Statement

Delivered by

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD
World Economic Forum will soon issue a new white paper: *Translating critical raw material demand into development benefits.*

This white paper does three things:

1. It maps the evolving landscape in state-to-state critical raw material partnerships
2. Surfaces elements these partners might include to drive sustainable development
3. It reflects on how regional integration might encourage more investment in downstream industries beyond the extractive sector

The white paper is published by the Forum’s Climate Trade Zero initiative – which is a public-private community of over 100+ experts on trade, climate change and investment.

The paper also benefited from inputs by the Securing Minerals for the Energy Transition (SMET) platform. The SMET community has identified 30 risks emerging from the supply-demand gap around critical minerals. They have further outlined 25 strategies to address these risks and 10 high priority actions.

As the race for energy-related CRM accelerates, the development community’s key question should be: *how do we ensure broad benefits for developing countries, limiting negative environmental impacts?*

This white paper cannot provide all the answers. Rather, it is a starting point for various communities to engage in discussion, particularly when stakeholders may come at these topics with different perspectives and levels of understanding. A trade policymaker may not be familiar with critical mineral market challenges, nor will a mining company be able to track different countries’ NDCs and what that means for their CRM supply chains (though they may have to get better at this!)

Let me dig into the three aspects of the paper in turn:

**EVOLVING LANDSCAPE STATE-TO-STATE DEALS**

For a range of reasons, states are getting more interested in intergovernmental deals on CRM. That mirrors a surge in unilateral commercial policy in this sector, although we should note that such interventions are not greater in the mining sector than for other materials, amid an increasingly complex geopolitical landscape.

Recent state-to-state deals can be characterised as:

- *investment focused* – where parties agree to jointly invest or provide public financing (including development assistance) for mining, processing or recycling projects. Example: The US-led Critical Minerals Security Partnership; India’s CRM deal with Australia; or the MoUs through the EU Global Gateway such as with the DRC and Zambia
- *policy or market access* – where parties collaborate on key policy issues and provide access to domestic incentives. Example: Japan-USA CMA, potential EU-US CMA
- *data collection and analysis* – where parties collaborate around supply transparency and demand forecasts as well as risk analyses. Example: IEA Voluntary Critical Minerals Security Programme
ELEMENTS TO INCLUDE FOR DEVELOPMENT

Important for parties to build a shared definition of “value addition”. There is no global definition, but it is clear that economic value addition cannot come at the expense of environmental or social subtraction.

Many nations also want downstream investment. However, several considerations:

a) much value does come in a primary extraction phase, so downstream industrialisation policies need to be carefully considered based on market size and other factors, to avoid disruption

b) there are a range of factors that impact investor appetite and feasibility around downstream, including transport, green power availability, water constraints, among others

c) downstream investments may also look more interesting in some regions than others, based on the strength of x-regional value chains and manufacturing capacities

With these considerations in mind, partners should consider the following categories:

LEVERAGING REGIONAL INTEGRATION

Regional integration could create a larger market and encourage x-regional value chains that will be appealing to downstream industry investors.

Our white paper explores aspects of AfCFTA implementation:
However, although these are good starting points, there are still some important questions for countries on the continent to consider:

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<th>Challenge</th>
<th>Description</th>
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<td>Value chain assessment</td>
<td>More details are needed on which value chains should be targeted and to what extent current tariff reductions act as an incentive for regional activity. Further, Annex 5 of the Protocol on Trade in Goods establishes a reporting, monitoring and elimination mechanisms for non-tariff barriers, where traders can file complaints on specific trade obstacles. To what extent is there a need for and appetite to highlight NTBs around minerals-related value chains? Battery cell assembly and, eventually electric vehicle (EV) production, are one value chain to consider.</td>
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<td>Nationalism</td>
<td>As it stands, many countries in the region are looking to move up the minerals value chain, creating tensions between regional coordination and national interests. Are there specific areas where these tensions can be overcome, for example, through regional investment promotion?</td>
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Trust

Regional cooperation to secure spillover benefits from increased mining activity, such as improved infrastructure, social benefits or new capacities, requires trust between partners (between nations, as well as with the private sector, along a value chain). What mechanisms or approaches can be used to improve confidence in long-term benefit sharing?

FINAL WORD

There are several existing capacity building initiatives around sustainable mining, governance and contract negotiation. These are orchestrated by international organisations such as the World Bank Group, the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development, among others, as well as civil society.

It would be helpful for stakeholders to examine how these programmes might dock into CRM partnerships or other trade policymaking forums.