



**European Committee
of the Regions**

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DRAFT OPINION

Action Plan for Critical Raw Materials

THE EUROPEAN COMMITTEE OF THE REGIONS

- takes the view that the EU needs a strong industrial base, which, due to the commitments regarding the transition to a low-carbon economy and increasing digitalisation, is heavily dependent on having an adequate supply of raw materials and efficient use and recycling of these materials;
- welcomes the European Commission's presentation of an Action Plan for Critical Raw Materials;
- supports the objectives set out in the action plan: developing resilient industrial value chains in the EU, reducing dependency on critical raw materials through circular use of resources, sustainable products and innovation, strengthening domestic sourcing of raw materials in the European Union, diversifying sourcing from third countries, and removing distortions to international trade in a WTO-compatible way;
- particularly supports the new European Raw Materials Alliance, which aims to increase EU resilience throughout the rare earths and magnets value chain; welcomes the fact that this alliance is open to all relevant stakeholders, including the regions;
- stresses that much more use should be made of recycled materials in order to reduce the use of primary and critical raw materials; calls on the European Commission to look into competitive criteria whereby new products should, where possible, contain a substantial proportion of recycled materials;
- stresses that, to the extent possible, the EU must also obtain raw materials from its own sources in the long term and develop forward-looking development strategies;
- emphasises that the regions have a fundamental role to play, thanks to their expertise in this area; points out that raw materials for batteries can be found in the EU in a number of coal regions, as well as in other regions, and that mining waste is often rich in critical raw materials.

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Opinion of the European Committee of the Regions – Action Plan for Critical Raw Materials

I. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

General comments

1. stresses that modern societies and economies cannot function over the long term without a reliable, secure, competitive and environmentally sound supply of raw materials. Critical raw materials in this context are those that are of crucial economic importance but which cannot currently be reliably and sustainably sourced domestically within the European Union;
2. takes the view that the EU needs a strong industrial base, which, due to the commitments regarding the transition to a low-carbon economy and increasing digitalisation, is heavily dependent on having an adequate supply of raw materials and efficient use and recycling of these materials;
3. notes that, according to a European Commission study¹, demand for critical raw materials for strategic technologies and sectors will increase sharply between now and 2030/2050, based on information currently available, such that, for example, by 2030 the EU will need up to 18 times more lithium and five times more cobalt than today for electric vehicle batteries and energy-storing devices – and almost 60 times more lithium and 15 times more cobalt by 2050;
4. points out that the EU extracts or produces less than 5% of global critical resources, whereas around 20% of the global consumption of these resources is accounted for by EU industry. The EU is particularly dependent on imports of critical resources that have a key role for future technologies and are important, for example, in the form of rare metals and elements for innovative technical applications. They will thus be needed for production and value creation in those areas where the European economy seeks to be a major global leader. This applies, for example, to the use of raw materials set out in the European Green Deal for the transition to secure, clean and affordable energy from renewable sources, the path to a clean and more circular economy, and also for their use in mobility and construction in a more energy- and resource-efficient way;
5. notes that the EU raw materials sector as a whole provides around 350 000 jobs, and that more than 30 million jobs in downstream processing industries depend on reliable, non-discriminatory access to raw materials;
6. underlines that, among other things, the COVID-19 crisis has shown that Europe is too dependent on non-EU suppliers for critical raw materials, and that supply disruptions can have a negative impact on industrial value chains and other sectors;

¹ Critical Raw Materials for Strategic Technologies and Sectors in the EU - A Foresight Study: <https://ec.europa.eu/docsroom/documents/42881>.

Impact on industry

7. highlights the need to address over-reliance on non-EU countries for critical raw materials and to make critical supply chains more resilient, in order to reliably ensure security of supply, the energy transition and the transition to a digital economy;
8. points out that critical raw materials are needed above all in many of Europe's key industries and industries of the future, such as the automotive, steel, aviation, IT, healthcare and renewables sectors. Innovative products and new technologies such as e-mobility, digitalisation, Industry 4.0 and the energy transition are changing and increasing the need for raw materials. Demand for raw materials will also rise worldwide due to population growth, industrialisation and progressive decarbonisation of the transport and energy sectors;
9. stresses that fair and non-discriminatory access to raw materials, a secure supply of such materials, and stable and predictable raw material prices are of key importance for the development opportunities and competitiveness of European industry and SMEs, innovation, and the preservation of industrial centres in the EU;
10. is convinced that a more strategic approach is needed in order to ensure a sustainable supply of critical raw materials and reduce dependence on third parties and raw material imports; stresses that this will necessitate developing diversified value chains, reducing dependency on raw materials, strengthening the circular economy, promoting innovation with regard to alternatives, and ensuring an environmentally sound and socially responsible level playing field in the global market;
11. welcomes the European Commission's presentation of an Action Plan for Critical Raw Materials and the first Strategic Foresight Report, which identifies the EU's dependency on the imports of critical raw material as a strategic weakness;
12. supports the objectives set out in the action plan: developing resilient industrial value chains in the EU, reducing dependency on critical raw materials through circular use of resources, sustainable products and innovation, strengthening domestic sourcing of raw materials in the European Union, diversifying sourcing from third countries, and removing distortions to international trade in a WTO-compatible way;
13. underlines that regions have varying levels of dependence on critical raw materials; therefore calls for regional dependencies on such materials to be identified, as well as the consequent need for regions to take action to build sustainable and innovative value chains;
14. stresses that, under the Action Plan, local and regional authorities constitute a key level for securing acceptance of the EU's strategic objectives on raw materials, and of industrial projects;
15. with a view to the possible broadening of the scope of the EU taxonomy criteria to economic sectors not yet covered, calls for the criteria that are to be used for the mining, extraction and processing of raw materials to be based on a cradle-to-cradle life-cycle assessment and socio-economic considerations. In addition, a distinction should be drawn, when a company is being

assessed, between investment in existing production facilities and in new plants, in order to avoid a situation where only very few investments are classified as sustainable, thus increasing the cost of financing for the crucial transformation of the economy;

Safeguarding industrial value chains in the EU

16. calls for gaps and vulnerabilities in existing raw materials supply chains to be addressed by taking a more strategic approach. For example, appropriate stockpiling would be useful, in order to avoid unexpected disruptions to supply and production. Alternative sources of supply are also needed in case of disruption, as are closer partnerships between operators in the critical raw materials sector and those in downstream consumption sectors, in order to trigger investment in strategic developments;
17. welcomes the fact that, in the current critical raw materials list, the European Commission has once again confirmed coking coal as one of the most important raw materials for the steel industry; points out that this raw material will remain indispensable to the steel industry as long as no technologically and economically viable alternatives can be implemented on a large scale; with a view to the development of hydrogen metallurgy, also asks the European Commission to examine the potential for including hot briquetted iron (HBI) and direct reduced iron (DRI) in the EU's critical raw materials list;
18. is in favour of industrial alliances such as the European Battery Alliance, which is intended to encourage substantial public and private investment leading, as far as possible, to European lithium demand largely being covered; also calls for support for forward-looking alliances for the commodities industries;
19. particularly supports the new European Raw Materials Alliance, which aims to increase EU resilience throughout the rare earths and magnets value chain; welcomes the fact that this alliance is open to all relevant stakeholders, including the regions, and that the Committee of the Regions was invited to its launch event²;
20. welcomes the recent announcement by the European Investment Bank that it will provide financial support for projects to secure the supply of critical raw materials needed for lower carbon processes in the EU;
21. calls for steps to be taken to ensure that these projects do not distort competition, are resource-efficient and sustainable, and contribute to the EU's strategic resilience;

Recycling and substitution of raw materials

22. notes that Europe does not make sufficient use of its own critical raw materials, and that the EU Member States do not currently have adequate processing, recycling, refining or separation capacities;

² Website of the European Raw Materials Alliance and application to join the alliance: <https://erma.eu/about-us/join-erma/>.

23. stresses that reducing consumption, preventing waste and recycling must be the core elements of the transition to a resource-efficient economy; calls for consumers to be given adequate, transparent information about the situation regarding raw materials in our affluent, throwaway society and also about market conditions for the recycling industry. However, consumers play only a secondary role in promoting products with high recyclability and consuming less: the primary responsibility lies above all with producers, and obligations should therefore be placed on them. In the case of products made in the Union, obligations should pertain for manufacturers and equivalent obligations should also be applied to products imported into the EU market;
24. underlines the importance of applied and practical research and development in the extraction of raw materials and their efficient use;
25. calls for increased and sustained support for research and development in the field of raw materials extraction and the circular economy as a whole, including metallurgy as a key enabler; urges that when new materials are developed, their recyclability in future always be a criterion for funding research;
26. stresses that this should also aim at significantly extending the lifespan and ease of repair of products that require critical raw materials for their manufacture by applying the principle of sustainable ecodesign, and replacing critical raw materials with more readily available materials, particularly where technological advances and planned obsolescence limit their lifespan. Calls for the requirement that CE marking be updated with ambitious recyclability criteria for products that contain critical raw materials;
27. points out that Horizon Europe, the European Regional Development Fund and national research and development programmes can be used for these purposes. A circular economy platform for European priorities strategic agenda (CICERONE), for example, could be conceived in this ambit and the European Geo-Montan regions could use the MIREU (Mining and Metallurgy (European) Regions) project to advance their networking and focus further on strengthening and prioritising raw materials research;
28. believes that consumers should be continuously informed about the externalities of buying and replacing cheap low-quality household items frequently; a gradual return to the culture of servicing and repairing could create new employment that cannot be offshored;
29. notes that, in Europe, the term "waste" often conceals valuable resources and critical raw materials; in this connection, draws attention to the Committee of the Regions' recently adopted opinion on the New Circular Economy Action Plan³;

³ See the opinion on the New Circular Economy Action Plan (ENVE-VII-006), adopted 12-14 October 2020, rapporteur Tjisse Stelstra (NL/ECR).

30. stresses that much more use should be made of recycled materials in order to reduce the use of primary and critical raw materials; calls on the European Commission to look into competitive criteria whereby new products should, where possible, contain a substantial proportion of recycled materials, and recommends taking account of these criteria in the approach to key product value chains⁴;
31. calls for the recovery of critical raw materials from urban waste to be researched with a view to practicability and economic feasibility, and for it to be increased as far as technically and economically viable. In particular, raw materials needed for renewable energy or innovative technical applications, such as rare earths, gallium and indium, are not recycled, or only to a limited extent, because recycling has so far been relatively expensive and technically difficult. It is also important to stress the importance of promoting effective energy extraction combined with recovery of metals and salts from waste that can only be recycled in this way owing to impurities, material fatigue or the presence of complex materials. The European Union, Member States, regions with their public research institutes and businesses are therefore called on to undertake more research in this area and to enable the harnessing of results in order to avoid the need for valuable raw materials to be landfilled as waste;
32. notes that significant quantities of waste and scrap are exported, even though they could potentially be recycled into secondary raw materials in the EU; therefore calls for recycling capacity within the EU to be substantially strengthened, especially given the harm to the environment – sometimes catastrophic – caused by exports of waste and scrap to developing and emerging countries with inadequate recycling capability;
33. points out that there is currently no statistical record of the quantity of raw materials contained in extractive waste. The European Commission is therefore urged to evaluate and map the quantity of materials stored, with the assistance of the Member States, regions and municipalities;
34. stresses that producers have an important role to play in moving towards a circular economy. They must develop innovative products that allow for material separation, are thus environmentally friendly, and use as few primary fossil raw materials as possible; producers must also review their current business models so as to orient them towards lower resource consumption; points out that, at the same time, the State also has its own inherent responsibilities, such as establishing appropriate framework conditions and corresponding legal regulations, and offering economic incentives;

Strengthening sustainable sourcing and processing of raw materials in the EU

35. stresses that, to the extent possible, the EU must also obtain raw materials from its own sources in the long term and develop forward-looking development strategies, including building new capacities to access and process critical raw materials in the EU and developing a sustainable financing model for converting current mining operations to extract critical raw materials;

⁴ See the opinion on the New Circular Economy Action Plan (ENVE-VII-006), adopted 12-14 October 2020, rapporteur Tjisse Stelpstra (NL/ECR).

36. underlines that this increase in the domestic extraction of raw materials within the EU must comply with established high environmental and health and safety standards; notes that examples of best practice in this regard are already being taken into account in EU projects, but that these have not yet led, generally speaking, to a marked rise in planned investment in more raw materials extraction and processing. As well as the safeguarding of former and current mining activities, new mining is, however, also integral to providing the economy with critical raw materials from domestic sources;
37. regrets in this light that a substantially greater application of R&D outcomes in commercial practice for raw materials extraction and processing is so far still lacking and stresses that new mining of high technology raw materials in the EU must be based on R&D plans for innovative low-impact mining; welcomes in this connection the fact that, starting in 2021 under Horizon Europe, the European Commission wants to push further ahead with the reduction of environmental impacts and calls for particular attention to be given to the areas of water management and rewilding;
38. stresses that permits for new mines must provide not just for environmental and labour protection standards, but also for solutions to offset lost environmental and recreational assets, so that mining sites can also be used during and after extraction operations for recreation and other purposes that are equally important for the local community;
39. emphasises that the regions have a fundamental role to play, thanks to their expertise in this area; points out that raw materials for batteries can be found in the EU in a number of coal regions, as well as in other regions, and that mining waste is often rich in critical raw materials; therefore calls for disused and new underground and open-cast mines where critical raw materials are found to be investigated with a view to raw materials extraction; points out that extraction of these raw materials could create new jobs in former and current mining regions;
40. underlines that there is considerable technical expertise to be found in the EU's former and active mining regions; this experience and knowledge should be passed on to new generations of workers, and the competences of skilled workers should be strengthened by means of targeted training;
41. stresses that the exploitation of raw material reserves and the opening of new underground and open-cast mines could reduce the EU's dependence on third countries, but that the necessary exploration and extraction work within the EU is often in competition with other land use options and is therefore subject to spatial planning restrictions; therefore calls for conflicts over use to be resolved as far as possible by mutual agreement in the interests of securing the supply of raw materials;
42. notes that public opposition to mining projects is increasing in many EU countries and that the industry's efforts to improve its environmental footprint are not yet being sufficiently recognised. The European Union, Member States, regions and municipalities are therefore called upon to communicate the advantages and disadvantages of reopening new underground

and open-cast mines actively and transparently and to ensure the participation of all relevant stakeholders, thus ensuring acceptance and understanding by civil society;

43. points out that reopening such mines involves high investment and operating costs, partly because of the high environmental and safety standards in force in the EU, which are a disadvantage for European mining regions in relation to the rest of the world; therefore urges the European Union and its Member States to examine whether, and to what extent, such projects can be supported financially with European funding or under State aid rules;
44. underlines that the Just Transition Fund should help mitigate the socio-economic impact of the transition to climate neutrality in coal-intensive and carbon-intensive regions and diversify the economies of the regions, including by investing in the circular economy. The sustainable infrastructure window under InvestEU could also support regional development of critical raw materials;
45. highlights the need to develop and apply sufficient expertise within the EU to be able to process or refine certain critical raw materials such as lithium; calls for the European Union, the Member States and local and regional authorities to play an active role in developing and expanding the relevant skills;
46. calls for better coordination between the relevant stakeholders in exploration, extraction, distribution, processing, reuse and recycling; in this context, local and regional authorities have a fundamental role to play;
47. underlines that raw materials strategies and plans by Member States and local and regional authorities can make significant contributions to safeguarding domestic raw material supplies;
48. recognises that introducing new, innovative, accepted, safe and environmentally sound mining of critical raw materials in the EU requires permits based on legal certainty and calls for the competent national, regional and local authorities and bodies to be set up, organised and equipped to a level commensurate with the increasing importance of their responsibilities and mission, so that transparent, efficient and coordinated administrative procedures allow for the extraction of raw materials on EU territory;

Regional cooperation

49. stresses the importance of promoting national and regional raw material clusters that bring together industry, mining authorities, geological services, upstream and downstream service providers, equipment manufacturers, and mining and refining companies, as well as the transport industry and the social partners, in sustainable mining in Europe, also using new mining technologies;
50. highlights the need for local, regional, national and European levels to work together to handle the impact on the ground and to meet the necessary investment needs;

51. calls for closer networking between regions that are highly dependent on critical raw materials in order to find joint solutions and guarantee an active role for regions in the European Raw Materials Alliance;

Sourcing of raw materials from third countries

52. notes that, despite all the efforts undertaken, the EU will remain heavily reliant on imports of critical raw materials from third countries; points out that there is now intense competition for critical raw materials between many countries;
53. stresses that trade in raw materials is increasingly subject to trade restrictions and distortions of competition; calls on the European Commission to continuously monitor import and export restrictions and to raise such issues at regional, bilateral and multilateral level; takes the view that measures that distort trade in raw materials – particularly in critical raw materials – must be comprehensively assessed and that, if necessary, further legal action should be taken under World Trade Organization (WTO) rules;
54. considers that a diplomacy-based raw materials policy is of great importance for the EU, not only in terms of industrial and energy policy and international trade, but also as a cross-cutting issue affecting various areas of internal, foreign and security policy;
55. notes that it would boost the EU's economic and financial resilience for raw materials to be traded in European currency, as it would reduce price volatility and the dependence of EU importers and third-country exporters on USD financing markets; in this connection, calls on the European Commission and the Member States to step up their efforts to ensure that European currency is used for trade;
56. calls for the EU to enter into more strategic partnerships with resource-rich third countries; welcomes the European Commission's approach of discussing priorities with Member States and industry, including in the countries concerned, before launching pilot partnership projects in 2021, as they have local expertise and a network of Member States' embassies;
57. stresses that enhanced cooperation with strategic partners must be linked to responsible sourcing. High concentration of supply in countries with lower social and environmental standards not only poses a risk to security of supply but can also exacerbate social and environmental problems. An international agreement at WTO level should therefore be sought as a first step, aimed at ensuring a high level of transparency and consistent traceability of supply and trade chains in terms of the social and environmental standards to be applied in the extraction of raw materials in third countries. Negotiations on systematic improvements to those standards should subsequently be launched as soon as possible, as is already the case in the EU's existing free trade agreements; welcomes the Conflict Minerals Regulation, which entered into force on 1 January 2021, and encourages the European Commission to present as soon as possible a balanced proposal for due diligence in supply chains;
58. underlines that it is becoming increasingly difficult for individual businesses to source raw materials in highly consolidated supply markets and in competition with markets where demand

is strong (in particular China); calls for targeted support to be given to entrepreneurial alliances such as purchasing associations.

Brussels, 19 March 2021

The President
of the European Committee of the Regions

Apostolos Tzitzikostas

The Secretary-General
of the European Committee of the Regions

Petr Bližkovský

II. PROCEDURE

Title	Action Plan for Critical Raw Materials
Reference(s)	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability, 3 September 2020, COM(2020) 474 final
Legal basis	Article 307(4) TFEU
Procedural basis	RoP Rule 41 b) i)
Date of Commission letter	3 September 2020
Date of Bureau/President's decision	
Commission responsible	Commission for Economic Policy (ECON)
Rapporteur	Isolde Ries (DE/PES)
Analysis	
Discussed in commission	19 November 2020
Date adopted by commission	22 January 2021
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Previous Committee opinions	–
Date of subsidiarity monitoring consultation	–