare earths and other raw materials, which are critical for the European economy. Defining critical raw materials was a priority action set out in the EU raw materials initiative launched in November 2008. It provided the Commission with a tool to launch targeted actions, such as opening up the 7<sup>th</sup> framework programme for research in 2010 for projects covering the substitution of rare earths.*

*Another important action was the Commission's proposal COM(2008) 810 on waste electrical and electronic equipment, which proposed effective measures to step up the separate collection of such waste equipment, and to tackle the illegal exports of such equipment. This may help increase future recovery and recycling of rare earths. I will be grateful for the continued support of the European Parliament, in particular in the context of the second reading in the second half of this year.*

*On 2 February 2011, the Commission adopted a new communication on raw materials underlining the need to pursue and build on the strategic approach of the raw materials initiative, which is based on three pillars: ensuring sustainable access on global markets at undistorted conditions, fostering sustainable supply from domestic sources and increasing resource efficiency and recycling.*

*Within this strategic vision, the EU will pursue a raw materials diplomacy with a view to securing access to raw materials, through strategic partnerships and policy dialogues.*

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*Mr Ioannis A. TSOUKALAS, MEP*  
*Ms Corien WORTMANN-KOOL, MEP*  
*Ms Pilar del CASTILLO, MEP*  
*Mr Bendt BENDTSEN, MEP*  
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*Moreover, the Commission considers that innovation can play a crucial role in addressing the challenges we face along the entire value chain of raw materials. In the long run, this could allow Europe to become a leading player in this area. The Council expressed its overall support for the proposed approach in its conclusions of 10 March 2011. Awareness of the crucial importance of access to raw materials has increased significantly among Member States, and some (such as Germany, France and Finland) recently adopted national raw materials strategies complementing the EU's strategy.*

*The EU is also not alone in facing these challenges. Japan and the US have increased cooperation with the EU in this area, which has led for instance to the inclusion of raw materials in the Transatlantic Innovation Action Partnership between the EU and the US. In our relations with China on raw materials, the Commission is determined to use all relevant bilateral contacts to address the issue. Since the moment China first introduced export restrictions on rare earths, the Commission has tried to resolve this through dialogue. I myself lately raised the matter during the 2010 China-EU business summit with Premier Wen. Mr Karel De Gucht, Member of the Commission responsible for Trade, and his predecessors have done the same on a number of occasions when they met their Chinese counterparts. Finally, discussions have also taken place at service level. In spite of this, dialogue has not proven successful to date and the Commission is analysing all options, including taking legal action regarding rare earths under the WTO Dispute Settlement Understanding. Following this path would need to be carefully considered, in light of the current legal proceedings on other raw materials, launched in 2009.*

*Beyond that, the Commission is also stepping up its efforts to raise the need for open, undistorted raw materials markets in fora such as OECD and G20. Indeed, while China may be a dominant producer of rare earths, it is import-dependent for other raw materials and should also have an interest in well functioning global markets for raw materials.*

*Not later than Tuesday the 14<sup>th</sup> of June, I opened with President Sarkozy, a conference organised by the European Commission on the theme of "Commodities and raw materials: challenges and policy responses". I recalled on this occasion the need for greater transparency and better regulation on both physical and financial markets of commodities and raw materials.*

*In relation to the particular case of Greenland, based on the provisions of the EU-Greenland partnership agreement, the Commission is already in contact with the representation of Greenland to the EU, to assess the possibilities to reinforce cooperation in this field. Further, the Prime Minister of Greenland met with Vice-President Tajani this week to discuss, among other things, raw material and rare earths.*

*I can assure you that I am following the supply of rare earths very closely and have instructed all relevant services to prioritise these issues. In addition, as you point out, Vice-President Tajani, in charge of Industry and Entrepreneurship and the other Members of the Commission are fully aware of the importance of this strategic dossier. In the context of the preparation of its own-initiative report on raw materials, I count on full political support from the European Parliament for the necessary implementation of the strategy proposed by the Commission.*

*Yours faithfully,*



*José Manuel BARROSO*