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## **DRAFT REPORT**

on a European strategy for critical raw materials  
(2021/2011(INI))

Committee on Industry, Research and Energy

Rapporteur: Hildegard Bentele

Rapporteurs for the opinion (\*):

Roman Haider, Committee on International Trade

Sara Matthieu, Committee on the Environment, Public Health and Food Safety

(\* ) Associated committees – Rule 57 of the Rules of Procedure

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on a European strategy for critical raw materials (2021/2011(INI))

*The European Parliament,*

- having regard to the Treaty on the Functioning of the European Union (TFEU), in particular Articles 9, 151, 152, 153(1) and (2), Article 173, which concerns EU industrial policy and refers, among other things, to the competitiveness of the Union's industry, and Article 208, which reaffirms that the EU shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries,
- having regard to the Treaty on European Union (TEU), in particular Article 3(3), which refers to the internal market, sustainable development and the social market economy, and Article 5(3), which refers to the principle of subsidiarity,
- having regard to Protocol (No 2) on the application of the principles of subsidiarity and proportionality, annexed to the TEU and the TFEU,
- having regard to the Commission communication of 3 September 2020 entitled 'Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability' (COM(2020)0474),
- having regard to the opinion of the European Economic and Social Committee entitled 'Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability' (CCMI/177),
- having regard to the Commission's study of September 2020 entitled 'Study on the EU's list of Critical Raw Materials (2020) – Final Report', and the accompanying Factsheets on Critical Raw Materials,
- having regard to the Commission's study of 2020 entitled 'Critical Raw Materials for Strategic Technologies and Sectors in the EU – A Foresight Study',
- having regard to the Commission communication of 5 May 2021 entitled 'Updating the 2020 New Industrial Strategy: Building a stronger single market for Europe's recovery' (COM(2021)0350),
- having regard to its resolution of 1 December 2020 on a new strategy for European SMEs<sup>1</sup>,
- having regard to its resolution of 25 November 2020 on a New Industrial Strategy for Europe<sup>2</sup>,

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<sup>1</sup> Texts adopted, P9\_TA(2020)0359.

<sup>2</sup> Texts adopted, P9\_TA(2020)0321.

- having regard to the Commission communication of 19 October 2020 entitled ‘Commission Work Programme 2021 – A Union of vitality in a world of fragility’ (COM(2020)0690),
- having regard to the Commission communication of 27 May 2020 entitled ‘Europe’s moment: Repair and Prepare for the Next Generation’ (COM(2020)0456),
- having regard to the Commission communication of 11 March 2020 entitled ‘A new Circular Economy Action Plan – For a cleaner and more competitive Europe’ (COM(2020)0098),
- having regard to the Commission communication of 2 December 2015 entitled ‘Closing the loop – An EU action plan for the Circular Economy’ (COM(2015)0614),
- having regard to the Commission communication of 10 March 2020 entitled ‘An SME Strategy for a sustainable and digital Europe’ (COM(2020)0103),
- having regard to OECD publication of October 2018 entitled ‘Global Material Resources Outlook to 2060’,
- having regard to World Bank publication of 2020 entitled ‘Minerals for Climate Action: The Mineral Intensity of the Clean Energy Transition’,
- having regard to the Commission report of January 2018 entitled ‘Report on critical raw materials and the circular economy’,
- having regard to its resolution of 28 January 2021 on the New Circular Economy Action Plan<sup>3</sup>,
- having regard to its resolution of 17 April 2020 on EU coordinated action to combat the COVID-19 pandemic and its consequences<sup>4</sup>,
- having regard to its resolution of 15 January 2020 on the European Green Deal<sup>5</sup>,
- having regard to the IEA special report of 2021 entitled ‘Net zero by 2050: A Roadmap for the Global Energy Sector’,
- having regard to the Council conclusions of 17 December 2020 on ‘Making the Recovery Circular and Green’,
- having regard to the Council conclusions of 16 November 2020 on ‘A recovery advancing the transition towards a more dynamic, resilient and competitive European industry’,
- having regard to the Council conclusions of 28 November 2019 on ‘Circular Economy in the Construction Sector’,

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<sup>3</sup> Texts adopted, P9\_TA(2021)0040.

<sup>4</sup> Texts adopted, P9\_TA(2020)0054.

<sup>5</sup> Texts adopted, P9\_TA(2020)0005.

- having regard to the Council conclusions of 4 October 2019 on ‘More circularity – Transition to a sustainable society’,
  - having regard to Rule 54 of its Rules of Procedure,
  - having regard to the opinions of the Committee on International Trade and the Committee on the Environment, Public Health and Food Safety,
  - having regard to the report of the Committee on Industry, Research and Energy (A9-0000/2021),
- A. whereas critical raw materials (CRMs) are the originators of industrial value creation and therefore essentially affect downstream sectors; whereas it is of high importance that the EU takes back control of its flows, value, and supply chains, and supports, fosters and digitalises ecosystems since this is the new core capacity in international (industrial) competition;
  - B. whereas the growing population and the transition towards digital, highly energy-efficient and climate-neutral economies lead in all scenarios to a significant higher demand for CRMs<sup>6</sup>;
  - C. whereas the EU currently provides only 1 % of the raw materials for wind energy, less than 1 % of Li-batteries, less than 1 % of fuel cells, only 2 % of the raw materials relevant to robotics and only 1 % of silicon-based photovoltaic assemblies<sup>7</sup>;
  - D. whereas it is evident that new sourcing is required and that the potential of sourcing at high sustainable standards by the EU and its neighbourhood should be fully and quickly exploited;

### ***Challenges and opportunities***

1. Considers that waste collection and product design are ‘low hanging fruit’ strategies to increase CRM supply; notes that CRM substitution, while having its limits in product efficiency, is an inherent goal of industry because of high prices and dependency;
2. Stresses that CRM sourcing is tied to geographic location, highly dependent on the availability of low-carbon and renewable energy, and at risk of indirect and direct carbon leakage and exposure to unfair competition;
3. Warns that Europe’s transition to climate neutrality should not replace reliance on fossil fuels with reliance on raw materials;
4. Calls on the Commission to review the criticality assessment methodology before 2023, ahead of the publication of the next list of CRMs;
5. Calls on the Commission to pay attention not only to CRMs but also to the potential criticality of other raw materials needed for the twin transition;

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<sup>6</sup> World Bank, Commission Foresight Study, OECD.

<sup>7</sup> Commission Foresight Study.

6. Asks the Commission to assess the implications of several low-carbon technologies competing for the same CRM;
7. Is concerned that recovery plans do not sufficiently tackle the challenges linked to CRM supply;
8. Calls on the Commission and the Member States to create an Important Project of Common European Interest (IPCEI) on CRMs;

### ***Strategic autonomy and resilience***

9. Welcomes the creation of the European Raw Materials Alliance (ERMA) and its current focus on the most critical CRMs, namely rare earth elements and magnets, since the market conditions are completely distorted and monopolised by China, and on quantitative domestic and non-Chinese sourcing targets to support long-term supply relationships for a huge range of small and large manufacturers in the EU; underlines its role as the world's largest 'certification process' for environmentally assessed and feasible CRM projects;
10. Regrets that the creation of strategic stockpiling is not yet part of the action plan;
11. Stresses the need for closer partnerships between CRM actors and downstream users and the common awareness and commitment to sustainable value chains;
12. Asks the Commission to diversify supply chains for both primary and secondary sources;

### ***Closing material loops***

13. Underlines the need to build secondary CRM markets in order to guarantee constant secondary CRM flows; notes that there is no one-size-fits-all approach;
14. Welcomes the proposal to map the potential supply of secondary CRMs from EU stocks and waste; encourages the Commission to make this mapping exercise a priority and carry it out earlier than envisaged;
15. Notes that industrial CRM recycling processes still need massive investment in the collection and recovery infrastructure, in innovation and scaling of technologies, and in skills, while providing job opportunities;
16. Calls on the Commission to step up efforts to ensure the proper collection of end-of-life products with CRMs instead of having them stockpiled in households or discarded by landfill disposal or incineration;
17. Believes that substitution becomes very powerful where a CRM could be substituted by an abundant material, but has little benefit if the substitute itself is critical or might become so because of the substitution; recognises the importance of keeping the quality performance of the products and their economic viability; calls on the Commission to encourage and increase research and innovation on substitutes for CRMs in different applications;

### *Sourcing from the EU*

18. Notes that while smart product design, the reuse of materials, recycled sources and substitution can significantly reduce primary demand, responsible and sustainable sourcing is needed when supply cannot be met;
19. Highlights that sourcing in the EU is subject to the highest environmental and social standards worldwide, provides thousands of highly qualified jobs and is an indispensable prerequisite of the green and digital transition; calls therefore on all actors to help build public acceptance for responsible CRM sourcing projects in the EU;
20. Welcomes the Commission's plan to deploy Earth-observation programmes and remote sensing for resource exploration, operations and post-closure environmental management;
21. Underlines the importance of maintaining and further developing expertise and skills in mining and processing technologies in the EU;
22. Calls on the Member States to improve the timeliness, predictability and transparency of the authorisation processes for sourcing projects;
23. Highlights that improved permitting predictability and efficiency, as well as prioritising key enablers such as competitive renewable energy supply, will help to unlock necessary investments;

### *Diversification*

24. Urges the Commission to systematically and strategically build new CRM partnerships and make this endeavour a horizontal task of its external and internal policies and to present the results in 2021;
25. Welcomes the EU's commitment to responsible and sustainable sourcing; stresses the need to underpin this commitment with concrete technical support, institution building and political dialogue with partner countries; stresses the need to mobilise more state and private actors to also subscribe to and implement sustainability standards;
26. Calls for enhanced cooperation to develop international agreements for better monitoring, notification and implementation of CRM export restrictions promoting responsible sourcing and increasing circularity in this sector;
27. Reiterates its call in its resolution of 25 March 2021 on a new EU-Africa Strategy – a partnership for sustainable and inclusive development<sup>8</sup> for fair and sustainable exploitation of CRMs in Africa, which account for 49 % of EU imports from Africa, and supports the Commission in its endeavours to conclude new CRM partnerships with African countries;
28. Instructs its President to forward this resolution to the Council and the Commission.

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<sup>8</sup> Texts adopted, P9\_TA(2021)0108.