



CCMI/177
Critical Raw Materials Resilience

OPINION

European Economic and Social Committee

Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability
[COM(2020) 474 final]

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1. **Conclusions and recommendations**

- 1.1. The European Commission's Communication represents a step forward, providing a clear roadmap with initiatives and actions to be taken at EU level, and therefore the EESC recommends that the European Parliament and the Council support this approach for improving the EU's Critical Raw Materials Resilience.
- 1.2. The EESC is convinced that the measures proposed by the EC can contribute towards the security of supply of critical raw materials, thus maintaining and developing an industrial and technological base in the EU. They can also promote essential research and development capabilities, which enable us to implement the ambitious objectives of the EU Green Deal while ensuring new permanent and decent jobs and, at the same time, a fair transition in communities affected by industrial change.
- 1.3. The EESC fully supports the green transition of the energy sector and considers the extraction of raw materials necessary for the deployment of green technologies a fundamental step. These materials, such as metals and minerals, are the basic elements of creating solid infrastructure for supplying hydrogen or green electricity. The generation of green energies and green energy vectors will allow the decarbonisation of the extractive and processing industry, thus creating a win-win situation.
- 1.4. Exploration is a high-risk activity which increases capital costs significantly. Risk reduction through loan guarantees and depreciation regimes can greatly assist investments. Other fiscal incentives include tax credits and state aid. These mechanisms are widely used globally for mining and processing, but not broadly in the EU. However, in Europe there is an exception (Finland) that has established national support in the form of risk funds. Similar initiatives should be initiated at European level.
- 1.5. The EESC, having in mind the current best practice, technique and technology as a baseline, proposes that the EU develop a streamlined authorisation process for mining activities. For instance, the example of other critical infrastructure, such as renewables grids and other critical infrastructure, has paved the way for increased trust in streamlined processes. A streamlined process does not prejudge the outcome of any decision-making process, but is intended to improve the timeliness, predictability and transparency of the environmental review and authorisation processes for the infrastructure projects implemented through this method.
- 1.6. The EESC considers of paramount importance the existence of adequate financing instruments that facilitate the green transition for the ore extraction and processing sectors. At the same time, it is crucial to invest (e.g. via Horizon 2020) in recycling of critical and strategic raw materials.
- 1.7. The EESC has already embraced the importance of circularity for the EU economy. It is essential for the circular economy to close the loop of materials in Europe. Consequently, the export of waste containing valuable materials whose processing in the EU could help cut EU greenhouse gas emissions, should be carefully assessed and occur only when useful in terms of sustainability. Therefore, a fast and effective revision of existing instruments such as the Waste Shipment Regulation is supported by EESC.

- 1.8. The EESC sees the proposal to map the potential supply of secondary critical raw materials from EU stocks and wastes as a key action in improving the EU's raw materials resilience. Therefore, we call on the Commission to make this mapping exercise a priority and carry it out by the end of 2021 instead of the currently envisaged 2022 deadline.
- 1.9. The EESC considers that there is a need to remove obstacles in legislation and regulations concerning domestic use and shipment of secondary raw materials. However, the environmental and health and safety issues concerning the trade in dangerous streams of such materials must be carefully monitored and implemented. A balance has to be struck between strict and fast procedures so that domestic shipment, recycling and reuse of secondary raw materials is not hampered. There are many examples where recycling opportunities are stifled by formalities¹.
- 1.10. The EESC emphasises the importance of integrating new dimensions, into the methodology used for the regular assessment of the list of critical minerals. Appropriate criteria to check if the global supply chains of these types of raw materials comply with ethical principles should be defined in order to assess the "ethical dimension". These principles should consider the UDHR², the UNGP³, including the ILO's fundamental labour rights, the Declaration of Fundamental Principles and Rights at Work, which includes the Core Labour Standards and the MNE Declaration⁴, as well as the UN SDGs⁵. Moreover, the trade and global market situation of the raw materials should be taken into account, improving the assessment of the trade conditions associated with each raw material. The actual approach of the methodology to assess trade barriers is a very rough indicator. The existence of trade barriers and oligopolies should be better taken into account.
- 1.11. The EESC emphasises the need for coordination between national education, training, retraining and certification systems, with a view to reserving and to allocating sufficient capacity to train specialists in the areas that contribute to strengthening critical and strategic raw materials resilience. The EU must improve the training of specialists in line with the accelerated evolutions of the digital revolution and to provide professional opportunities for those who are involved in ensuring the security of supply and processing of these minerals essential in the functioning of advanced economies.
- 1.12. The EESC, in the context of policies to strengthen critical and strategic raw materials resilience, notes the importance of the availability of technological and industrial capacities in the EU to replace these minerals in case of persistent scarcity. It is necessary to increase the role of relevant European institutions in planning significant and constant investments in R&D programmes to discover new materials and processes for ensuring a justified substitution.

¹ For instance, different Member States apply different classification methods for assessing whether or not the properties of waste are hazardous. This creates unnecessary bureaucracy – too many documents; lengthy processes; misalignment among authorities – and unnecessary burden due to the financial guarantee associated with the waste shipment that depends on the waste classification.

² Universal Declaration of Human Rights.

³ UN Guiding Principles for Business and Human Rights. .

⁴ Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

⁵ UN Sustainable Development Goals.

- 1.13. The EESC demands that the European Commission takes into account, in a convincing and respectful manner, the needs and aspirations of raw material supplying developing countries by encouraging and supporting companies that clearly operate on the basis of respect of the economic, social and ecological interests of these countries and their population. The Commission should conceive a formula of a "partnership playing field" which promotes trust, durability, security, reliability and mutual respect in the common interest of the trading partners.
- 1.14. The EESC emphasises the importance of widening the definition and the paradigm of critical raw materials. Conventionally, critical raw materials have been understood as materials coming mainly from mining sector. This is too narrow scope and limits the growth of green energies. Today, wood-based materials can be efficiently used in much more applications than in the past. From textiles to new lighter and more environmentally friendly battery technologies, this is an area that is advancing with great speed. Bioeconomy has the unique possibilities of adding resilience to the EU economy and geopolitical stability for our continent. Using renewable materials would simultaneously also help mitigate climate change as it allows keeping the fossil emissions in the ground, creating green resilience to fossil sectors.

2. **Background**

- 2.1 The raw materials sector provides about 350 000 jobs within the EU, but there are more than 30 million jobs in downstream manufacturing industries that depend on reliable and unhindered access to mineral raw materials. In 2018, EU reliance on imports of metals ranged between 75% and 100% depending on the metal, and more than half of the EU's energy needs are met by net imports. Prices for raw materials are extremely volatile and resources constitute the largest share of industry input costs⁶. Nevertheless, industries in the EU that depend on raw materials provided EUR 206 billion of added value⁷.
- 2.2 The World Bank projects that the demand for metals and minerals will increase proportionally in line with climate ambition. The OECD forecasts that global material use will double by 2060. Metals use is expected to grow by 150%, from 8 billion tonnes today to 20 billion tonnes by 2060. The OECD also predicts that the growth in materials use and the processes of extracting and processing them is very likely going to increase pressure on the planet's resources and jeopardise gains in wellbeing. This can cause environmental and social problems, pollution, biodiversity and land losses etc.
- 2.3 The EU produces less than 5% of world production of mineral raw materials. China alone provides 66% of the finished Li-batteries. The EU provides less than 1%. The EU produces less than 1% of world fuel cells and 1% of the raw materials for wind energy⁸. China has a quasi-monopolistic position in terms of components for photovoltaics (PV). The EU provides 1% of silicon-based PV assemblies. 44 materials are relevant for the robotics industry, with the EU producing only 2% of them and China supplying 52%.

⁶ 2018 EU Raw Materials Scoreboard.

⁷ Euromines.

⁸ UNEP IRP.

2.4 Success in transforming the EU economy and the achievement of EU climate goals by 2030 and 2050, relies on securing a sustainable supply of critical and strategic raw materials. Minerals, metals and advanced materials are crucial for clean energy, green technologies and mobility. Without them, the implementation and progress of clean and digital technologies will be delayed, as will the implementation of the 2030 Agenda for the Sustainable Development Goals. The EU must act in order to reduce external dependency, to diversify its supply chains and to invest in recycling facilities. If it is not successful, the survival of European jobs and industries will be jeopardised.

3. **The Commission's actions on raw materials**

3.1 On 3 September 2020, the EC Communication *Critical Raw Materials Resilience: Charting a Path towards Greater Security and Sustainability* presented ten actions for supporting a secure and sustainable supply of raw materials. The Communication stresses the importance of achieving open strategic autonomy in the EU, via the following elements: diversification of extra-EU suppliers; reduction of extreme dependency via circularity and resource efficiency and domestic extraction and processing; increasing the domestic supply capacity; establishing resilient supply chains for EU industrial ecosystems; strengthening sustainable and responsible supply; the creation of a Raw Materials Alliance and R&D programmes; increasing financing opportunities; enhancing mining skills; increasing exploration capacity; assessing environmental impacts; promoting international trade and partnerships.

3.2 On 11 March 2020, the release of the EC Communication *A new Circular Economy Action Plan for a cleaner and more competitive Europe* highlighted the importance of creating a market for secondary raw materials and of taking into account ethical sourcing of raw materials and security of supply.

3.3 On 10 March 2020, the EC Communication on *A New Industrial Strategy for Europe* stressed the importance of all industrial value chains in the EU. A secured supply of clean and affordable energy and raw materials is a key step towards the reduction of industrial carbon footprints, thus accelerating the transition.

3.4 On 11 December 2019, the EC unveiled its Communication on *The European Green Deal*, which is the new growth strategy of the EU for transforming the current economy into one that is resource efficient, competitive and climate-neutral. The Communication highlights the importance of a strategic security of access to resources in order to implement the Green Deal. The transition will need a sustainable supply of all raw materials which are necessary for clean and digital technologies.

4. **General comments**

4.1 The EESC welcomes and supports the European Commission's efforts and actions to strengthen security of supply of raw materials. The opinions adopted over the last 15 years by the EESC's Consultative Committee on Industrial Change, as well as joint work on this issue with the

Commission, confirm the interest and commitment of the EU's organised civil society in the continued development of the European Raw Materials Partnership

- 4.2 In this regard, there is a need to develop more concrete proposals and actions for securing the path towards greater security and sustainability envisaged by the Communication of the European Commission on Critical Raw Materials. Moreover, we call on the Commission to consider appropriate action on all the raw materials that are relevant for the EU's industry and economy, in order to avoid further dependencies.
- 4.3 The Raw Materials Initiative, launched by the European Commission in 2008, paved the way for structured and coordinated action at the level of relevant European institutions, both to raise awareness among European citizens about the need to ensure security of supply of critical and strategic raw materials for European industries, as well as for concrete actions in this regard at EU and Member State level.
- 4.4 The European Technology Platform on Sustainable Mineral Resources (officially recognised in 2008), the European Innovation Partnership on Raw Materials (2012), the European Institute of Innovation and Technology – Raw Materials (2015), the European Battery Alliance (2017), the European Raw Materials Alliance (September 2020) or the annual activities within the framework of the EU Raw Materials Week represented successful Commission initiatives and important working tools of the European Union in its sustained efforts to identify the technological, legislative and administrative solutions needed to adopt a coherent EU Action Plan on raw materials. However, these initiatives could have been stepped up and the EESC calls on the Commission to conduct stringent assessments on the work, output and effectiveness of said alliance platforms and provide the results to the EESC on a regular (annual) basis. We, as representatives of civil society, need to be informed of whether this approach indeed yields tangible results for advancing and achieving the goal of raw materials resilience.
- 4.5 The EC Communication has primarily a European perspective, which is totally understandable, since the central issue is the supply of raw materials to Europe's economy. However, the EESC considers that the EC should take into consideration the needs and interests of the people and the economies in the countries from which raw materials are to be exported to Europe, especially when communicating frequently on "European values", "global responsibility" and global "sustainable development goals". It is also important to consider that non-EU countries from the European Economic Area are rich in mineral resources, and the raw materials strategies, strategic partnerships and access to financial instruments for the green transition of the mining sector should be made available to these countries as well.
- 4.6 The goal of enhancing the EU's resilience on critical and strategic raw materials is inextricably linked with the EU's efforts to maintain a strong industrial and technological base that keeps pace with the digital revolution and the global challenges of climate change and environmental protection. It is critical that the EU is successful in this process. The EESC has already highlighted that *"solar panels, wind farms and batteries are crucial for our new industrial paradigm. However, they also require raw materials that are controlled by our peer competitors in the*

*international arena. Industrial policy must go hand in hand with a firm trade and foreign policy that in turn must secure access to these resources"*⁹.

- 4.7 Raw materials policies must positively contribute, together with other policies, to ensuring supply to European industries, to meeting the demand for EU products and services, respecting the environment and limiting the impact of human activities on the climate and to creating decent jobs. These benefits – economic, environmental and social – should be evenly distributed throughout the EU. It is important to focus not only on raw materials that are classified as "critical" according to the methodology proposed by the EU Commission. Raw materials that are an essential part of many supply value chains and whose mining and extraction is also a carrier of critical raw materials should be recognised as having strategic importance.
- 4.8 The constant and predictable EU demand for critical and strategic raw materials is a basic condition for strengthening domestic and global trade relations and supply chains. As the demand for raw materials is steadily increasing, the EU should also continue to enhance its capacity to source domestically and internationally. Reliability and predictability in supply chains is key to maintaining industrial production and related infrastructure in the Member States, but it is also a necessary precondition for strengthening the EU's resilience with regard to critical raw materials.
- 4.9 The need for critical and strategic raw materials is one of the indicators that allows us to assess and establish the type of the EU's industrial production capacity, as well as the education, training, retraining, life long learning and certification needs, that we should maintain in the EU in order to cope with the global competition, and to avoid not only dependency on certain raw materials, but also subordination in the field of innovation, research and technological development.
- 4.10 Technological and industrial capacity to replace critical raw materials is considered essential for strengthening resilience, but it is not possible to achieve it in a short period of time and without significant and constant investment in research and development to discover new materials. Compared with the dynamic developments in China, one might say that the EU's resilience with regard to critical raw materials can be strengthened by implementing ambitious projects to interconnect and modernise trans-European transport, energy and ICT infrastructures. All this can be done in the context of the EU Green Deal, thus maintaining a sufficiently high demand for such raw materials in the EU, demand that stabilises global supply chains, leading to an influx of new investments, not only in the industries that process these materials, but also in R&D programmes for critical raw material substitution.

5. **Specific comments**

- 5.1 The EC Communication represents a step forward, providing a clear roadmap with initiatives and actions to be taken at European level, and therefore, the EESC recommends that the European Parliament and the Council support this approach for improving the EU's Critical Raw Materials Resilience.

⁹ INT/897 – Industrial Strategy.

- 5.2 While investment in sustainable mining creates supply, jobs and economic progress, it must also ensure socio-economic and environmental improvements on the basis of corporate social responsibility. The key concern is how to reach a balance between promoting sustainable mining in Europe and ensuring public acceptance. Raising awareness among citizens is paramount.

EU Green Deal, 2030 and 2050 climate goals and the demand for raw materials

- 5.3 A clean and circular economy promises to reduce our dependence on imported materials and energy, to lower the EU's negative impact on health and the environment, to develop future economic models and to create more local jobs. It will also help improve self-sufficiency and tackle the resilience issues exposed by the COVID-19 pandemic in relation to the global supply chains. The EESC has already called for a clear strategy in order for the EU to "become the world leader in the circular economy and clean technologies. It will work to decarbonise energy-intensive industries"¹⁰.
- 5.4 The EC's Communication does not mention or discuss deep sea mining¹¹ or help change the perception that extraction industries are not eco-friendly. There are cases in which they are "eco-friendly" thanks to sustainable mining practices.
- 5.5 The Commission suggests that mining waste is rich in critical raw materials and can create new economic activities. What is unclear, however, is the level of investment needed as well as the level of public acceptance for such action. The economic opportunities arising from critical raw materials in mining waste are associated not only with coal mining sites but also other ores such as iron, zinc or nickel.
- 5.6 Increasing the recycling, extraction and processing capacity of metals is essential for developing the green and clean technologies necessary for the green energy transition and, to a wider extent, the green industrial transition too. The recovery of strategic and critical materials is key, and so innovative technologies for sorting and treating waste have to be deployed. Both EU domestic sourcing routes – extraction and reuse – have to be properly promoted and financially supported.

The EU Critical Raw Material List – methodology of assessment

- 5.7 Based on the new technological developments, every two years a revision of the list of critical raw materials in the EU should be carried out. The European Commission mentions the monitoring of the actions presented in the current proposal. Impact assessments are needed along the way, with the possibility to change/regulate.
- 5.8 The Commission emphasises in this Communication that the periodically assessed list of critical raw materials is also relevant in promoting sustainable and responsible sourcing. Therefore, the methodology used for the periodic assessment of this list should be reassessed in terms of

¹⁰ INT/897 – Industrial Strategy.

¹¹ The International Seabed Authority is tasked with making sea floor mining possible legally and practically.

compliance with UDHR¹², the UNGP¹³, including the ILO's fundamental labour rights, the Declaration of Fundamental Principles and Rights at Work, which includes the Core Labour Standards, and the MNE Declaration¹⁴, as well as the UN SDGs.¹⁵

- 5.9 The risks of human rights infringements, including business-related human rights infringements in GVCs¹⁶ or environmental destruction in the prospective producer countries must be effectively taken into account in the methodology of the periodic assessment of the list of critical raw materials. Appropriate criteria must therefore be found and included in the assessment methodology. This is paramount, given that the EU Commissioner for Justice is working on a mandatory due diligence directive that is to be presented in the first half of 2021.
- 5.10 Critical Raw Materials have been understood generally as materials coming from the mining sector, but they encompass something much wider than that. For example, wood-based materials can be efficiently used in much more applications than in the past: from textiles to new lighter and more environmentally friendly battery technologies, this is an area that is advancing with great speed. Furthermore, bioeconomy has unique possibilities of adding resilience to the EU economy and geopolitical stability for our continent. Using renewable materials would simultaneously help mitigate climate change and shall allow keeping the fossil emissions in the ground, creating green resilience to fossil sectors.

Mapping of EU raw materials

- 5.11 The proposal to map the potential supply of secondary critical raw materials from EU stocks and wastes is a key action in improving the EU's raw materials resilience. Therefore, the Commission must make this mapping exercise a priority and carry it out by the end of 2021 instead of the currently envisaged 2022 deadline, making the available data well known to the stakeholders and citizens.
- 5.12 Given the current lack of overview and information on secondary raw material availability within the EU, tracking of strategic and critical materials, both sector-specific and cross-sectoral, has to be carried out as a priority action, including by making use of digital and big data tools.

Mining, related skills and the social licence to operate

- 5.13 Raw materials mining and quarrying activities are essential in terms of mitigating supply risk, e.g. providing materials for the deployment of low-carbon technologies and agriculture, and increasing the resilience of manufacturing value chains. The European minerals sector can ensure the availability of essential materials needed for current and future technologies to create a

¹² See footnote 2.

¹³ https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf.

¹⁴ See footnote 4.

¹⁵ See footnote 5.

¹⁶ Global Value Chains.

climate-neutral, service and welfare-orientated, circular and resource-efficient economy while sourcing raw materials in a sustainable and responsible way.

- 5.14 Additionally, mining in Europe is operating at the highest environmental and social standards compared to non-EU countries. The industry in Europe is committed to contributing substantially to climate change mitigation: it not only continuously explores methods of decarbonisation in order to efficiently and effectively meet the continued increasing demand for resources, but also enables other economic activities to improve their environmental performance.
- 5.15 The fact is that there are extremely few examples of raw material exports in developing countries triggering sustainable economic and social development from which broad sections of the population would have benefited. Rather, the situation often entails social exploitation and environmental pollution with usually only a few profiteers on the winning side.
- 5.16 The raw materials must not only serve to guarantee economic prosperity in Europe, but must also be the basis for sustainable, i.e. socially and environmentally compatible, economic development in the countries of origin. In this sense, the EU should become proactive and clearly support all conceivable efforts by companies that shift from the previous policy of unilaterally securing the cheapest possible raw materials towards a new approach of a "strategic partnership". Such a strategic partnership must take into account, in a fair way, the economic, social and ecological needs and interests of both the supplier and recipient countries of raw materials and support and promote self-determined socio-economic development in the countries of origin. By creating a "partnership playing field", a high level of trust, durability, security and reliability can be achieved in trade relations in the common interest and on the basis of mutual respect.
- 5.17 There is always a need to weigh local environmental problems against the benefits that such projects could bring to solve wider European and global CO₂ issues, such as the demand for more copper for example. Such balancing should be part of prioritising mining projects in Europe. This prioritising should also include regional economic considerations.
- 5.18 It is not enough to have access to raw materials, if the EU does not have high-tech processing facilities. Commissioner Breton stated that "for critical raw materials, the aim is to have European mining and refining capacity operational by the start of the next decade." This is not ambitious enough. Hence, the EESC recommends that the EU promote immediate investment and common regulated incentives for investors. To accelerate Europe's "strategic autonomy" regarding critical raw materials the creation of a European Partnership (Horizon Europe) or a IPCEI should be considered. Such a IPCEI should cover the entire CRM supply chain: assessing domestic mineral sources, mining, smelting, transforming, recycling, re-purposing. Indeed, as for batteries, the establishment of a fully integrated domestic rare earth value chain will be of key importance for delivering on the twin digital and green transition.
- 5.19 Four key industrial projects in sustainable mining and processing, totalling almost EUR 2 billion, are under way in Europe. They are expected to cover 80% of our lithium needs in the battery sector by 2025. These projects could provide inspiration in terms of covering other raw materials essential for European value chains in many more strategic sectors.

- 5.20 The industry is already using automation, digitalisation, blockchain technology and artificial intelligence, but the use of the Copernicus Programme must be explored, to identify new raw material sites and monitor the environmental footprint. Furthermore, the EESC has already recommended "the development of an EU regulatory roadmap addressing the challenges created by the digital transformation of the raw materials sector, dealing with topics such as cybersecurity, artificial intelligence, automation, multi-level governance and sea and space mining"¹⁷.
- 5.21 New methods for extraction, recovery and production should be developed. They should meet the highest environmental and social standards. Exploiting the resources within EU landfills and mine tailings represents a potential source of CRMs. Meanwhile, environmental specialists are urging that local communities should be involved in the decision-making process on future mining sites.
- 5.22 Mining skills can be transferred to metal and minerals exploitation, possibly in the same regions. The Just Transition Mechanism will help coal and carbon-intensive regions, through the sustainable infrastructure financing available under Invest EU. However, time and incentives for investors are needed, as is legislation on quicker authorisation procedures (an EU regulation could be a solution). Social, environmental and sustainability standards are key requirements for all future EU projects.
- 5.23 One of the core prerequisites for effective local content policies (LCPs) on the creation of more, greener and better-paid jobs in mineral-rich countries is the availability of the required skills and capabilities to meet the demands of the industry throughout the life cycle of a mine. It is also crucial to develop new skills sets and adapt existing ones to rapidly respond to technological changes. Recent studies have confirmed the likely impact of new technologies on the nature of jobs, highlighting how, in the mining sector, new skills sets will be required not only for new occupations, but also for existing ones, as current operational jobs will most likely have to adapt to automation. Redundancy should be avoided through social dialogue by retraining workers and ensuring they have access to the new positions and jobs created by new technologies and recycling processes.
- 5.24 Education, training, retraining and certification are extremely important, and it is important that they take place through social dialogue for the future of the industry and acquiring the necessary skills requires time and financing. Special disciplines such as geology, metallurgy and mining could be taught even at undergraduate level.

Investments

- 5.25 Exploration is a high-risk activity which increases capital costs significantly. Risk reduction through loan guarantees and depreciation regimes can greatly assist investments. Other fiscal incentives include tax credits and state aid. These mechanisms are widely used globally for mining and processing, but not in the EU.

¹⁷ CCMI/176 – Digital Mining in Europe.

- 5.26 An efficient financial incentives system must be developed and designed in order to support the ecological transitions in the waste industry. In addition, penalties should be applied for the abuse of waste-valuable resources.
- 5.27 Enhancing the EU's capacity to effectively address tariff and non-tariff trade barriers, including in the area of dumping and public procurement, deployed by our international partners is essential to ensure a level playing field in the area of raw materials trade.
- 5.28 Significant investment in R&D is needed for Europe in order to maintain leadership in global value chains. Keeping up with other economic powers is important and requires the close coordination of instruments under different policies, including the new Industrial Strategy, and the EU's Trade Policy. The implementation of the Screening of Foreign Direct Investments Regulation is becoming ever more important in order to protect EU strategic value chains.
- 5.29 The EU needs to pay special attention to monitoring global raw materials markets as well as the evolution of strategic supply chains. Reliable and complete information needs to come from all Member States and stakeholders through standardised reporting data formats.
- 5.30 Green transition-related investments by EU companies in the extracting, processing and recycling sector need to support industrial efforts to get involved in the transition and progress towards climate neutrality objectives¹⁸. The sector should benefit from easy access to sustainable financing, but only when its planned investments, R&D plans and industrial transformation projects show a clear adherence to climate objectives, full and productive employment, sustainable economic growth and decent work for all. The EESC has already mentioned in a previous opinion that "sustainable growth should refer to environmental, economic, social and governance dimensions in a balanced, global and comprehensive approach aligned with all the Sustainable Development Goals and the Paris Agreement on Climate Change, establishing minimum cross-cutting conditions that cannot be substituted."¹⁹
- 5.31 Moreover, mining projects showing the same commitments should be supported and incentivised within IPCEI (Important Projects of Common European Interest) and PCI (Projects of Common Interest) frameworks as well. The evaluation of the contribution of such investments and projects shall focus also in identifying any "green-washing" activity or misleading information.

Trade and the international dimension

- 5.32 China is today providing 98% of the EU's supply of rare earths elements (REE). We are entering an era of great geopolitical competition, hence developing an effective economic diplomacy at EU level is key to ensure access to diversified suppliers, while investing in reusing and recycling capabilities. In this respect the EESC insists on forging strategic partnerships with like-minded

¹⁸ McKinsey Report *How the European Union could achieve net-zero emissions at net-zero cost*, 3 December 2020: "Reaching net-zero would require investing an estimated €28 trillion in clean technologies and techniques over the next 30 years". "Of that €5.4 trillion, about €1.5 trillion would be invested in the buildings sector (29 percent), €1.8 trillion would be used for power (33 percent), €410 billion for industry (8 percent), €76 billion for agriculture (about 1 percent), and €32 billion in transportation (less than 1 percent). About €1.5 trillion (28 percent) would fund infrastructure to improve energy transmission and distribution in all sectors".

¹⁹ [OJ C 62, 15.2.2019, p. 73](#) ECO/456 Action Plan on Sustainable Finance

nations in a plurilateral framework as a way to avoid that supply disruptions (sometimes politically inspired) create standstills in sophisticated industrial value chains in the EU.

- 5.33 Enhancing the role of the euro as an international and reference currency is vital in preventing price volatility and reducing the dependence of EU stakeholders on the US dollar. The EC should seek ways to encourage trading of CRMs in euros, using the available economic diplomacy and trade policy instruments. In this regard, we welcome the European Commission's Communication on the European economic and financial system: fostering openness, strength and resilience²⁰.
- 5.34 The export of secondary raw materials must only be permitted when it makes sense in sustainability terms. However, the EU should work towards changing the rules of the game and allowing the export of waste containing valuable materials only when useful in terms of sustainability. More precisely, the export of this type of waste should occur only when, at destination, the environmental and social standards and measures to mitigate climate effects are equivalent to EU standards.
- 5.35 International cooperation within the OECD, the United Nations, the WTO and the G20 must be enhanced, having in mind the future sustainability of the industry and the EU interest in securing access to critical raw materials. Ensuring a level playing field with other parts of the globe is essential for European stakeholders. The EU must use all instruments at its disposal, including trade agreements and strategic partnerships in order to create the conditions to facilitate EU joint ventures in third, resource-rich countries, especially from Africa and South America, while always taking account of responsible sourcing and best practice on business conduct. Integrating the Western Balkans countries in the EU supply chain is also vital.

Brussels, 25 March 2021.

Christa SCHWENG

The president of the European Economic and Social Committee

²⁰ COM(2021) 32 final, 19.1.2021, Communication to EU Parliament, Central Bank and Economic and Social Committee; https://ec.europa.eu/finance/docs/policy/210119-economic-financial-system-communication_en.pdf.