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Critical Raw Materials: civil society calls for firm and fast action to secure supply and maintain a strong industrial base in the EU

Position paper – May 2021



**European Economic
and Social Committee**

On 3 September 2020, the European Commission published its Communication on Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability (COM(2020) 474). The Action plan contains the latest review of the Critical Raw Materials (CRMs) List, which the Commission has been updating every three years since 2011. It also includes 10 concrete commitments in order to face the challenge of resilience, which range from the establishment of a European Raw Materials Alliance, through increased investments in research and development, to investments in recycling, processing and extraction projects that would be mobilised through EU instruments as well as national recovery and resilience plans.

The European Economic and Social Committee (EESC) and the Consultative Commission on Industrial Change (CCMI) believe that the present and future of critical raw materials resilience is of essential concern to organised civil society in the EU. For this reason, and because the Commission's Action Plan represents a step forward by providing a clear roadmap with initiatives and actions to be taken at EU level, overall the EESC recommends that the European Parliament and the Council support this approach.

The EESC position concerns six main objectives:

- Supporting sustainable primary sourcing in Europe;
- Fostering secondary sourcing from waste and circular reuse;
- Maintaining extractive and processing capacities in the EU by supporting workers and regions;
- Investing in activities that can foster substitution;
- Diversifying trading partners and supporting developing countries;
- A wider and more frequent review of the critical raw materials list.

Supporting sustainable primary sourcing in Europe

The green transition of industry and the energy sector is essential, and the extraction of raw materials is a necessary prerequisite for

"These measures are essential if we want to be able to fulfil the objectives of the EU Green Deal while avoiding further dependencies and ensuring new permanent and decent jobs and a fair transition in communities affected by industrial change."

Dumitru Fornea

this. These materials, such as metals and minerals, are the basic elements of creating solid infrastructure for the generation of green energies and green energy vectors. Overall, raw materials have the potential not only to enable the implementation of the ambitious objectives of the Green Deal, but also to maintain and develop an industrial and technological base in the EU, while ensuring **new permanent and decent jobs and a fair transition** in communities affected by industrial change.

Exploration and mining are, however, complex and high-risk activities, and support on many fronts is needed for the sector to

flourish in a competitive and sustainable manner. Risk reduction through **loan guarantees and depreciation regimes, tax credits and State aid** is needed, and, more generally, the existence of adequate financing instruments that facilitate the green transition for the ore extraction and processing sectors is paramount. Support within the IPCEI and PCI frameworks should be considered as well. Furthermore, the EU should develop a **streamlined authorisation process** for mining activities, with the aim of improving the timeliness, predictability and transparency of the environmental review and authorisation processes.

Overall, while investment in sustainable mining is essential to create 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**.

Fostering secondary sourcing from waste and circular reuse

Alongside fostering primary sourcing, it is equally essential for the circular economy to close the loop of materials in Europe. This objective requires a series of firm and immediate actions.

First of all, the **export of waste and secondary raw materials** should be carefully assessed and occur only when useful in terms of sustainability, that is to say when, at destination, the environmental and social standards and measures to mitigate climate effects are equivalent to EU standards. This should be tackled through a fast and effective revision of existing instruments such as the Waste Shipment Regulation.

At the same time, there is a need to remove obstacles in legislation and regulations concerning **domestic use and shipment of secondary raw materials**. For instance, different Member States apply different classification methods for assessing whether or not the properties of waste are hazardous, and this often creates bureaucratic hurdles to recycling opportunities. What is needed, therefore, is a balance in procedures between scrupulous criteria and fast responses.

All of the above, however, is also hampered by the lack of data concerning secondary raw material availability within the EU, both sector-specific and cross-sectoral. For this reason, the Commission's 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 and should be carried out by means of digital and big data tools without further ado. While the Commission plans to deliver such mapping by the end of 2022, it is essential that this is done before the end of 2021, with data publicly available to all citizens and stakeholders.

Maintaining extractive and processing capacities in the EU by supporting workers and regions

It is essential to coordinate national education, training, retraining and certification systems, with a view to making available and

allocating sufficient capacity to train specialists in the areas that help strengthen critical and strategic raw materials resilience. **Specialist disciplines such as geology, metallurgy and mining could be taught even at undergraduate level.** All these initiatives are clearly the responsibility of the Member States to be achieved through social dialogue, but the EU can play an important coordinating role.

In this respect, it must be underlined that mining skills can be transferred to metal and minerals exploitation, and that opportunities for this should be explored within the **Just Transition Mechanism and Invest EU**, so that workers, regions and companies can receive adequate support in shifting from coal and carbon-intensity to critical raw materials.

These processes are essential prerequisites for the creation of more, greener and better-paid jobs in mineral-rich countries, and to ensure that workers have the right tools to access the new positions and jobs created by new technologies and recycling processes. This can also be a tool for the **involvement of local communities** in the decision-making process on future mining sites.

Investing in activities that can foster substitution

Another essential process in securing the EU's critical raw materials supply is diversification. It is essential to promote the availability of technological and industrial capacities in the EU to replace minerals in case of persistent scarcity. This can only be achieved by increasing the role of relevant European institutions in **planning significant, constant investments in R&D programmes to discover new materials and processes** for ensuring a justified substitution.

To that end, it is also useful to implement ambitious infrastructure projects in the context of the EU Green Deal, which will in turn help maintain sufficiently high demand and therefore stabilise global supply chains for such raw materials, most likely leading to an influx of new investments in R&D programmes for critical raw materials substitution.

Diversifying trading partners and supporting developing countries

As the world moves towards an era of significant geopolitical competition in terms of raw materials, accelerated by the COVID pandemic, it is of paramount importance that the EU develops effective economic diplomacy. In this respect, it is essential to **forge strategic partnerships with like-minded nations in a plurilateral framework** as a way of preventing supply disruptions from creating standstills in sophisticated industrial value chains in the EU. In this respect, the EU must cooperate in all international fora, including the OECD, the United Nations, the WTO and the G20, and engage with third countries, most notably in Africa and South America, while **integrating the Western Balkans countries in the EU supply chain.**

The EU should also undertake all possible actions to ensure a **level playing field** in the area of raw materials trade. This includes

addressing tariff and non-tariff trade barriers, including in the area of dumping and public procurement, as well as monitoring global raw materials markets by promoting standardised reporting data formats to collect information from Member States and stakeholders. The role of the euro should also be enhanced, for instance by encouraging trading of CRMs in euros.

In this context, it is also essential that the **needs and aspirations of developing countries that supply raw materials** are taken into account in a convincing and respectful manner. The Action Plan has primarily a European perspective, which is totally understandable, since the central issue is the supply of raw materials to Europe's economy. Still, a formula of a "partnership playing field" should be developed, to promote trust, durability, security, reliability and mutual respect in the common interest of the trading partners, and to promote practices that bring benefits also to the populations of the countries that provide the materials.

A wider and more frequent review of the critical raw materials list

The world is changing fast, and so is technology and industry. For this reason, a good balance must be achieved between a dynamic review of the CRM list and a degree of stability and certainty in the listed materials. For these reasons, it is advisable that the **revision of the list of critical raw materials in the EU is carried out every two years** (currently this is done every three years). Impact assessments are needed along the way with the possibility to change/regulate, with regard to both the list and the actions set out in the plan and especially the activities of the Alliances and partnerships.

"We need to assist investment through loan guarantees, depreciation regimes and State aid, but also by developing a streamlined authorisation process for mining activities."

Michal Pintér

Furthermore, it is essential to integrate new dimensions into the methodology used to establish the list. For instance, appropriate criteria should be defined to check if the global supply chains of these types of raw materials comply with **ethical principles**, in order to assess the "ethical dimension", and it should be taken into account if the sourcing of these materials entails human rights infringements or environmental destruction in the prospective producer countries. In addition, the methodology should take into account to a more detailed extent the trade and global market situation and the existence of trade barriers and oligopolies.

Last, it is essential to **widen the definition and the paradigm of critical raw materials.** Raw materials that are an essential part of many supply value chains, and whose mining and extraction also produces critical raw materials as a by-product, should be recognised as having strategic importance. Moreover, materials such as wood- and bio-based materials should be assessed for their potential to add resilience to the EU economy.

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