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

2023/0079(COD) - 12/12/2023 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 549 votes to 43, with 24 abstentions, a legislative resolution on 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 European Parliament's position adopted at first reading under the ordinary legislative procedure amends the Commission's proposal as follows:

Objective

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

To achieve the general objective, this Regulation lays down measures aimed at **lowering the risk of supply disruptions** related to critical raw materials likely to distort competition and fragment the internal market, in particular: (i) by identifying and supporting **strategic projects** that contribute to lowering dependencies and diversifying imports and; (ii) by undertaking efforts to incentivise **technological progress** and resource efficiency in order to moderate the expected increase in Union consumption of critical raw materials; (ii) by improving the Union's ability to monitor and mitigate the supply risk related to critical raw materials.

List of strategic raw materials

The list includes **34 critical raw materials** and **17 strategic raw materials** listed in Annexes I and II of the Regulation. These lists include bauxite/alumina/aluminium, cobalt, copper, lithium, manganese, graphite and battery-grade nickel, rare earths for the production of magnets, silicon and titanium metal and tungsten.

The Commission will review and, if necessary, update the list of strategic raw materials three years after the date of entry into force of the Regulation and every three years thereafter.

Strategic projects - benchmarks

The Commission and Member States should strengthen the different stages of the value chain of strategic raw materials through the measures in order 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 40%** of the Union's annual consumption of strategic raw materials;

- **Union recycling capacity**, including for all intermediate recycling steps, is able to produce **at** least 25% of the Union's annual consumption of strategic raw materials and is able to recycle significantly increasing amounts of each strategic raw material in waste.

The aim is also to **diversify the Union's imports of strategic raw materials** with a view to ensure that, by 2030, the Union's annual consumption of each strategic raw material at any relevant stage of processing can rely on imports from several third countries, none of which provide **more than 65%** of the Union's annual consumption.

Points of single contact

In order to reduce complexity and increase efficiency and transparency in permitting process, project promoters of critical raw materials projects should be able to interact with a point of single contact, which is responsible for **facilitating and coordinating the entire permit granting process**. To that end, Member States should set up or designate one or more points of single contact, while ensuring that project promoters should interact only with one point of single contact.

Priority status of the strategic projects

Strategic projects should contribute to the Union's security of supply of strategic raw materials. The Commission should, where appropriate in cooperation with the Member States, undertake activities to accelerate and attract private investment in strategic projects.

Permit granting process

The amended text provides for a **rapid and simplified** permit grating procedure for strategic extractive projects, which will be managed by a single national contact point. For strategic projects in the EU, the permit granting procedure should not exceed: (i) **27 months** for strategic projects in the extractive sector and (ii) **15 months** for strategic projects relating solely to processing or recycling. Members also stressed the need to cut red tape, particularly for small and medium-sized enterprises.

Strategic partnerships with third countries

Members also highlighted the importance of strategic partnerships between the EU and third countries on critical raw materials, in order to diversify the EU’s supply, with **benefits for all sides**. They called for the EU's strategic partnerships to contribute to: (i) improving the EU's security of supply; (ii) improving cooperation along the critical raw materials value chain between the EU and partner countries; (iii) the economic and social development of partner countries, in particular by promoting sustainable and circular economy practices, decent working conditions and respect for human rights along their raw materials value chains.

Company risk preparedness

Large companies exposed to shortages of strategic raw materials in strategic technologies (i.e. companies that manufacture batteries for energy storage and electromobility, equipment for the production and use of hydrogen, equipment for the production of electricity from renewable energy sources, aircraft, heat pumps, mobile electronic devices, robotics, drones, satellites and advanced chips and for data transmission and storage), should carry out a **risk assessment** of their strategic raw materials supply chain at least every three years, which they should to their Board of Directors.

If significant vulnerabilities to supply disruptions are detected as a result of the risk assessment, companies should take efforts to mitigate these vulnerabilities.