

Germany is consistently implementing its strategy of raw material partnerships

Konrad Popławski, Niemcy konsekwentnie realizują strategię partnerstw surowcowych

On 26 January, Germany signed a raw material partnership agreement with Chile. As a result, German firms may have better access to copper, lithium and rare earth elements. This is another partnership which Germany expects will form part of a good legal framework to be created for co-operation on raw materials. It is also envisaged that German firms could buy shares in some deposits in the longer term. The German government offers the possibility of obtaining special non-repayable subsidies, export and investment guarantees, and expert support (for example, geological expert opinions from state-controlled institutions) to German firms and companies with German capital which invest in deposits of especially important raw materials, such as copper, platinum, tungsten, gallium, scandium or tantalum. Partner states may count on an influx of German investments and technologies which enable exploration from difficult-to-access deposits and also more funds granted to them from the pool of German development aid.

Chile has 38% of global copper deposits and a 34% share in global copper production. Thus it is an important supplier of this raw material to Germany. Furthermore, Chile has deposits of lithium and rare earth elements. Germany has signed similar agreements before: with Mongolia in 2011 and with Kazakhstan in 2012. In effect, several joint ventures have been established for the purpose of deposits exploration (including a German-Kazakh joint venture in Kazakhstan and a German-Australian joint venture in Mongolia). Germany has also subsidised the purchase of a more efficient turbine for the coal power plant in Darkhan, Mongolia as part of the energy efficiency programme.

Commentary

- The agreement with Chile is a further element in the implementation of the strategy of partnerships based on raw materials, which was published at the end of 2010. In applying this strategy, Germany wants to gain access to deposits of raw materials in exchange for investments and technology transfer. Since China, which controls a significant part of this market, limited exports of rare earth elements, Germany has taken more actively measures to diversify supplies of these deposits, which are necessary for the German car, electrical engineering, machine-building and chemical industries.

- Raw material partnerships are a convenient form of co-operation, especially as regards deposits supplies from non-democratic countries, since focusing on the energy sector does not require highlighting the issue of human rights, as is the case for example with the strategic partnership between Germany and China. The German government only insists that the investments being implemented should meet ecological standards. Part of the opposition, especially from the Green Party, have nevertheless accused the government of being excessively concentrated on economic interests, and neglecting human rights issues in the case of the agreement with Kazakhstan.
- The government's efforts are in line with the expectations of German companies. According to a questionnaire prepared by the Federation of German Industries in 2012, 61% of respondents expect the government to assist them in their search for raw materials, especially through measures aimed at eliminating limitations to trade and investments, the development of raw material partnerships and by facilitating access to information.