



# EUROPEAN CRITICAL RAW MATERIALS ACT

March 2023



## WHY?



Critical raw materials are needed for the **green and digital transitions** as well as for defence and space



To enhance our **long-term competitiveness**



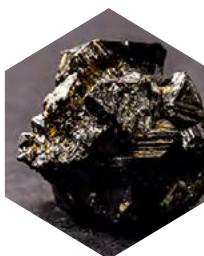
To maintain our **open strategic autonomy** in a fast-changing and increasingly challenging geopolitical environment

## HOW?

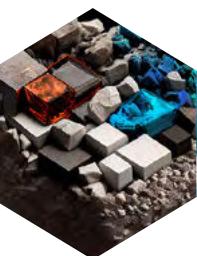
Through concerted internal and external action: strengthening domestic supply chains as well as reinforcing international engagement to develop win-win partnerships with third countries.

## CRITICAL RAW MATERIALS

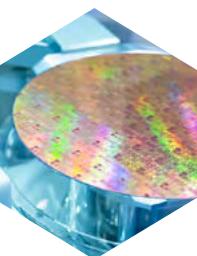
Critical Raw Materials are at the beginning of many industrial supply chains and their global demand is increasing:



**Rare earths** are key components of permanent magnets used in wind turbines motors

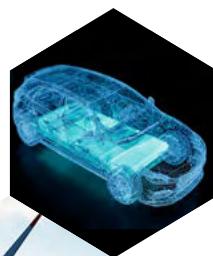


**Lithium, cobalt and nickel** are used in battery manufacturing



**Silicon** is used for semiconductors

The demand of critical raw materials will increase in the next years:



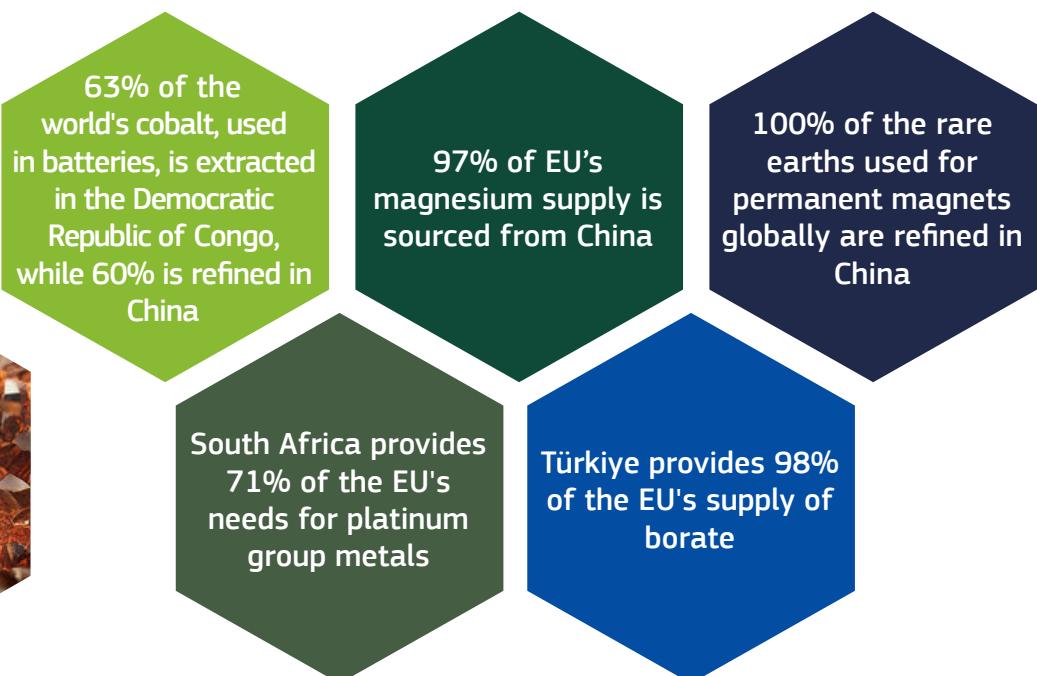
EU demand for lithium batteries powering our electric vehicles and energy storage set to increase 12 times by 2030 (21 times by 2050)



EU demand for rare earth metals, used in wind turbines and electric vehicles set to rise 5 to 6 times by 2030 (6 to 7 times by 2050)

## EUROPE FACES DEPENDENCIES ON KEY CRITICAL RAW MATERIALS

The EU is heavily dependent on critical raw materials from a number of third countries. Our dependency, combined with the growing global demand due to the shift towards a digital and green economy makes supply chains vulnerable.



## WHAT ARE WE DOING?

The European Critical Raw Materials Act aims to strengthen EU's critical raw materials capacities **along all stages of the value chain**. It aims to increase our resilience by reducing dependencies, increasing preparedness and promoting supply chain sustainability and circularity.

### SETTING PRIORITIES

#### List of Critical Raw Materials

It identifies raw materials which are important for the whole European economy and face a high risk of supply disruption

#### List of Strategic Raw Materials

It identifies a list of raw materials characterised by high strategic importance and projected global supply/demand imbalances

### SETTING 2030 BENCHMARKS FOR STRATEGIC RAW MATERIALS



#### EU EXTRACTION

At least **10%** of the EU's annual consumption for extraction



#### EU PROCESSING

At least **40%** of the EU's annual consumption for processing



#### EU RECYCLING

At least **15%** of the EU's annual consumption for recycling



#### EXTERNAL SOURCES

Not more than **65%** of the EU's annual consumption of **each strategic raw material at any relevant stage of processing** from a single third country

# BUILDING EUROPEAN CAPACITIES



Identifying **Strategic Projects** in the Union and third countries that intend to become active in the extraction, processing or recycling of strategic raw materials. They would benefit from streamlined and predictable permitting procedures in the Union and coordination of support to improve access to finance



**Speeding up permitting** for all critical raw material projects with a one-stop-shop contact



Developing national exploration programmes to **boost knowledge on European critical raw materials resources**

# IMPROVING RESILIENCE



**Monitoring critical raw materials and stress testing** strategic raw materials supply chains by pooling EU and Member State expertise



Creating a **Critical Raw Materials Club** with interested countries globally to strengthen supply chains and foster sustainable investment and trade



Mitigating the risk of strategic raw materials supply disruptions by coordinating the development of national **strategic stocks**, requiring audits of large companies' supply chains and facilitating the joint purchasing



Strengthening the WTO and enhancing the network of Free Trade Agreements and Sustainable Investment Facilitation Agreements



Expanding the **network** of strategic raw materials partnerships **with third countries**



Using the Global Gateway for soft and hard infrastructure for projects along the raw materials value chain, support connectivity to lower the risk of investment abroad and combatting unfair trade practices related to raw materials



## PROMOTING A MORE SUSTAINABLE AND CIRCULAR CRITICAL RAW MATERIALS ECONOMY



### SUPPORT FROM AN EU-WIDE GOVERNING STRUCTURE

A **European Critical Raw Materials Board** will advise the Commission and facilitate EU-wide coordination and implementation of actions on exploration, monitoring, strategic stocks, strategic projects with third countries and provide advice for Strategic Projects' access to finance.

The Board will be chaired by the Commission and comprises Member States and the Commission with representatives from the European Parliament as observers. It will maintain regular contact with relevant stakeholders to properly perform its functions.