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From: General Secretariat of the Council

To: Permanent Representatives Committee (Part 2)/Council

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Subject: Directives for negotiations with the United States of America for an agreement on strengthening supply chains for critical minerals

DIRECTIVES FOR NEGOTIATIONS WITH THE UNITED STATES OF AMERICA FOR AN AGREEMENT ON STRENGTHENING SUPPLY CHAINS FOR CRITICAL MINERALS

Nature and Scope of the Agreement

1. The Agreement should contain provisions on strengthening international supply chains of critical minerals and related sectors.
2. The Agreement should be fully consistent with the World Trade Organisation (“WTO”) Agreement and other international agreements concluded by the European Union or the European Union and its Member States.

Objectives

3. The Agreement should strengthen the trade in and diversification of international supply chains of critical minerals and promote the adoption of electric vehicle battery technologies by formalising the shared commitment of the European Union and United States of America to facilitate trade, promote fair competition and market-oriented conditions for trade in critical minerals, ensure trade-related robust labour and environmental standards in supply chains of critical minerals, and cooperate in efforts to ensure secure, sustainable, and equitable critical minerals supply chains.
4. The Agreement should be fully in line with the objectives pursued in the proposed Critical Raw Materials Act, in terms of ensuring the Union’s access to a secure and sustainable supply of critical raw materials, and with the Battery Alliance.

Content of the Agreement

5. The Agreement should contain provisions on strengthening international supply chains of critical minerals, thus providing for reciprocal trade, labour and environmental commitments.

Trade-facilitation aspects

6. The Agreement should facilitate trade, expand access to sources of critical minerals that are sustainable, trusted and free of labour abuses, and promote fair competition and market-oriented conditions for trade in critical minerals.
7. The Agreement should aim to build a shared understanding of distortive non-market policies and practices in critical minerals, as well as other related sectors and develop coordinated action to foster supply chain diversification, reduce vulnerabilities, and de-risk strategic dependencies.
8. The Agreement should aim to prevent distortive and protectionist practices in critical minerals supply and value chains.

Sustainability aspects

9. The Agreement should encourage corporate social responsibility across critical minerals supply chains via high environmental, social and governance (ESG) standards, in accordance with international guidance such as the OECD Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Business Conduct.

10. The Agreement should encourage cooperation in ongoing work on international standards for critical minerals lifecycle assessment, extraction, labelling, recycling and transparency with a view to supporting sustainable supply chains, and help in preventing future barriers to trade between the EU and the US or to joint projects.
11. The Agreement should promote high levels of environmental protection with respect to critical minerals and foster improvement of levels of environmental protection with respect to the critical minerals' lifecycle and trade in critical minerals.
12. The Agreement should underline the important role that multilateral environmental agreements play in protecting the environment, including related to environmental impacts from the lifecycle of critical minerals, and the importance of implementing relevant multilateral environmental agreements.
13. The Agreement should encourage measures that promote more resource efficient and circular economy approaches to reduce the demand for, and environmental impact of, critical minerals extraction and related processes.

Labour aspects

14. The Agreement should confirm the intention of both sides to adopt and maintain labour rights in their laws and practices and to maintain policies that are considered appropriate to protect workers in the critical minerals sector against any employment discrimination in accordance with the International Labour Organization's fundamental principles and rights at work.
15. The Agreement should recognise the importance of cooperation as a mechanism to advance common goals regarding labour rights in critical minerals extraction and processing.

16. The Agreement should recognise the importance of consulting with a wide range of stakeholders on trade policy related to critical minerals supply chains, including labour, environmental and business organisations, representatives of micro, small, and medium-sized enterprises, and civil society organisations.

International aspects

17. The Agreement should recognise the importance of continued bilateral and plurilateral efforts to strengthen sustainable and equitable supply chains through common standards among allies and partners. Accordingly, the European Union and the United States of America will cooperate bilaterally and in plurilateral fora, as appropriate, regarding efforts to ensure secure, transparent, sustainable, and equitable critical minerals supply chains.