



EUROCHAMBRES POSITION ON THE CRITICAL RAW MATERIAL ACT

European Commission Proposal for a Critical Raw Materials Act

The European chamber network is committed to sustainable and responsible economic activity that is in line with the European Green Deal, yet business must have sufficient access to the raw materials needed to make the transition a success. We therefore support the European Commission's effort to secure the security of supply through the Critical Raw Materials Act, yet further improvements must be made to it, in order to maximize its potential for the EU's private sector.

1. Executive summary

The EU Commission's proposal for a Critical Raw Materials Act is a welcome and needed step towards enhancing the security of supply of critical raw materials in times when demand is exponentially rising as the European and global economy are making a transition to a low carbon economy. While an acceleration and de-bureaucratization of strategic projects for the sourcing of raw materials both in the EU and third countries is very welcome, the proposal does have some shortcomings in terms of scope, or the additional burdens imposed on companies in terms of reporting and monitoring obligations, that is still hindering its full effectiveness for European companies.

2. Why chamber network considers the EC proposal for a Critical Raw Material Act relevant

European business is fully committed to sustainability and the green transition, and the Chamber network is actively supporting countless companies across the EU in the transformation to a low carbon economy. However, for the green transition to succeed, European companies need access to affordable and reliable sources of supply of raw materials, making the EU's Critical Raw Materials Act a significant piece of legislation for our members and the companies they represent.

3. Eurochambres' main messages

- Eurochambres believes the affordable supply of raw materials is not sufficiently guaranteed, as also highlighted in our 2023 Eurochambres Economic Survey¹. Against the backdrop of the supply chain problems witnessed during the COVID-19 pandemic and the impact of Russia's war of aggression against Ukraine, the challenges for European business have only grown since. Moreover, it is already becoming clear that the raw materials available to date will be far from sufficient to meet the requirements of the EU's Green Deal, with demand for key raw materials expected to skyrocket in the future. For instance, demand for lithium, cobalt or nickel could see massive increases, with a significant dependence on imports, and where similarly to oil and gas the EU risks once again being overdependent on single monopolistic suppliers, without decisive action being taken.

¹ [Eurochambres Economic Survey 2023 \(EES2023\) - Report - Eurochambres](#)

- Accordingly, we very much support the intention of the EU Commission to take measures through the Critical Raw Materials Act to ensure a faster, secure and more reliable regulatory framework for the sourcing of critical raw materials in the EU, as well as increased international efforts to strengthen global raw material partnerships. In particular, increasing the security of supply of raw materials through strategic raw material projects in the EU and in partner countries abroad is supported by the European business community and should be implemented using the expertise of the Chamber network in Europe and abroad. Additionally, we see great opportunities for more resource efficiency in the further development of the circular economy through the Critical Raw Materials Act, as with the right incentives, frameworks and investments many products could be better recycled, more valuable secondary raw materials collected, and demand for recycled products increased. However, in many areas, the use of secondary raw materials is still hindered by legal obstacles and/or public acceptance.
- In terms of sourcing, and despite the increased importance for greater strategic autonomy, mining in the EU too often faces hurdles and barriers due to the tightening and bureaucratisation of licensing procedures, lengthy timetables, a lack of openness in terms of technology, an expansion of demanding, complex environmental regulations, as well as a systematic deterioration in the acceptance of domestic raw material mining amongst the population.

Hence, the foreseen acceleration and de-bureaucratising of approval procedures in the Critical Raw Materials Act for strategic projects in the EU is highly welcome, especially the foreseen the maximum time limits of 24 months for strategic projects involving extraction, and 12 months for strategic projects only involving processing or recycling. This could prove to be a significant advantage for EU industry compared to the lengthy existing timelines of existing projects which in some cases could last for up to 10 years. Permits that take years to be granted scare away investment and seriously jeopardizes the continuity of supply of needed raw materials in Europe.

- While an acceleration for strategic projects is highly welcome, it must absolutely be secured that this does not entail new delays in permitting processes for projects excluded from the scope of the regulation. Disadvantages resulting from the regulation on smaller projects or projects for non-prioritized raw materials cannot be acceptable and could even constitute an obstacle to innovation in the medium term (e.g., in the area of new recycling technologies).

Additionally, there are some specific shortcomings in the draft regulation which we feel the need to be addressed:

1. Expand the scope of the regulation to raw materials with broad economic significance:

The focus of the regulation on critical and strategic raw materials is too narrow for the needs of European industry, as it disregards other essential raw materials with broad economic significance that are equally essential for the green and digital transformation, defence, and space applications, such as aluminium or magnesite, and which are currently not listed as either critical or strategic raw materials. Therefore, the scope of the regulation in Art 1 should be expanded to cover other “essential raw materials” as well, with new sets of maximum timeframes set out for

these projects in the regulation as well.

Moreover, the regulation should also enshrine in its Art 3 and 4 the proper involvement of relevant stakeholders, in particular when it comes to amendments of the lists of critical and strategic raw materials. These amendments should only be undertaken after due consultation with relevant stakeholders, especially the business community, to ensure an inclusive involvement in the decision-making process and up to date decisions in line with the needs of European business.

2. Reduce reporting obligation and duly protect trade secrets of companies:

Eurochambres believes that different measures in the CRMA that lead to new information requirements for companies are generating unnecessary bureaucratic burdens and should be removed from the CRMA. The same is true for the internal audits of their supply chain, which due to the CRMA would have to be performed by larger companies (+500 employees). Businesses are already very much aware of their dependence on raw materials and the often very limited, sourcing opportunities. Moreover, in its current form, the proposed regulation does not sufficiently safeguard business and trade secrets. In this regard, Art 19 and Art 20, concerning monitoring and stress testing and relevant information obligations for monitoring, could pose challenges for companies in terms of trade and business secrets, especially but not only, regarding very small markets with respect to a publication of trade flows. Similarly in Art 30, regarding the publication of information about the country/region in which the critical raw material were extracted, processed, refined and recycled, there could again be specific challenges for small markets in terms of trade/business secrets and the competitive position of companies. Therefore, exceptions should be foreseen in the regulation that these publications can be omitted in the above cases. Moreover, due to the often-long-term orientation of the procurement activities of many companies, the proposed regular surveys to collect information from companies should only be conducted at appropriate large intervals to avoid an overburdening of companies.

3. Coherence of the CRMA and other relevant EU legislation

With a view to the number of EU legislations tabled or being adopted, it is essential that the Critical Raw Materials Act is fully coherent with other similar proposed or adopted EU legislative instruments, namely the Net Zero Industry Act, but also for instance in terms of sustainability and reporting/tracking obligations. Examples of this would be the Corporate Sustainability Reporting Directive (CSRD), the proposal on a framework for setting eco-design requirements for sustainable products, and the proposed CSDDD. Another element of potential overlap are the requirement under the proposed CRMA for certain companies to map where the strategic raw materials they use are extracted, processed, or recycled, imposing a requirement on such companies to map their supply chains. Indeed, it is likely that companies having to comply with the proposed CSDDD will, at least in certain cases, start mapping their supply chains and ensure traceability of their products. Such mapping and traceability requirements and their enforcement will have to respect antitrust rules, as well as commercial interests and sensitivities of different market players at different supply levels. Some guidance to address these issues could be drawn from the existing Conflict Minerals Regulation. Moreover, it is not yet clarified how the Critical Raw Material Act will interact with the proposed regulation on forced labour, CBAM, or the

deforestation regulation, all of which will have a non negligible impact on the security of supply of raw materials for European business.

4. Importance of securing access to raw materials abroad:

As many raw materials can currently only be sourced from third countries and considering that it will take time before the measures proposed in this regulation can take effect, it is essential that raw materials can be secured effectively abroad until then. Therefore, an active EU trade policy that is able to secure trade agreements with resource rich countries such as Chile, Australia, Indonesia or the Mercosur is essential for European business in terms of security and diversification of supply and must be a priority for the remainder of this Commission. In addition, the welcome concept of a Critical Raw Materials Club needs to be further fine-tuned to make it more operational for business, and we would welcome progress also with the United States in helping to make this concept a reality for involved businesses. These agreements must not break WTO-law and should not institutionalize decoupling strategies. Moreover, these agreements need to include provisions to prevent third countries from enacting export restrictions.

5. Strategic reserves

Businesses know best which raw materials they need and how to efficiently stockpile them, which is why they are not in favour of governments in EU member states building up strategic raw materials reserves. They are also not in favour of the European Commission proposing in the CRMA to be given the competence to define adequate levels for such strategic stocks in the member states. In addition, businesses assume that accessing the strategic government reserves in case of emergency will only be possible through a lengthy, complicated and very bureaucratic process.

6. Composition and function of the European Critical Raw Materials Board

Eurochambres welcomes the establishment of a European Critical Raw Materials Board. However, it is essential, within its group of experts it includes delegates of the most representative business organisations, as they represent the interest of the raw materials industry at large in the decisions that the Commission may adopt going forward. In this regard, we believe the relevant wording in Art 35 para 7 of the regulation on the European Critical Raw Materials Board should be expanded accordingly.

7. Uniform application of the CRM across the EU:

Many of the measures in the Critical Raw Materials Act are not implemented at European level but at Member State level. Therefore, for the coherence of the single market it is critical that there is a uniform implementation, and that different implementations do not lead to distortions of competition within the EU.



Eurochambres, the Association of European Chambers of Commerce and Industry represents over 20 million businesses in Europe through 45 members (43 national associations of chambers of commerce and industry and two transnational chamber organisations) and a European network of 1700 regional and local chambers. More than 93% of these businesses are small and medium sized enterprises (SMEs).

More info and previous positions on: <https://bit.ly/ECHPositions>

Eurochambres Head of International Trade
Mr Dominic Boucsein, Tel. +32 2 282 08 85, boucsein@eurochambres.eu

Eurochambres Press and Communication Manager
Ms Karen Albuquerque, Tel. +32 2 282 08 72, albuquerque@eurochambres.eu



@Eurochambres
www.eurochambres.eu