



## Critical Raw Materials: ensuring secure and sustainable supply chains for EU's green and digital future

Brussels, 16 March 2023

Today, the Commission proposes a comprehensive set of actions to ensure the EU's access to a secure, diversified, affordable and sustainable supply of critical raw materials. Critical raw materials are indispensable for a wide set of strategic sectors including the net zero industry, the digital industry, aerospace, and defence sectors.

While demand for critical raw materials is projected to increase drastically, Europe heavily relies on imports, often from quasi-monopolistic third country suppliers. The EU needs to mitigate the risks for supply chains related to such strategic dependencies to enhance its economic resilience, as highlighted by shortages in the aftermath of the Covid-19 and the energy crisis following Russia's invasion of Ukraine. This can put at risk the EU's efforts to meet its climate and digital objectives.

The Regulation and Communication on critical raw materials adopted today leverage the strengths and opportunities of the Single Market and the EU's external partnerships to diversify and enhance the resilience of EU critical raw material supply chains. The Critical Raw Materials Act also improves the EU capacity to monitor and mitigate risks of disruptions and enhances circularity and sustainability.

President of the European Commission, Ursula **von der Leyen** said: *"This Act will bring us closer to our climate ambitions. It will significantly improve the refining, processing and recycling of critical raw materials here in Europe. Raw materials are vital for manufacturing key technologies for our twin transition – like wind power generation, hydrogen storage or batteries. And we're strengthening our cooperation with reliable trading partners globally to reduce the EU's current dependencies on just one or a few countries. It's in our mutual interest to ramp up production in a sustainable manner and at the same time ensure the highest level of diversification of supply chains for our European businesses."*

Together with the [reform of the electricity market design](#) and the [Net Zero Industry Act](#), today's measures on critical raw materials create a conducive regulatory environment for the net-zero industries and the competitiveness of European industry, as announced in the [Green Deal Industrial Plan](#).

### Internal Actions

The Critical Raw Materials Act will equip the EU with the tools to ensure the EU's access to a secure and sustainable supply of critical raw materials, mainly through:

**Setting clear priorities for action:** In addition to an updated list of critical raw materials, the Act identifies a list of **strategic raw materials**, which are crucial to technologies important to Europe's green and digital ambitions and for defence and space applications, while being subject to potential supply risks in the future. The Regulation embeds both the critical and strategic raw materials lists in EU law. The Regulation sets clear benchmarks for domestic capacities along the strategic raw material supply chain and to diversify EU supply by 2030:

- At least 10% of the EU's annual consumption for **extraction**,
- At least 40% of the EU's annual consumption for **processing**,
- At least 15% of the EU's annual consumption for **recycling**,
- **Not more than 65%** of the Union's annual consumption of **each strategic raw material at any relevant stage of processing** from a single third country.

**Creating secure and resilient EU critical raw materials supply chains:** The Act will reduce the administrative burden and simplify permitting procedures for critical raw materials projects in the EU. In addition, selected Strategic Projects will benefit from support for access to finance and shorter permitting timeframes (24 months for extraction permits and 12 months for processing and recycling permits). Member States will also have to develop national programmes for exploring geological

resources.

**Ensuring that the EU can mitigate supply risks:** To ensure resilience of the supply chains, the Act provides for the monitoring of critical raw materials supply chains, and the coordination of strategic raw materials stocks among Member States. Certain large companies will have to perform an audit of their strategic raw materials supply chains, comprising a company-level stress test.

**Investing in research, innovation and skills:** The Commission will strengthen the uptake and deployment of breakthrough technologies in critical raw materials. Furthermore, the establishment of a large-scale skills partnership on critical raw materials and of a Raw Materials Academy will promote skills relevant to the workforce in critical raw materials supply chains. Externally, the Global Gateway will be used as a vehicle to assist partner countries in developing their own extraction and processing capacities, including skills development.

**Protecting the environment by improving circularity and sustainability of critical raw materials:** Improved security and affordability of critical raw materials supplies must go hand in hand with increased efforts to mitigate any adverse impacts, both within the EU and in third countries with respect to labour rights, human rights and environmental protection. Efforts to improve sustainable development of critical raw materials value chains will also help promoting economic development in third countries and also sustainability governance, human rights, conflict-resolution and regional stability.

Member States will need to adopt and implement national measures to improve the collection of critical raw materials rich waste and ensure its recycling into secondary critical raw materials. Member States and private operators will have to investigate the potential for recovery of critical raw materials from extractive waste in current mining activities but also from historical mining waste sites. Products containing **permanent magnets** will need to meet **circularity requirements** and provide information on the **recyclability and recycled content**.

## **International Engagement**

**Diversifying the Union's imports of critical raw materials:** The EU will never be self-sufficient in supplying such raw materials and will continue to rely on imports for a majority of its consumption. International trade is therefore essential to supporting global production and ensuring diversification of supply. The EU will need to **strengthen its global engagement with reliable partners** to develop and diversify investment and promote stability in international trade and strengthen legal certainty for investors. In particular, the EU will seek mutually beneficial **partnerships with emerging markets and developing economies, notably in the framework of its Global Gateway strategy**.

**The EU will step up trade actions,** including by establishing a Critical Raw Materials Club for all like-minded countries willing to strengthen global supply chains, strengthening the World Trade Organization (WTO), expanding its network of Sustainable Investment Facilitation Agreements and Free Trade Agreements and pushing harder on enforcement to combat unfair trade practices.

**It will further develop Strategic partnerships:** The EU will work with reliable partners to promote their own economic development in a sustainable manner through value chain creation in their own countries, while also promoting secure, resilient, affordable and sufficiently diversified value chains for the EU.

## **Next Steps**

The proposed Regulation will be discussed and agreed by the European Parliament and the Council of the European Union before its adoption and entry into force.

## **Background**

This initiative comprises a [Regulation](#) and a [Communication](#). The Regulation sets a regulatory framework to support the development of domestic capacities and strengthen sustainability and circularity of the critical raw material supply chains in the EU. The Communication proposes measures to support the diversification of supply chains through new international mutually supportive partnerships. The focus is also on maximising the contribution of EU trade agreements, in full complementarity with the Global Gateway strategy.

The Critical Raw Materials Act was announced by President **von der Leyen** during her [2022 State of the Union](#) speech, where she called to address the EU's dependency on imported critical raw materials by diversifying and securing a domestic and sustainable supply of critical raw materials. It responds to the [2022 Versailles Declaration](#) adopted by the European Council which outlined the strategic importance of critical raw materials to guarantee the Union's strategic autonomy and European sovereignty. It also responds to the conclusions of the Conference on the Future of Europe

and to the November 2021 resolution of the European Parliament for an EU critical raw materials' strategy.

The measures build upon the 2023 criticality assessment, the foresight report focusing on strategic technologies, and the actions initiated under the 2020 Action Plan on critical raw materials. Today's proposal is underpinned by the scientific work of the Commission's Joint Research Centre (JRC). Together with the JRC Foresight study, the JRC also revamped the [Raw Materials Information System](#) which provides knowledge on raw materials, both primary (extracted/harvested) and secondary, for example from recycling. The tool provides information on specific materials, countries, as well as for different sectors and technologies and includes analyses for both supply and demand, current and future.

The Critical Raw Material Act is presented in parallel to the EU's Net Zero Industry Act, which aims to scale up the EU manufacture of key carbon neutral or "net-zero" technologies to ensure secure, sustainable and competitive supply chains for clean energy in view of reaching the EU's climate and energy ambitions.

### **For More Information**

[European Critical Raw Materials Regulation](#)

[Communication](#)

[Questions & Answers](#)

[Factsheet](#)

[Critical Raw Materials and Trade – Infographic](#)

[Actions on Four Critical Raw Materials - Infographic](#)

[Raw Materials Information System](#)

[JRC Foresight report](#)

The Critical Raw Materials Act – [video animation](#)

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### Quotes:

This Act will bring us closer to our climate ambitions. It will significantly improve the refining, processing and recycling of critical raw materials here in Europe. Raw materials are vital for manufacturing key technologies for our twin transition – like wind power generation, hydrogen storage or batteries. And we're strengthening our cooperation with reliable trading partners globally to reduce the EU's current dependencies on just one or a few countries. It's in our mutual interest to ramp up production in a sustainable manner and at the same time ensure the highest level of diversification of supply chains for our European businesses.  
President Ursula von der Leyen - 16/03/2023

Without a safe and sustainable supply of critical raw materials, there will be no green and industrial transition. Today's package on critical raw materials presents a balanced strategy. Imports are and will remain essential: we are intensifying our efforts at international level. In the long-term recycling will contribute significantly to secure our supply and also to ensure the competitiveness of our industry. For that we need to act today. And finally, to ensure that the potential we do have in the EU is realised, we simplify ways of doing businesses.  
Margrethe Vestager, Executive Vice-President for a Europe Fit for the Digital Age - 16/03/2023

Critical Raw Materials are fundamental for our competitiveness, centred on our goal to be leaders in the green industries of the future. We will scale and speed up our own capacities, and build stronger global relationships based on trust, openness and mutual gain. Our recently concluded trade agreements with Chile, and the future agreements with Australia or Indonesia will help support sustainable and resilient supply chains. We will create a global Critical Raw Materials Club with reliable partners that are keen to develop their own critical raw materials industries. Closer and more diverse trade ties are the way to reduce our dependencies and the vulnerabilities that result from them.  
Valdis Dombrovskis, Executive Vice-President and Commissioner for Trade - 16/03/2023

Solar panels, heat pumps, electric cars, chips, pharmaceuticals, ammunition: raw materials are essential to technologies and products of strategic importance. Demand for these precious and scarce resources is increasing sharply, which has led to a global race for the new gas and oil at the heart of our economy. With this Act, the EU is upping its game in terms of extracting, refining, recycling and diversifying to ensure secure and sustainable access to critical raw materials.  
Thierry Breton, Commissioner for Internal Market - 16/03/2023



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