

Framework for ensuring a secure and sustainable supply of critical raw materials

2023/0079(COD) - 14/09/2023 - Text adopted by Parliament, partial vote at 1st reading/single reading

The European Parliament adopted by 515 votes to 34, with 28 abstentions, **amendments** to the proposal for a regulation of the European Parliament and of the Council establishing a framework for ensuring a secure and sustainable supply of critical raw materials and amending Regulations (EU) 168/2013, (EU) 2018/858, 2018/1724 and (EU) 2019/1020.

The matter was referred back to the committee responsible for inter-institutional negotiations.

Objectives

The general objective of this Regulation is to improve the functioning of the internal market by establishing a framework to ensure the internationally competitive, secure, resilient and sustainable supply of critical raw materials of the Union, including by fostering sustainability, efficiency and circularity throughout the value chain.

To achieve the general objective, this Regulation aims to **strengthen the different stages of the strategic raw materials value chain** with the aim to ensure that, by 2030, Union capacities for each strategic raw material have significantly increased so that, overall, Union capacity approaches or reaches the following benchmarks:

- Union extraction capacity is able to extract the ores, minerals or concentrates needed to produce at least 10% of the Union's annual consumption of strategic raw materials, to the extent that the Union's reserves allow for this;
- Union **processing capacity**, including for all intermediate processing steps, is able to produce at least **50%** of the Union's annual consumption of strategic raw materials; up to **20%** of the Union's new processing capacity might be developed under strategic partnerships in emerging markets and developing countries;
- Union **recycling capacity**, including for all intermediate recycling steps, is able to produce at least **+10%** volume of recycling capacity based on the 2020-2022 baseline for each strategic raw material to, at least collect, sort and process **45%** of each strategic raw material contained in the Union's waste taking into account technical and economic feasibility.

The Regulation also seeks to:

- **diversify the Union's imports of strategic raw materials** and decrease dependency on non-reliable partners that do not share Union values, respect for human rights, democracy and rule of law;
- promote development and deployment of **substitute raw materials** by fostering production methods to substitute raw materials and research and development of alternative innovative materials to lower the Union's environmental footprint;
- mitigate the Union's increase in **demand of critical raw materials**, including by increasing efficiency and the uptake of material substitution throughout the value chains ;

- increase the share of **secondary raw materials** within the Union's consumption of strategic raw materials.

List of strategic raw materials

The Commission is empowered to adopt delegated acts to amend Annex I, Section 1 in order to amend this Regulation by updating the list of strategic raw materials, including by adding raw materials to that list if supply risks are detected as a result of the monitoring and stress testing carried out pursuant to this Regulation. By 6 months from the adoption of this Regulation, the Commission should submit to the European Parliament and to the Council a list of strategic secondary raw materials, including ferrous scrap. While defining this list, the Commission should give specific consideration to the relevance of a secondary raw material for the green and digital transition as well as defence and space applications.

Strategic projects

According to Members, strategic projects should be **flagship projects** in terms of technological innovation and sustainability. Effective support to strategic projects has the potential to improve access to materials for downstream sectors as well as to create economic opportunities along the value chain, including for small and medium-sized enterprises (SMEs) and local communities and contribute to the creation of employment. To ensure the development of strategic projects across the Union, such projects should benefit from streamlined and predictable permitting procedures and support in gaining access to finance.

Strategic projects in third countries should respect international standards and conventions related to environmental protection and human rights and encourage the use of inclusive business models in which local communities participate in decision-making.

The Commission should be able to prioritise strategic projects that **contribute to circularity of raw materials or submitted by SMEs** provided that a balance of projects between the different stages of the value chain is maintained.

To keep administrative burden put on Member States and undertakings, especially SMEs, to a minimum, the different reporting obligations should be streamlined.

Funding

Specific financial and support instruments as well as targeted research and innovation funds aimed at improving performance, substitution, recycling processes and material cycles should take the form of research and innovation programmes and other instruments to stimulate innovation, in particular in the fields of waste treatment, advanced materials and substitution, as well as for the development of new and innovative technologies in the sustainable extraction of the Union's critical raw materials.

The Commission should further consider the possibility of setting up a **dedicated fund at Union level**, for example in the form of a European Fund for Strategic Raw Materials including considering revolving instruments, or of earmarking of financial support through reprioritisation of funds under the Multiannual Financial Framework.