European Parliament

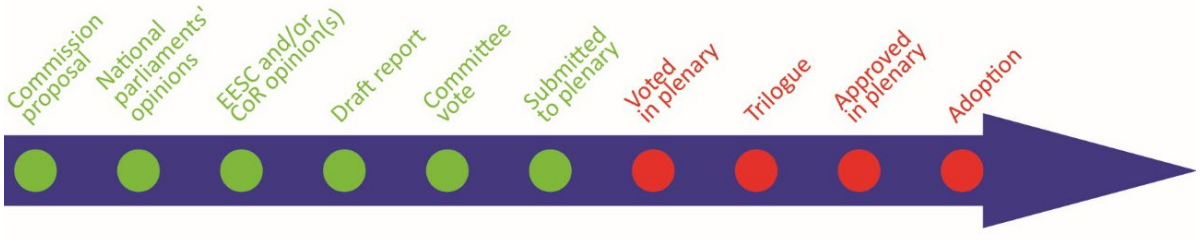
Critical raw materials act

OVERVIEW

The EU's ambition to become a climate-neutral economy by 2050, and its ability to sustain the green and digital transition and achieve strategic autonomy, all rely heavily on reliable, secure and resilient access to critical raw materials (CRMs). On 16 March 2023, the Commission put forward a proposal for a regulation on CRMs. It introduces the concept of strategic raw materials (SRMs), which are key for some strategic technologies and vulnerable to shortages. The general objective of the proposed regulation is to improve the functioning of the single market by establishing a framework to ensure the EU's access to a secure and sustainable supply of CRMs. To achieve this, the regulation would pursue four specific objectives: strengthening the whole SRM value chain; diversifying the EU's imports of SRMs (so that by 2030, no third country would provide more than 65 % of the EU's annual consumption of each SRM); improving the EU's ability to monitor and mitigate the CRM supply risk; ensuring the free movement of CRMs and products containing CRMs placed on the EU market and ensuring a high level of environmental protection, by improving their circularity and sustainability.

The proposal is now in the hands of the co-legislators. In the European Parliament, the Committee on Industry, Research and Energy (ITRE) is responsible for the file. It adopted its report on 7 September 2023. The report is due to be put to the vote in plenary in September 2023, fixing the Parliament's position for negotiations with the Council, which adopted its mandate on 30 June 2023.

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		
Committee responsible:	Committee on Industry, Research and Energy (ITRE)	COM(2023)160 16.3.2023
Rapporteur:	Nicola Beer (Renew, Germany)	2023/0079(COD)
Shadow rapporteurs:	Hildegard Bentele (EPP, Germany) Mohammed Chahim (S&D, the Netherlands) Henrike Hahn (Greens/EFA, Germany) Izabela-Helena Kloc (ECR, Poland) Marie Dauchy (ID, France) Cornelia Ernst (The Left, Germany)	Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly 'co-decision')
Next steps expected:	Vote in plenary	



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Introduction

Over past centuries, humanity has used an increasing number of known elements, in particular metals, to foster technological innovation. Today, a wide range of key technologies across all industries, from chips to batteries, medical imaging to tanks, rely on the unique physical properties of certain critical raw materials (CRMs). Demand for CRMs is expected to skyrocket in the coming years. However, as the transition to 'net-zero' and the digital age is particularly materials-intensive, it remains uncertain whether supply will keep up with the projected needs. Moreover, recent pledges for higher defence spending will also require more CRMs. The EU's ambition to become a climate-neutral economy by 2050, and its ability to sustain the green and digital transition and achieve strategic autonomy, all rely heavily on reliable, secure and resilient access to CRMs. CRM supply chains are global, complex, and fragile, which makes them vulnerable to a wide range of risks, including those linked to geopolitical tensions. The supply of CRMs is often more concentrated than that of fossil fuels. Furthermore, the EU's reliance on imports of CRMs is extremely high, sometimes reaching 100 % (e.g. for rare earth elements – REEs). The EU's strategic dependency in the supply of REEs is a notable example of the challenges linked to the EU's over-dependence on supply chains dominated by third countries.

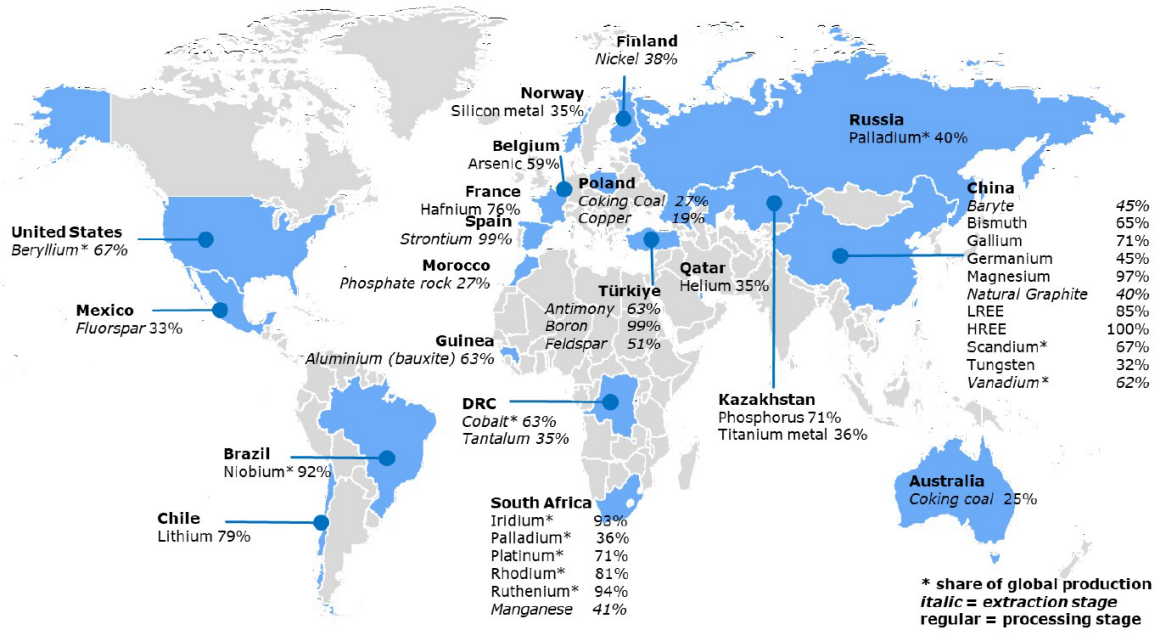
Existing situation

The proposed regulation would be the first EU act specifically regulating CRMs. Over the past few years, the EU has taken a range of measures to enhance its security of CRM supply, in industry, research and trade sectors, such as implementing the 2020 critical raw materials action plan.

EU sources of CRMs

China is both the largest global CRM supplier and the main EU supplier for the majority of CRMs. The EU's other sources for CRMs include some within the EU: Poland for coking coal and copper, Belgium for arsenic, France for hafnium, Spain for strontium and Finland for nickel (Figure 1). Non-EU suppliers include Chile (lithium), Guinea (bauxite), Kazakhstan (titanium, phosphorus), Mexico (fluorspar), Norway (silicon metal), Türkiye (antimony, boron, feldspar) and the United States (beryllium).

Figure 1 – World map of the main CRM suppliers to the EU (2023)



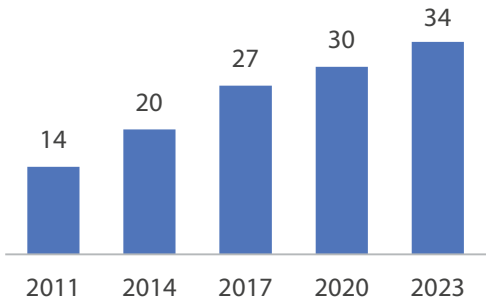
Source: European Commission, 2023.

For some metals, such as iron, zinc and platinum, more than half of sources of are recycled, providing for more than 25 % of EU consumption of those metals. For other CRMs, however, particularly those needed in renewable energy technologies and high-tech applications, such as rare earths, gallium, and indium, secondary production makes only a marginal contribution.

Criticality of raw materials for the EU

In 2023, to update the list of CRMs, the Commission carried out a new assessment of the criticality of raw materials for the EU (the fifth since 2011, see Figure 3). Raw materials are defined as critical based on their economic importance and supply risk.

Figure 2 – Number of CRMs for the EU



Source: EPRS.

Demand forecasts

The latest demand forecast analysis by the European Commission's Joint Research Centre found dramatic increases in EU materials demand. Materials used in the electric mobility sector are expected to show the highest relative increase in demand (e.g. lithium, graphite, cobalt, nickel and manganese for batteries; platinum for fuel cells; and rare-earth elements – dysprosium, neodymium, praseodymium and terbium – for permanent magnet traction motors). By way of example, Table 1 shows that, in a high demand scenario, compared with 2020, EU demand for lithium for batteries is expected to multiply by 12 by 2030 and by 21 by 2050. The relative growth in demand for rare earth elements is most striking in the electric mobility sector, which is still at a relatively early stage of development.

Table 1 – EU material demand forecast examples, high demand scenario

	EU demand in 2030 compared with 2020	EU forecasted demand in 2050 compared with 2020
Lithium	x 12	x 21
Graphite	x 14	x 26
Nickel	x 10	x 16
Dysprosium	x 6	x 7
Neodymium	x 5	x 6
Platinum	x 30	x 200
Aluminium	x 4	x 6

Data source: European Commission, Joint Research Centre, 2023.

Supply chain dependencies

The Commission recently updated its assessment of the EU's supply chain dependencies for **15 key technologies across five strategic sectors** (renewable energy, electric mobility, industry, information and communications technology (ICT); and aerospace and defence).

Table 2 – Supply risks for the EU and EU share of global production volumes (examples)

15 key technologies	Supply chain steps					
	Raw materials	Processed materials	Components	Assemblies	Super assemblies	Systems
Li-ion batteries	2 %	4 %	3 %	6 %		
Fuel cells	3 %	15 %	25 %	12 %		
Wind turbines	2 %	15 %	24 %	18 %	34 %	
Traction motors	2 %	12 %	9 %	19 %		
Solar photovoltaics	4 %	12 %	11 %	2 %		
Drones	4 %	18 %	9 %	11 %	6 %	

Data source: European Commission, Joint research Centre, 2023. Note: % indicates average EU share in global production for the supply chain step. In red: EU is vulnerable. In black: EU is not vulnerable.

The EU remains highly vulnerable along these supply chains, as **53 steps are considered to be critical**. In particular, the first step (raw materials) is critical for the 15 technologies (the EU share in global production does not exceed 7 %). The EU's vulnerability tends to diminish along the supply chain. Regarding the last step of the supply chains (manufacturing of the final technologies, i.e. assemblies, super-assemblies or systems), the Commission considers that the EU is 'reasonably strong'. The EU share in global production is, on average, 28 % in these steps. Importantly, five technologies (batteries, solar photovoltaics, data storage and servers, smartphones, tablets and laptops, and drones) show vulnerability along the whole supply chain.

Preparation of the proposal

One of the proposals stemming from the Conference on the Future of Europe concerns the reduction of the EU's dependency on foreign actors in economically strategic sectors. It points to the need for the EU to increase the resilience of its supply chains by fostering investment in strategic sectors in the EU, stockpiling critical products and diversifying the supply sources of CRMs.

In her 2022 State of the Union address, Commission President Ursula von der Leyen announced a European CRMs act, to secure the supply of these materials. It was among the key new initiatives announced for 2023 in the letter of intent. A legislative proposal on the supply of CRMs was also announced in the REPowerEU Plan, presented by the Commission in May 2022. Between September and November 2022, the Commission opened a call for evidence concerning the future CRMs act. It received 259 answers. In its work programme for 2023, the Commission confirmed that it would propose an EU CRMs act. The CRMs act is also a component of the first pillar of the Green Deal industrial plan for the net-zero age of February 2023, aimed at boosting the EU's net-zero industry.

The proposal for a CRM act was put forward by the Commission on 16 March 2023. It is included in the EU's 2023 joint declaration on legislative priorities. It was accompanied by a Commission communication explaining that the EU's action would be based on three pillars: developing the CRMs value chain in the EU; boosting the diversification of supply and partnering in a mutually beneficial manner in support of global production; and fostering sustainable sourcing and promoting circularity. The Commission will, for example, work with the European Investment Bank and other financial partners to scale up investment in the supply chain or set up a 'CRMs club' bringing together consuming and resource-rich countries. The proposal was also accompanied by an impact assessment (IA), which identified the EU's lack of secure and sustainable access to CRMs as the core problem. The IA pointed to three issues: insufficient anticipation and mitigation of supply risks, which make the EU prone to supply chain disruptions; insufficient use of the EU's domestic

CRM potential and lack of capacity in key stages of the value chain; and insufficiently sustainable EU sourcing of CRMs. EPRS published an initial appraisal of the impact assessment on 9 May 2023.

The changes the proposal would bring

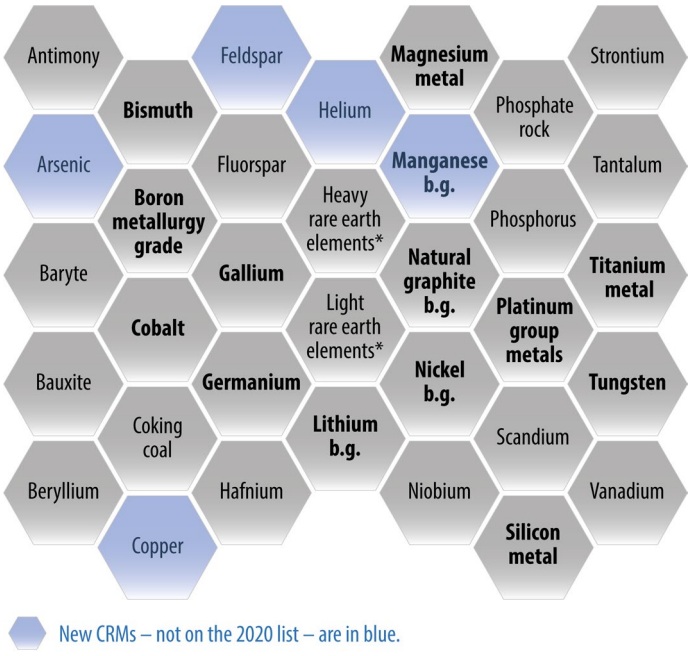
The general objective of the proposed regulation would be to improve the functioning of the single market by establishing a framework to ensure the EU's access to a secure and sustainable supply of CRMs (article 1). To achieve this, the regulation would pursue four specific objectives:

1. **strengthening the different stages of the strategic raw materials (SRMs) value chain**. The aim would be to ensure that by 2030s: **EU extraction capacity** covers at least **10 %** of the EU's annual consumption of SRMs (provided the EU reserves allow for this); **EU processing capacity** covers at least **40 %** of EU annual consumption of SRMs; **EU recycling capacity** covers at least **15 %** of EU annual consumption of SRMs;
2. **diversifying the EU's imports of strategic raw materials** so that by 2030, the EU'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 would provide more than 65 %** of the EU's annual consumption;
3. **improving the EU's ability to monitor and mitigate the CRMs supply risk**;
4. **ensuring the free movement of CRMs and products containing CRMs** placed on the EU market, while ensuring a high level of environmental protection, by improving their circularity and sustainability.

Critical and strategic raw materials

The proposed regulation would establish, for the first time, a list of **16 'strategic' raw materials** (SRMs) (article 3, Annex I, Section 1). They were identified by the Commission taking into account their use in strategic technologies underpinning the green and digital transitions, and the defence and space sectors. SRMs are also potentially subject to gaps between projected supply and demand, and their production would be difficult to increase. The Commission would be empowered to amend the list through delegated acts, using the methodology defined in Annex I, Section 2.

Figure 3 – The proposed 34 critical raw materials, including 16 proposed strategic raw materials



Note: b.g. stands for battery grade; (*) rare earth elements for magnets (neodymium, praseodymium, terbium, dysprosium, gadolinium, samarium and cerium) are SRMs.

Source: EPRS.

The proposed regulation would also establish a list of **34 CRMs**, identified in the updated criticality assessment carried out by the Commission (article 4, Annex II, Section 1). **The list of CRMs includes the SRMs**, as well as raw materials that reach or exceed the thresholds for both economic importance and supply risk, as defined in the proposed regulation. The Commission would be empowered to amend the list through delegated acts, using the methodology set in Annex II, Section 2.

The regulation would also set the thresholds for supply risk at 1 and for economic importance at 2.8 (these were the thresholds used for the 2020 and 2023 criticality assessments). The Commission would have to review both lists within 4 years of the entry into force of the proposed regulation, and then every 4 years thereafter.

Strengthening the EU's raw materials value chain

The proposed regulation would set **five criteria** for the recognition of '**strategic projects**' (article 5). These projects would have to:

1. contribute to the security of the EU's supply of **SRMs**;
2. be or become **technically feasible** within a reasonable timeframe;
3. be implemented **sustainably**, in particular as regards the monitoring, prevention and minimisation of environmental impacts, the use of socially responsible practices, quality jobs potential and engagement with local communities and relevant social partners, and the use of transparent business practices;
4. have **cross-border benefits** beyond the Member State concerned (for projects in the EU), including for downstream sectors;
5. be mutually **beneficial for the EU and the third country concerned** (for projects in third countries that are emerging markets or developing economies).

Applications for recognition of a raw material project as a strategic project would have to be submitted to the Commission (article 6). The Commission would assess the fulfilment of the recognition criteria in accordance with the elements and evidence set out in Annex III. The Commission could prioritise the processing of applications for projects active on specific stages of the value chain. A newly created **European CRMs board** would issue an **opinion** on the application. If a Member State whose territory was concerned by the proposed project maintained an objection during this process, the project would not be considered for the status of strategic project. The Commission would have to adopt its decision within 60 days.

Strategic projects would be considered to contribute to the security of supply of SRMs of the EU (article 6). Regarding their environmental impacts, these projects in the EU would have to be considered of public interest, or serving public health and safety, and could be considered as having an over-riding public interest, if all the conditions set out in Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora, Directive 2000/60/EC establishing a framework for Community action in the field of water policy and Directive 2009/147/EC on the conservation of wild birds were fulfilled. The Member State whose territory was concerned by a strategic project would have to take measures to contribute to its timely implementation.

The proposed regulation would also set rules concerning the **permit-granting process**. Member States would have to designate a single **national competent authority** responsible for facilitating and coordinating the permit-granting process for CRMs projects (**one-stop shop**, article 8) within 3 months of the date of entry into force of the proposed regulation. This authority would be the sole point of contact for the project promoter in the permit-granting process leading to a comprehensive decision for a given CRMs project. It would also have to ensure that applicants had easy access to information on and simple procedures for the settlement of disputes concerning the permit-granting process and the issuance of permits for CRMs projects.

Strategic projects would have to be treated in the most rapid way possible in accordance with EU and national law (article 9). Strategic projects in the EU would have to be granted the status of the highest national significance possible, and be treated accordingly in the permit-granting processes. All dispute resolution procedures, litigation, appeals and judicial remedies relating to the permit-granting process and the issuance of permits for strategic projects in the EU before any national courts, tribunals, panels, including mediation or arbitration, would have to be treated as urgent.

The **permit-granting process** would have to be completed within **24 months** for **strategic projects** involving extraction and **12 months** for **strategic projects** involving only processing or recycling (article 10). These time limits could be extended in exceptional cases.

If an environmental impact assessment had to be carried out for a strategic project under Directive 2011/92/EU, the national competent authority would have to ensure that the opinion on the scope and level of detail of the information to be included in the environmental impact assessment was delivered to the applicant within 30 days. For strategic projects for which assessments of the effects on the environment arose simultaneously from Directive 92/43/EEC, Directive 2000/60/EC, Directive 2008/98/EC, Directive 2009/147/EC, Directive 2010/75/EU, Directive 2011/92/EU or Directive 2012/18/EU, the national competent authority would have to ensure that a coordinated or a **joint procedure** fulfilling the requirements of EU legislation was applied. Member States would have to ensure that national, regional and local planning authorities developed zoning, spatial plans and land use plans, and include in such plans provisions for the development of CRMs projects, giving priority to artificial and built surfaces, industrial sites, brownfield sites and greenfield sites not usable for agriculture and forestry, for the development of CRMs projects (article 12). Assessments of such plans under Directive 2001/42/EC and Directive 92/43/EEC could be **combined** (these combined assessments could also assess the impact on water bodies or the marine environment).

The Commission and the Member States would have to undertake **activities to accelerate and crowd-in private investments** in **strategic projects**, without prejudice to Articles 107 and 108 TFEU (State aid rules) (article 14). Such activities could include providing support for strategic projects facing difficulties in accessing finance. Member States could also provide administrative support for strategic projects. At the request of a project promoter of a strategic project, a specific standing sub-group of the European CRMs board would have to discuss and advise on how the financing of its project could be completed (article 15). The Commission would also have to set up a **system to facilitate the conclusion of off-take agreements** on **strategic projects** (article 16). Member States would have to provide easily accessible online information on administrative processes relevant to CRMs, on the permit-granting process; financing and investment services; funding possibilities at EU or Member State level; and business support services (article 17).

Each Member State would have to draw up a **national programme for general exploration targeted at CRMs** within 1 year of the entry into force of the proposed regulation. These programmes would have to be reviewed at least every 5 years (article 18). Member States would have to inform the Commission of their national programmes, and report each year on their implementation. Member States would have to make the information on their mineral occurrences containing CRMs publicly available on a free access website.

Risk monitoring and mitigation

The Commission would **monitor CRM supply risk**, covering at least the evolution of trade flows, demand and supply, concentration of supply and EU and global production, and production capacities at different stages of the value chain (article 19). The Commission would be supported by the national authorities within a specific standing sub-group of the new CRMs board.

The Commission, together with the national authorities, would make sure that a **stress test** was performed **at least every 3 years** for each SRM supply chain (i.e. an assessment of its vulnerability to supply disruptions). The Commission would make publicly available on a freely accessible website, and regularly update, a monitoring dashboard containing information on the monitoring parameters; a calculation of the supply risk for CRMs in light of the monitoring parameters; the results of the stress tests; and suggestions for suitable mitigation strategies to decrease supply risk. If the Commission considered that there was a risk of a supply disruption, it would **alert** Member States, the European CRMs board and the EU governance bodies of crisis vigilance or crisis management mechanisms whose scope covers relevant CRMs or SRMs. Member States would have to provide information to the Commission on any new or existing raw material project on their

territory that was relevant to EU production capacities (article 20). Member States would also identify key market operators along the CRMs value chain established in their territory and monitor their activities, provide information on monitoring; and **notify the Commission of major events** that could negatively affect the activities of key market operators.

Member States would also have to **report annually to the Commission the state of their strategic stocks of SRMs** (stocks held by all public authorities, publicly owned companies or economic operators charged by a Member State to build up strategic stocks on its behalf). The report could also include information on strategic stocks of critical and other raw materials. The Commission would, taking account of the views of the board, adopt a **benchmark indicating a safe level of EU stocks for each SRM**. It would take into account private operators' stocks and be proportionate to the supply risk and economic importance associated with the SRMs (article 22). The Commission could issue **opinions addressed to Member States to increase the level of strategic stocks**, or to amend or coordinate the procedures for the release, allocation and distribution of strategic stocks to improve their cross-border accessibility, in particular for the production of strategic technologies.

Member States would identify the **large companies manufacturing strategic technologies using SRMs** on their territory, such as batteries for energy storage and e-mobility, equipment relating to hydrogen production and utilisation, equipment relating to renewable energy generation, traction motors, heat pumps, data transmission and storage, mobile electronic devices, equipment relating to additive manufacturing, robotics, drones, rocket launchers, satellites and advanced chips. Every 2 years, these companies would have to **perform an audit of their supply chain**, including a mapping of where the SRMs they use were extracted, processed or recycled, and a **stress test** of their SRM supply chain (article 23).

The Commission would set up and operate a **joint purchasing system** to aggregate demand from interested undertakings consuming SRMs established in the EU, and Member State authorities responsible for strategic stocks (article 24). EU undertakings and Member State authorities participating in the system could negotiate the purchase jointly, or use joint purchasing. The Commission could contract a service provider to set up and operate the system.

Sustainability

Regarding **circularity**, each Member State would: adopt **national programmes** containing measures to increase the collection of waste with high CRM recovery potential and ensure its introduction into the appropriate recycling system; increase the re-use of products and components with high CRMs recovery potential; increase the use of secondary CRMs in manufacturing, including by taking recycled content into account in public procurement award criteria; increase the technological maturity of recycling technologies for CRMs and promote materials efficiency and the substitution of CRMs in applications; and ensure that their workforce was equipped with the skills needed to support circularity of the CRMs value chain (article 25). These programmes would particularly cover products and waste that are not subject to any specific requirement on collection, treatment, recycling or re-use under EU legislation. Each Member State would have to adopt measures to **promote the recovery of CRMs from extractive waste**. The Commission would adopt implementing acts defining a list of products, components and waste streams having a **high CRMs recovery potential**. Operators responsible for the management of extractive waste would have to assess the quantities and concentrations of **CRMs contained in extractive waste** and their technical and economic recoverability (article 26). Member States would also have to establish a **database of all closed waste facilities** on their territory, including abandoned waste facilities.

Concerning the **recyclability of permanent magnets**, any company placing on the market magnetic resonance imaging devices, wind energy generators, industrial robots, motor vehicles, light means of transport, cooling generators, heat pumps, electric motors – including where they are integrated in other products, automatic washing machines, tumble dryers, microwaves, vacuum cleaners or dishwashers – would have to make sure that those products bear a **label** indicating

whether they incorporate permanent magnets, and if so, what type (neodymium-iron-boron; samarium-cobalt; aluminium-nickel-cobalt; ferrite) (article 27). Products designed for defence or space applications would be exempt. This information would have to be included in the **product passport** for products bearing it, as defined in the proposed regulation on ecodesign for sustainable products. If the total weight of all permanent magnets exceeded 0.2 kg, companies would have to publish on a free access website the share of neodymium, dysprosium, praseodymium, terbium, boron, samarium, nickel and cobalt recovered from post-consumer waste present in the permanent magnets incorporated in the product (article 28). After 31 December 2030, the Commission could adopt **delegated acts by laying down minimum recycled content** for neodymium, dysprosium, praseodymium, terbium, boron, samarium, nickel and cobalt in the permanent magnet incorporated in the products mentioned above.

Governments or organisations that have developed **certification schemes related to the sustainability** of CRMs could apply to have their schemes **recognised** by the Commission (article 29, criteria listed in Annex IV). The Commission would have to establish and keep up to date a **register of recognised schemes**, made publicly available on a freely accessible website. The Commission would also be empowered to adopt delegated acts to set up rules for the **calculation and verification of the environmental footprint of different CRMs**, in accordance with Annex V (article 30). The Commission would do so only if it considered that the CRM concerned has a significant environmental footprint, and that the requirement to declare the environmental footprint would facilitate the procurement of CRMs with lower environmental footprint.

A **European CRMs board** would be established, to carry out a number of tasks under the proposed regulation (article 34). The board, chaired by the Commission, would be composed of representatives of Member States and the Commission, and would have an executive secretariat supporting it (article 35). The board would have at least four standing sub-groups (on financing for strategic projects, on the coordination of national exploration programmes, on monitoring, and on the coordination of strategic stocks). The board would have to invite representatives of the European Parliament as observers to attend its meetings, including sub-group meetings. The new board would **periodically discuss**: the extent to which the EU's **strategic partnerships** contributed to improving the EU's security of supply; the benchmark regarding the diversification of the EU's SRM imports; possible ways to improve cooperation along the CRMs value chain between the EU and partner countries; the coherence between Member States' bilateral cooperation with third countries and the actions carried out by the EU under strategic partnerships; and which third countries should be prioritised for strategic partnerships (article 33).

The proposed regulation would also amend Regulation (EU) 2018/1724, adding references concerning CRMs projects, so that project promoters of strategic projects could access and complete any procedure relating to the permit-granting process fully online. It would also amend Regulation (EU) 2019/1020, Regulation (EU) 2018/858 and Regulation (EU) 168/2013.

Advisory committees

The European Economic and Social Committee (EESC) adopted its opinion in July 2023, welcoming the proposal. It particularly stresses that ensuring a comprehensive approach, coordinating EU policies, is key to provide regulatory certainty for investments. The European Committee of the Regions (CoR) also adopted its opinion in July 2023. It particularly highlights the need to involve local and regional authorities in all processes.

National parliaments

The deadline for the submission of reasoned opinions on grounds of subsidiarity was 3 July 2023. No such opinion was delivered within the time limit.

Stakeholder views[1]

The feedback period on the proposed regulation ended on 30 June 2023. The Commission received 207 contributions. The European Recycling Industries' Confederation (EuRIC) supports the 15 % target for SRMs from EU recycling. It stresses the need for targets for recycled content in end products to increase demand for recycled CRMs. A recycled content target for permanent magnets would be a good start, but other end products using CRMs should also be concerned. EUROBAT, the Association of European Automotive and Industrial Battery Manufacturers, supports the proposed production targets, and the acceleration of permitting processes, and welcomes the more strategic EU approach to CRM supply. EUROBAT also stresses the need for consistent legislation on batteries for the sake of clarity.

BusinessEurope considers the proposal a good start, but wants further improvements to make the proposed regulation workable for business. The proposed measures on permits could speed up project deployment. The new information and disclosure requirements of companies should be kept to a minimum, so as not to overburden them. Furthermore, trade and business secrets must be fully protected, and the environmental footprint declaration should not have negative impacts on trade and security of supply. The industry must also be closely involved in implementing the proposed regulation. Eurometaux, representing non-ferrous metals producers and recyclers in Europe, supports the proposed production targets for 2030, the provisions to accelerate project permits, and the environmental provisions. Eurometaux regrets that several metals crucial to the energy transition have not been included in the list of SRMs, such as aluminium, silver and zinc. Euromines, representing 19 national mining federations and 16 companies (some of which from outside the EU), welcomes the proposed paradigm shift in how the EU addresses access to raw materials. Euromines stresses the need for more efficient permitting procedures. Seas at Risk regrets that the proposed regulation does not explicitly exclude deep-sea mining from its scope. The European Environmental Bureau (EEB) welcomes the measures promoting circularity, the specific provisions on environmental footprint declaration, and the obligation for Member States to set up a database for the recovery of minerals in EU mining waste. It is however strongly concerned about the fast-tracked permitting procedures, which may come at the cost of environmental legislation. Furthermore, the EEB believes that the provisions concerning public acceptance suggest that local communities would be pressed to accept raw materials projects. The proposed regulation does not guarantee free, prior and informed consent, or a democratic decision-making process.

Legislative process

In the **Council**, the proposal has been examined in the Working Party on Competitiveness and Growth (Industry) and at the Competitiveness Council, under the Swedish Presidency. The Council adopted its position ('negotiating mandate') on 30 June 2023.

The Commission would review the list of SRMs and CRMs at least every three years (instead of four). Bauxite/alumina/aluminium would also be added to the lists of SRMs and CRMs. The levels of the benchmarks for processing and recycling capacity would be raised to 50 % by 2030 (instead of 40 %) and 20 % (instead of 15 %) of EU annual consumption of SRMs. The benchmark for EU extraction capacity would remain unchanged at 10 %. The Commission would have to publish within 1.5 years of the entry into force of the proposed regulation a report including indicative benchmarks per SRM, with a view to meeting the benchmarks for 2030. If an environmental impact assessment is required pursuant to Directive 2011/92/EU, some steps of the assessment would not be included in the duration of the permit-granting process for candidate strategic projects. The deadline for consulting the public and authorities as referred to in Directive 2011/92/EU could also be extended in exceptional circumstances. Member States that, with a high degree of certainty, do not have deposits of CRMs would not have to draw up a national programme for general exploration targeted at CRMs. Member States would not have to give priority to artificial and built surfaces, industrial sites, brownfield sites and greenfield sites not usable for agriculture and forestry, for the development of CRMs projects. Two years after the entry into force of the proposed regulation, the

standing sub-group on financing to the European CRMs Board would submit a report on obstacles to access to finance, providing recommendations to facilitate access to finance for strategic projects. The monitoring dashboard would only publish data at aggregated level and would not contain sensitive information. Member States would not be required to submit information regarding certain strategic stocks when such information could compromise their defence and national security. The Council specified that no provision of the proposed regulation would oblige Member States to hold or release strategic stocks. Member States and their authorities would not participate in the joint purchasing mechanism. The national programmes on circularity could be integrated into Member States' waste management plans and waste prevention programmes. The Commission would have to adopt delegated acts setting minimum recycled content for neodymium, dysprosium, praseodymium, terbium, boron, samarium, nickel and cobalt in permanent magnets by 31 December 2032. Standing sub-groups on public acceptance and circularity would also be set up in the European CRMs board.

In **Parliament**, the proposal was referred to the Committee on Industry, Research and Energy (ITRE). Nicola Beer (Renew, Germany) was appointed rapporteur on 11 April 2023. The Committee on the Environment, Public Health and Food Safety (ENVI) is associated under Rule 57 with exclusive (for instance on environmental assessments and authorisations of strategic projects) and shared competences. ENVI adopted its opinion on 18 July 2023. ITRE adopted its report on the proposal on 7 September 2023 with 53 in favour votes, 1 vote against and 5 abstentions. The level of the benchmark for processing capacity would be raised to 50 % (instead of 40 %) of EU annual consumption of SRMs by 2030 (up to 20 % of the EU's new processing capacity could be developed under strategic partnerships in emerging markets and developing countries). By 2030, the EU would produce +10 % volume of recycling capacity based on the 2020-2022 baseline for each SRM to at least collect, sort and process 45 % of each SRM contained in the EU's waste. The benchmark for EU extraction capacity would remain unchanged at 10 %. Furthermore, the promotion of substitute raw materials, the mitigation of the EU's growth of CRMs demand, and the increase of the use of secondary SRMs would be added to the objectives of the proposed regulation. The Commission would be empowered to adopt a delegated act providing projections of the annual consumption of CRMs until 2050, with intermediary milestones, and update them at least every 4 years. The Commission would review the lists of SRMs and CRMs every 2 years (instead of 4 years).

Strategic projects would either have to contribute to the supply of any of the SRMs, or to the supply of strategic technologies through the substitution of any of the SRMs in the value chains of those technologies. The Commission would not consider applications for the status of strategic projects that would concern exclusively processing or recycling, and located in areas protected under Directive 92/43/EEC and Directive 2000/60/EC, unless duly justified. New provisions would also be added, specifying for instance that the applications of strategic projects involving extraction would include a plan containing measures to ensure part of the added value would be created in the region of the project. The permit-granting process would have to be completed within 18 months for strategic projects exclusively related to extractive waste. The Commission would publish common guidelines for national authorities, concerning environmental impact assessment. The Commission and Member States, including regional and local authorities, would provide administrative support for strategic projects promoters, including concerning the seed funding programmes specific to raw materials resulting from the 'net-zero industry academies' referred to in the future net-zero industry act. The Commission would publish a report including recommendations to facilitate access to finance for strategic projects.

The Commission would also monitor price volatility, permitting-process bottlenecks, recycling capacities of SRMs, and geopolitical developments. A stress test would be performed for each CRMs supply chain at least every 2 years (instead of 3 years for each SRM as proposed). The Commission could publish information on monitoring or the results of the stress tests on request by academia, national competent authorities, EU agencies or Member State geological institutes, unless making available this information would lead to geopolitical disadvantages. The information gathered by

Member States for the monitoring of projects would stem from the data already submitted in the permit-granting application. Large companies operating in the CRM sector would only provide already existing information, obtained under monitoring exercises or stress tests. The large companies would not be required to submit any data that would entail business risk. Furthermore, the Commission would only monitor strategic stocks, not coordinate them.

The provisions on the content of the national programmes on circularity (to be adopted 2 years instead of 3 after the entry into force of the CRMs act) would be further specified, for instance by adding measures to mitigate the increase in demand of CRMs. The Commission would also assess the feasibility of introducing targets for the collection and recovery of CRMs from waste electrical and electronic equipment. The Commission would have, by 31 December 2030, to adopt delegated acts setting minimum recycled content for some CRMs, such as neodymium, recovered from post-consumer waste that must be present in permanent magnets. The Commission would publish a report analysing options to limit access to the EU market to raw materials from the best-performing environmental footprint performance classes for all or certain products placed on the EU market. The Commission would inform Parliament when starting and concluding discussions on the establishment of a new strategic partnership. The Commission would establish a platform bringing together companies active in the CRMs value chain, to support exploration, processing and recycling in third countries with which the EU does not have strategic partnerships or free trade agreements. The CRMs board would keep Parliament regularly informed of its discussions.

Parliament is expected to vote on the report during its September 2023 plenary session, with a view to setting its position for interinstitutional negotiations with the Council.

EUROPEAN PARLIAMENT SUPPORTING ANALYSIS

Anglmayer I., EU critical raw materials act, EPRS, European Parliament, May 2023.

Ragonnaud G., Securing Europe's supply of critical raw materials: The material nature of the EU's strategic goals, EPRS, European Parliament, March 2023.

OTHER SOURCES

European Parliament, Framework for ensuring a secure and sustainable supply of CRMs, Legislative Observatory (OEIL).

ENDNOTES

[1] This section aims to provide a flavour of the debate and is not intended to be an exhaustive account of all different views on the proposal. Additional information can be found in related publications listed under 'European Parliament supporting analysis'.

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