

European Sustainable Phosphorus Conference -
Brussels 6 & 7 March 2013 - Guus Houttuin - EEAS

“International Cooperation and phosphate rock,
phosphate and phosphorus”

I have listened with interest to the presentations on geopolitical dependency and our shared interest in increased resource efficiency. I have also read with great attention the opus magnum by The Hague Centre for Strategic Studies on “Risks and Opportunities in the Global Phosphate Market”.

Nearly two days of discussion on the internal EU challenges – challenges ranging from environmental concerns to resource efficiency and phosphate import dependency and – understandably - somewhat less on the external challenges.

There is always an external dimension of internal EU policies and challenges: be it on the impact of EU legislation on third country suppliers (on raw materials and on processed products) or on how our industry and public authorities deal with the fact that the EU’s import dependency rate is – as a recent report by the CEFIC testified – close to 95%.

What is the foreign policy angle on all this? Of course it is about stability of supply of a commodity which is vital for our food production and also for sectors outside the wider agro-industry, but it is also about sustainable growth and stability in the producing countries.

There is increased awareness that access to and the availability of energy, water and food constitute a vital basket for development and stability – yes even a basic human right. If there is one thing that I learned from this conference it is that there simply is no right to food if there is no phosphorus.

The Hague Centre rightly identified the two strands for the EU's policy response – the first one being about efficient use and recovery and recycling – not for the EEAS to “worry” because it goes without saying that whatever fertilizer or recycling legislation the EU adopts will have to be compatible with our international commitments.

The second strand is about building strategic partnerships with phosphate rock-producing countries. However, we should be careful not to look at our relations with phosphate rock-producing countries through the narrow prism of what is popularly referred to as “geopolitical critical import dependency”.

We all know that with the increasingly integrated world economy – global supply chains and all that – there is already a “collective” interest in open and transparent markets for what is an essential building block – even a global common good – for agriculture and the downstream agro industries. Major supply ruptures will ultimately hit the entire world economy – it is difficult to imagine that any producing country has an interest in creating critical shortages of phosphates. This being

said, nobody will disagree that an import dependency rate of 95% is high and probably even critically high. For objective reasons it would be good if the EU were to reduce its import dependency for phosphates, if only to cater for supply shortages in the aftermath of natural disasters.

In a post-Westphalian world we do not only need to build strategic partnerships with producing countries but also engage with the producers themselves. I am particularly pleased that the vice-President of OCP actively participates in this conference and I take this as a sign of constructive engagement with the EU.

Creating strategic partnerships is easier said than done but with some countries it comes more naturally than with others. Less than one week ago the negotiations between our strategic partner Morocco and the European Union on a so-called Deep and Comprehensive Free Trade Area were launched in Rabat by President Barroso and Prime Minister Benkirane.

On 26 November of last year Commissioner Tajani and Minister Douiri signed a letter of intent on a reinforced dialogue on raw materials and the extractive industries.

Last but not least the European Union has expressed its willingness to the Moroccan authorities to engage in discussing accompanying measures by the European Union for supporting the introduction of decadmiation processes at an industrial scale in order to be able to eliminate the dangerous cadmium residues. I

understand that a similar process of decadmiation – for foodstuffs phosphates – has been installed successfully in Tunisia.

Sustainable use and production of phosphates will ultimately benefit producers and users and consumers alike.

The EU is heavily engaged with our Southern Mediterranean partners – Arab spring reply of DCFTAs – money, democracy, stability, jobs and growth. Our adherence to a free trade agenda is well-known and partner countries such as Morocco and Tunisia subscribe to our efforts.

Phosphate rock shows a radically different picture with Russia being the main supplier of phosphate rock to the EU (with Morocco in second place). Also with Russia, the EU engages in a dialogue on mining and metals – important because with new seabed mining techniques the Barents-region will be of increasing relevance for many raw materials. Also important is that Russia's WTO accession last summer has firmly anchored Russia into the rules-based international trading system.

Phosphate rock exploration extends to many other regions – as we have heard yesterday reserves may be as big as 460 gigaton – but it is also about mining technologies, exploitation costs and quality. Cooperation on raw materials is part and parcel of the EU's wider political framework agreements. The exploration activities undertaken word-wide

demonstrate that any raw materials strategy (and this also applies to phosphorus) can not be limited to a single continent or to our neighbourhood. In this respect I would be interested to learn more from our ENTR and ENV colleagues on the list of so-called "critical" raw materials and what their initial evaluation is on phosphate rock.

I am less convinced (than some economists) that EU sustainable use policy will also have an effect on the global price of phosphate rock as suggested in The Hague study. My delegation in Rabat was so kind to send me some 2011 export statistics: Phosphoric acid: 25% of the Moroccan export goes to the EU; Fertilizers: 15% to the EU and Phosphates: close to 30% goes to the EU. Not a "price-maker" scenario for the EU if you ask me.

Hence engagement and cooperation with the producing governments and companies is as important as less use and more recycling.

- CHECK AGAINST DELIVERY -

