CRM Alliance
Critical Raw Materials

Critical Raw Materials Charter

Brussels, May 2022

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Critical Raw Materials

Dear Readers,

The CRM Alliance is pleased to present its updated Charter on Critical Raw Materials Policy. With this Charter, we aim at promoting a sound CRM policy by analysing the current state of EU CRM policy and providing recommendations.

Critical Raw Materials (CRMs) are those raw materials which are economically and strategically important for the European economy but have a high-risk associated with their supply. Used in environmental technologies, consumer electronics, health, steelmaking, defence, space exploration, and aviation, these materials are not only "critical" for key industry sectors and future applications, but also for the sustainable functioning of the European economy.

The last few years have proven how important it is for the EU to address its vulnerable supply chains, including its energy dependency on Russian fossil fuels, the magnesium production disruptions originating from China and the European automotive sector's need for battery materials. Once again, it has been demonstrated that there is no green and digital transition without critical raw materials. The Commission has consequently taken action by publishing a variety of important legislation, such as the Batteries Regulation, the Raw Materials Action Plan, the REPowerEU Plan and the European Chips Act.

However, there is still plenty of work to be done in the field of CRM policy. The CRM Alliance is positive that a sound raw materials policy is possible. In this Charter, the CRM-A outlines the core actions the EU should take on CRMs and features 10 principles necessary to implement to ensure the secure supply of CRMs and ensure the EU's strategic autonomy.

Your sincerely,

Martin Tauber
President, CRM Alliance

Rebecca Lentini
Secretary General, CRM Alliance

Introduction

CRM Alliance Secretariat has updated the "Charter on Critical Raw Materials Policy", first developed in 2018, to better reflect the current geopolitical and regulatory context. This charter outlines core actions that the European Union should implemented when addressing Critical Raw Materials and seeks to guide policymakers on further action.

The aim of the Charter is to promote Critical Raw Materials and provide recommendations to the EU and the wider stakeholder community on how Critical Raw Material policy should develop in the upcoming decades.

Context

The charter features a total of 10 principles that the CRM Alliance deems fundamental to ensure the uninterrupted supply of these materials, essential to Europe's economy and to drive future innovation.

Each principle identifies challenges associated with CRMs and potential solutions to implement.

- Principle 1 - Sustainable Sourcing & Due Diligence
- Principle 2 - Expediting Permitting Processes
- Principle 3 - Increasing Recycling Initiatives and end-of-life sorting technologies
- Principle 4 - Common Framework for Investment in CRM Production
- Principle 5 - Consistent and Coherent CRM Policy across EU Institutions and Member States
- Principle 6 - Supply Chain Approach
- Principle 7 - Global Free and Fair Trade
- Principle 8 - Market based approach towards Substitution of CRMs
- Principle 9 - Awareness Raising Initiatives
- Principle 10 - R&D on New Technologies

Conclusion

The CRM Alliance deems all of the above principles of fundamental importance in order to develop a strong and robust CRM policy that will benefit the economic and national security interests of the EU and its leadership in future innovation.

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Principles

01 – Sustainable Sourcing & Due Diligence

Challenges:

- × High investment costs, difficulties in obtaining social acceptance and complex permitting procedures.
- × Generation of waste and large tailings.
- × Difficulties in identifying and addressing environmental impacts.

Solutions:

- ✓ Facilitating access to known or undiscovered mineral deposits in the EU.
- ✓ Predictable and stable mining investment climate (i.e., using EU funds, EIB, etc.)
- ✓ Other alternative solutions: automated mining, mining of small deposits, alternative mining, etc.
- ✓ Implementation of sustainable and due diligence obligations, also via best practices.

An efficient transformation of the economy from a linear concept to a circular concept starts at the beginning of the economic cycle: Sourcing of critical raw materials.

Improving the conditions and incentives for sustainable access of sourcing of CRMs and the implementation of due diligence along the entire value chain will aid in guaranteeing the sustainable supply of these materials in the EU.

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02 - Expediting permitting processes

Challenges:

- × High up-front costs of exploration projects due to complex and expensive permitting processes.
- × Transparency regarding the permitting procedures as well as the level of permitting fees, royalties, etc. is not always sufficient.
- × Lack of fast-track procedure for critical materials.

Solutions:

- ✓ Coordination and implementation from a bottom-up approach of minerals policies at different levels (EU, Member States, regional, local).
- ✓ Good governance - Strengthening the exchange of best practices in mineral policies.
- ✓ Commission intervention to facilitate and expedite permitting procedures – Fast track.

The EU is heavily dependent on third country imports for many CRMs. To reduce this dependency, the EU should take advantage of the geological deposits present in its territory by enhancing primary production of these materials.

To do so, Member States need to adopt a clear and coordinated permitting framework to expedite permitting and mining processes.

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03 – Increase recycling initiatives and end-of-life sorting technologies

Challenges:

- × Most CRMs are difficult to recycle due to the long-lasting life of the final product they are generally embedded in and due to the extremely high costs associated to recycling procedures.
- × Policymakers do not recognise that for some CRMs and in certain applications recycling is not an option, technically and/or economically.
- × EU funded CRM recycling studies/projects often focus on CRMs that cannot be recycled and/or replicate passed conclusions and results.

To reduce the EU's dependency on third country imports, the European Union is implementing a more circular economy based on the principle reduce, re-use and recycle.

Secondary production of CRMs, coupled with the enhancement of primary production, would reduce the EU's

- ✗ Many CRMs are metals used as alloying elements at very low levels in copper, steel or aluminium matrix, in order to improve their properties. These metals used as alloying elements are technically and economically difficult to separate and recover.

Solutions:

- ✓ Development of cost-effective, resource and energy efficient, and environmental solutions for recycling and recovery of CRMs from products and other waste and recycling streams when possible and economically viable for industry.
- ✓ Development of new innovative technological solutions for recovery of technology metals from complex end-of-life products.
- ✓ Improving the economic incentives to recycle CRMs when technically and economically feasible.
- ✓ Encourage the acceptability of slightly less pure materials to foster recycling in the supply chains, in particular copper streams, essential for electrification.

dependency on third countries. Policymakers should, however, refrain from concentrating exclusively on end of life and should instead consider the whole lifecycle of CRMs and their products, including the benefits these materials bring in terms of durability and performance of products.

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04 – Common Framework for Investment in CRM Production

Challenges:

- ✗ High costs connected to general primary and secondary production of CRMs.
- ✗ Excessive EU and national legislative burden for producers.
- ✗ Competition from third countries.

Solutions:

- ✓ Incentivise producers to implement new and sustainable production of CRMs.
- ✓ Incentivise secondary production of CRMs and reduce EU dependence on third States.
- ✓ Develop new production projects in the EU.

A Common Framework for Investment in CRM Production should be developed at EU level to foster the general production of CRMs, thus guaranteeing their uninterrupted supply and use in existing and future applications.

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05 – Consistent and Coherent CRM Policy across EU institutions and Member States

Challenges:

- ✗ The EU has proposed parallel initiatives concerning raw materials, i.e. the Action Plan on CRMs, the Circular Economy Action Plan and the Chemicals Strategy for Sustainability, among others. These initiatives feature duplication of provisions as well as conflicting objectives resulting in a confusing legislative landscape.
- ✗ EU policy is focusing on restricting the use of certain raw materials due to their hazardous properties rather than promoting the continued safe use of strategic raw materials.
- ✗ EU policy does not focus on preserving existing CRM production.

The development of a consistent and coherent CRM policy focusing exclusively on the challenges associated to CRMs and their applications would enable the development of tailored-CRM projects, the implementation of new technologies and boost primary and secondary production.

Solutions:

- ✓ A consistent and coherent CRM policy should be implemented attentive to the specific challenges of CRMs while allowing the continued use of these materials proven to be safe.
- ✓ The CRM policy should allow to implement new technologies and instruments for sustainable mining and boost secondary production while supporting the critical applications of CRMs.
- ✓ The specific CRM policy should enable the EU to react swiftly to unfair competition and dumping of CRMs by third countries.

The CRM policy should allow the uninterrupted use of these strategic materials in line with the implementation of a risk-based approach.

Minimising the regulatory burdens faced by the CRM industry by reducing and streamlining the large number of new regulatory proposals targeting CRMs is necessary to promote EU strategic autonomy as well as support EU innovation and competitiveness.

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06 – Supply Chain Approach

Challenges:

- × EU policies impacting CRMs do not consider the overall impact on global, regional and local supply chains.
- × There are different needs at the different stages of the value chain.
- × Lack of involvement of downstream users in developing the CRM list and policies impacting CRMs.

Solutions:

- ✓ Holistic approach to policy making.
- ✓ Involvement of the entire supply chain in policy making.

An EU CRM policy which adopts a holistic approach and involves the entire supply chain in the exercise of policy making should be implemented to better address the criticalities and issues concerning CRMs.

A socio-economic impact analysis to identify benefits and drawbacks of all regulatory proposals impacting CRMs should always be implemented.

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07 – Global Free and Fair Trade

Challenges:

- × Ensuring free and fair trade of CRMs.
- × WTO dispute settlement system is slow and outdated.
- × Fostering strategic autonomy

Solutions:

- ✓ Fair and unrestricted access to critical raw materials by improving supply partnerships for EU companies.
- ✓ Ensuring a level playing field of all actors present in the trade of critical raw materials commodities.
- ✓ Ensuring strategic autonomy by diversifying supply.
- ✓ Implementing early warning and reaction to supply chain disruptions
- ✓ Using the ETS and CBAM as instruments to achieve a level-playing field

The EU should support principles of both free and fair trade of CRMs guaranteeing a level playing field for all actors through the elimination of tariff and non-tariff barriers.

Industrial Sector Policies should incorporate and highlight the economic and strategic importance of CRMs and their values to future innovation and competitiveness.

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08 – Market Based Approach towards Substitution of CRMs

Challenges:

- ✗ Substitution is not a viable option for CRMs due to their unique properties and economic significance, in particular, in high-tech applications requiring high standard performance and specification (often critical for safety).
- ✗ Lack of knowledge of the critical applications of CRMs and their properties.
- ✗ Substitution is complex progress which can have unintended consequences for global value chains. Additionally, substantial resources and time are necessary to conduct an effective and efficient assessment of alternatives.

Solutions:

- ✓ Raising awareness on the uses of CRMs and consequences attributable to regrettable substitution.
- ✓ Investing in new recycling and sorting technologies to improve the recycling rates for CRMs, where technically and economically feasible.
- ✓ Substitution should be industry driven.

CRMs have unique properties and therefore should be promoted. The use of these substances translates into high performing products and a more competitive industry in Europe.
Government policies should embrace and promote these substances and leave substitution to natural selection in a competitive market.

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09 – Awareness Raising Initiatives

Challenges:

- ✗ Lack of knowledge on CRMs, their importance for critical applications and where they are used.
- ✗ Lack of coordinated campaigns on the importance of CRMs and their mining at the national, local and regional level.
- ✗ Non-alignments of Member States' national critical lists and the EU CRM List.

Solutions:

- ✓ Transparency on CRMs' availability in the EU and on their positive and negative impacts in the economic/industry sector.
- ✓ Industry led initiatives for increasing public awareness of the benefits and potential costs of the CRMs supply.
- ✓ Initiatives to obtain public acceptance and gain trust throughout the production cycle, in particular with reference to environmental and social aspects.

Most people are unaware of the importance of CRMs and how they are used in their everyday life. This lack of knowledge negatively affects how the initiatives concerning CRMs are perceived.

Awareness raising initiatives on CRMs and their applications would facilitate the dissemination of a better understanding of CRMs and their applications, hence a better knowledge of the associated initiatives.

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10 – R&D on New Technologies

Challenges:

- ✖ Research and development in the area of CRMs is fragmented and projects involving EU funds generally lack industry participation.
- ✖ Funding programs at the EU level are complex and costly.
- ✖ Overlapping and non-coordinated research projects.
- ✖ There are no projects which look at how the use of CRMs may lead to the development of improved or existing technologies to the benefit of EU citizens.

Solutions:

- ✓ Improvement of coordination and collaboration to streamline efforts to avoid duplication and resource loss.
- ✓ Develop a CRM Institute at EU level similar to the CMI in the U.S.
- ✓ Focus on funding on recovery technologies and on how CRMs can develop new applications: from civil to life saving technologies.
- ✓ Promote an IPCEI on CRMs

Research and development in the area of CRMs should be coordinated to avoid duplication and resource loss.

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CRM-A members: