A European strategy for critical raw materials

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The Committee on Industry, Research and Energy adopted an own-initiative report by Hildegard BENTELE (EPP, DE) on a European strategy for critical raw materials.

Technologies requiring critical raw materials will be key to ensuring the EU and the world as a whole can achieve their goals under the Paris Agreement. The EU currently supplies only 1% of the raw materials for wind energy, less than 1% of lithium batteries, less than 1% of fuel cells, only 2% of the raw materials for robotics and only 1% of silicon photovoltaic assemblies. Moreover, COVID-19 has damaged global supply chains and led to shortages of critical raw materials in Europe.

According to Members, a **comprehensive EU strategy** for critical raw materials should be based on high environmental, social and human rights standards, also taking into account the natural scarcity of minerals.

Challenges and opportunities

Members considered that an **integrated approach** throughout the value chain, from waste collection and product design for recyclability to material recovery, is an essential strategy to increase the supply of critical raw materials. They stressed the need for an active industrial policy to support the sector in its transformation, with access to affordable sources of clean energy.

The report warned that the EU's transition to climate neutrality should not replace reliance on fossil fuels with reliance on raw materials, stressing that the transition should decrease the EU's dependence on imported critical raw materials.

Project of common European interest

Members called on the Commission and the Member States to create, as soon as possible, an Important Project of Common European Interest (IPCEI) on critical raw materials to **strategically and sustainably plan** for EU demand for the twin transition, covering requirements, sources

of supply and (social, environmental and financial) costs. The IPCEI should cover all the relevant topics in order to **reduce criticality and dependence**, such as recycling, reuse, substitution, reduction of material use and mining. These projects should unlock the unfulfilled potential in critical raw material-rich EU countries that have large untapped sources.

The Commission is also invited to:

- pay attention not only to critical raw materials, but also to the potential criticality of other raw materials needed for strong supply chains;

- ensure that national plans for recovery and resilience under NextGenerationEU address the challenges of economically, environmentally and socially sustainable supply of critical raw materials;

- **promote research and development on critical raw material skills and competences** for SMEs, as part of a strategy for the growth of EU high-tech technologies such as lithium-ion batteries, fuel cells, wind turbines, electric traction motors, photovoltaics, robotics, drones, 3D printing and a wide range of digital technologies and medical devices.

Members called for **EU support and funding** for the technological development of critical raw materials and stressed, in particular, the need for specific financial instruments and targeted research and innovation (R&I) funds for recycling processes.

Strategic autonomy and resilience

The report welcomed the creation of the **European Raw Materials Alliance** (ERMA) as an 'investment pipeline' and encouraged it to become more involved in unlocking public and private investment for environmentally assessed and sustainable critical raw materials projects.

Members regretted that the establishment of **strategic stockpiling** is not yet part of the action plan. They called on the Commission to focus on securing the supply of critical raw materials in the EU by encouraging Member States to undertake strategic stockpiling in a coordinated approach, where necessary.

Closing material loops

The report highlighted the need to develop functional markets for secondary critical raw materials flows and thus strengthen the EU's industrial ecosystem and retain jobs in the manufacturing industry.

The Commission is encouraged to: (i) **promote the recycling and recovery** of critical raw materials from mining, processing and commercial waste streams to ensure reliable, secure and sustainable access to them; (ii) propose minimum recycled content targets and dedicated recycling **targets** for critical raw materials, with a robust monitoring framework.

Supply from the EU

Highlighting that primary and secondary sourcing in the EU is subject to the highest environmental and social standards worldwide, Members called on all actors to promote responsible and sustainable sourcing of critical raw materials within the EU and to raise awareness of the environmental footprint of **critical raw material imports from third countries**. Responsible sourcing in the EU should be based on an effective social dialogue promoting workers' health and safety, securing decent jobs and working conditions.

Diversification

The report called on the Commission to diversify as much as possible the supply sources of critical raw materials and to **reduce the current reliance on a few non-EU countries** by supporting investments that involve European and global partners and SMEs as part of a long-term international sourcing strategy.

To achieve this goal, it recommended strengthening existing partnerships and trade agreements and building new strategic agreements or EU joint ventures with resource-rich and other like-minded sourcing countries, in accordance with clearly defined priorities.

Members stressed the need to strengthen cooperation between the EU, the US and Japan and to cooperate more closely with key international suppliers in the Western Balkans, Eastern Europe, Latin America and Africa, as well as with China and other developing countries in the global south.