

# POLICY BRIEFING

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## EU CRITICAL RAW MATERIALS ACT

November 2024

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# ABOUT THIS BRIEFING

This briefing summarises the key elements of the [EU Critical Raw Material Act](#) (CRMA) which aims to reduce reliance on imports of critical raw materials (CRMs) through a series of measures, including increasing recycling, increasing domestic production, and requiring in scope companies to undertake supply chain audits.

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## INTRODUCTION

Finalised on 19 March 2024, the [European Union Critical Raw Materials Act \(CRMA\)](#) is a legislative framework aimed at securing and diversifying the EU's supply of critical raw materials (CRMs). The CRMA covers 34 CRMs including Aluminium, Cobalt, Copper, Lithium, Magnesium, Nickel and Tungsten.

The Act is part of the EU's attempts to strengthen autonomy and resilience in the supply of CRMs, essential for the green and digital transition, as well as for defence.

The Act aims to increase EU extraction, processing, and recycling capacities of CRMs by 2030, while promoting circularity and diversifying sources of supply. The global demand for critical raw materials is expected to increase significantly in the coming decades, driven by the growth of green technologies such as electric vehicles, renewable energy, and digital devices.

Many critical raw materials are sourced from a limited number of countries, some of which are associated with geopolitical risks, human rights concerns, or environmental challenges. This concentration of supply creates potential vulnerabilities for the EU's industry and economy. For example, China is the world's leading producer and processor of many critical raw materials, such as rare earth elements, which are essential for high-tech industries.

The CRMA, along with the [Net Zero Industry Act](#) is part of the EU's [Green Deal Industrial Plan](#).

## KEY ELEMENTS

The act aims to:

- Strengthen the EU's strategic partnerships with resource-rich countries, support sustainable mining projects, and promote the development of domestic mining and processing capacities.
- Increase the recycling rates of CRMs by developing new recycling technologies, and improving the design of products that use CRMs so they are easier to recycle or reuse.
- Increase investment in research and development to find alternative materials or technologies that can reduce the EU's dependence on CRMs.
- Promote international standards and due diligence practices to ensure that the extraction and processing of critical raw materials respect human rights, labour standards, and environmental protection.

The CRMA sets specific targets for the EU to domestically produce, process, and recycle these materials, including:

- At least 10% of the EU's CRM demand through domestic mining by 2030, currently estimated at around 1%.
- At least 40% of the EU's CRM demand through domestic processing by 2030, currently estimated at around 3%.
- A minimum of 15% of the EU's yearly CRM consumption from recycled sources by 2030.

Finally, the CRMA establishes the European Critical Raw Materials Board to monitor the implementation of the Act and provide support for strategic projects.

## SCOPE

The CRMA imposes specific obligations on various stakeholders, including member states, large EU companies, and sectors involved in the extraction, processing, and recycling of critical raw materials (CRMs).

## REQUIREMENTS

Member states must:

- Contribute to the EU-wide targets for the extraction, processing, and recycling of CRMs.
- Streamline and expedite the permitting processes for exploration, mining, processing, and recycling projects related to CRMs.
- Foster strategic partnerships and trade agreements with resource-rich countries outside the EU to diversify supply chains and reduce dependency on single sources.
- Monitor the CRM sectors and report on their progress towards meeting the targets set by the CRMA.
- Identify and develop strategic projects across the CRM value chain, which could receive financial support and fast-tracked permitting.
- Participate in the European Critical Raw Materials Board, which will oversee the implementation of the CRMA and support strategic projects.
- Promote sustainable and responsible sourcing, production, and recycling practices for CRMs within their territories.

The CRMA requires:

- Large companies<sup>1</sup> operating in any of the EU Member State to conduct supply chain audits and develop strategies to mitigate potential supply disruptions.
- Sellers of CRMs in the EU to provide information on their environmental footprint.

## PENALTIES

The oversight of the European Critical Raw Materials Act (CRMA) will be managed by the newly established European Critical Raw Materials Board. This board will be composed of high-level representatives from the Member States and the European Commission.

## NEXT STEPS

The CRMA is a regulation, and so has immediate legal effect. Member states will begin to implement the requirements of the CRMA, such as setting up single points of contact for strategic projects, streamlining permit procedures, and for in scope companies, requiring companies to conduct supply chain risk assessments.

The European CRM Board will oversee the implementation of the CRMA, and member states will be responsible for monitoring and reporting on their progress towards meeting the Act's targets.

The list of critical and strategic raw materials may be reviewed and the CRMA may be updated accordingly to reflect changes in market conditions and technological developments.

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<sup>1</sup> 'Large company' means any company that had more than 500 employees on average and had a net worldwide turnover of more than EUR 150 million in the last financial year for which annual financial statements have been prepared.

## ABOUT CRITICAL RAW MATERIALS

CRMs are materials that are economically and strategically important for the economy but have a high risk associated with their supply. CRMs are often irreplaceable in key industrial applications, have few substitutes, and are sourced from a limited number of countries. The European Commission has identified 34 CRMs.

Examples of CRM use:

Critical Raw Material	Key Applications
Rare earth elements	Neodymium and dysprosium are used in permanent magnets for electric vehicles, wind turbines, and hard disk drives.  Lanthanum and cerium are used in catalysts for petroleum refining and emissions control, specifically in fluid catalytic cracking (FCC) catalysts and catalytic converters.
Cobalt	Cobalt is a key component in lithium-ion batteries for electric vehicles and portable electronics. It is also used in superalloys for jet engines, gas turbines, and other high-temperature applications.
Lithium	Lithium is the primary component in lithium-ion batteries for electric vehicles and energy storage systems. It is also used in ceramics, glass, and lubricating greases, as well as in pharmaceuticals and aluminium production.

The European Commission estimates that around 30 million jobs in the EU are directly dependent on the availability of CRMs. CRMs are used in a wide range of industries that collectively account for around €2 trillion of Europe's GDP, or approximately 14% of the total EU GDP.

Strategic Raw Materials (SRMs) are a subset of CRMs that are deemed particularly crucial for the EU's strategic autonomy and competitiveness. These materials are expected to see exponential growth in demand due to their crucial role in the transition to clean energy and digitalisation. The Act identifies 16 SRMs.

## HUMAN RIGHTS

The mining of CRMs has significant human rights implications, as the extraction and processing of these materials often take place in countries with weak governance, limited regulatory oversight, and a higher risk of human rights abuses. Common human rights concerns associated with CRM mining include the displacement of local communities, the violation of indigenous peoples' rights, poor working conditions, child labour, and environmental damage that affects the health and livelihoods of nearby populations.

The CRMA seeks to address the human rights concerns associated with the mining of CRMs by promoting responsible sourcing practices and ensuring that the EU's supply of these materials is both secure and sustainable.

## FURTHER RESOURCES AND REFERENCES

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