

Opinion article by Mark Rachovides, President Emeritus of EUROMINES

Raw materials start all industrial value chains. The [EU](#) itself was born from the European Coal and Steel Community founded in 1951. More recently however it has lost sight of this fundamental truth and has sleepwalked into accepting ever-heavier import dependence for many Critical Raw Materials (CRMs) both in terms of extraction and processing.

That dependency is itself concentrated in a small number of third countries. Examples are well understood today; Rare Earth Elements and Magnesium from China, Cobalt from the Democratic Republic of Congo, Boron from Turkey and so forth. The **EU** has learned painful lessons of overdependence, based on decades of quasi-mercantilist trade policies focused on selling European manufactured products and services, most recently from the effects of the Ukraine war. It is time to find a cure to this variant of the Stockholm Syndrome and understand that Europe's hallowed downstream industries will fail without urgent and dedicated support for their forgotten upstream cousins.

As the whole world moves toward renewable energy and ever-deeper digitalisation, demand for many CRMs will continue to soar to unprecedented levels. Technology is lagging behind in innovation in terms of substitution, energy efficiency and recycling. That will improve, but it is hardly surprising that the United States and other countries have deployed massive financial resources in support of policies to secure their own needs for CRMs. **This has accelerated global competition and accentuated the potential for commodity market manipulation and other supply risks.**

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The EU had been very slow to respond and is now facing **serious challenges** to its competitiveness and prosperity. For the first time European industry is becoming vocal, alarmed by the risk of long-term supply disruptions while Europe's own extraction, processing and recycling companies require huge investment to address that. Decades of political neglect must be undone. Companies, particularly the small and medium-sized enterprises that represent our future industry leaders, need much better access to funding and much improved permitting and procedures to prosper.

Questions of public acceptance have surely retarded the development of too many projects, as there has not been sufficient political will to reshape [public opinion](#). Levering off our strengths in technology and innovation can help achieve that by for example, incentivising production of secondary raw materials but this must be part of a whole set of coherent

policies.

The European **Green Deal** seeks to deliver that by defining European policy toward our increased need for CRMs. It is an encompassing set of policy initiatives by the European Commission aimed toward making Europe climate neutral. This incorporates energy transition, circular economy and resource efficiency.

In September 2022, European Commission President von der Leyen announced the European Critical Raw Materials Act (CRMA). This is intended to alleviate [Europe's](#) dependencies and secure sustainable access to the necessary raw materials to enable the EU's ambition of becoming **the first climate neutral continent**.

Among the aims of the Act, which is scheduled for publication imminently, is an imperative of identifying strategic projects along the supply chain, from extraction to refining, from processing to recycling, and to build strategic reserves where supply is at greatest risk. The CRMA will define which CRMs are most strategic, for Europe's twin transition and defence needs, including economic importance, supply concentration, strategic applications and forecasted supply gaps. It will define the materials vital to [Green Deal](#)-related technologies, and will decide on Strategic Projects, that member states will likely be obliged to give priority to, which will be funded through private and public resources.

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Alongside, a new industrial strategy aims to increase energy efficiency throughout the EU and strengthen the implementation of key value chains for the **future** of European industry. But make not mistake, all this still requires vast quantities of mined raw materials.

The EU Principles for Sustainable Raw Materials, developed by the Commission, EU countries and stakeholders, including Euromines, serve to create a common European understanding of best practices in the processing and mining (from exploration to post-closure) of mineral [raw materials](#) in Europe in terms of social, environmental and economic performance, and to define a trajectory towards the UN Sustainable Development Goals (SDGs).

In fact, the achievement of many SDGs depends very much on minerals activities and applications. For example, the OECD «Due Diligence Guidance for Responsible Business Conduct» is becoming a global tool for responsible supply chains of minerals from conflict-affected and high-risk areas. It has also become clear that, the burgeoning demand for mined raw materials requires both policy renewal and innovation and updated business

models, such as the potential use of the EU Taxonomy Regulation for Sustainable Finance toward mineral and other projects.

Raw material value chains, like geology, rarely conform to national boundaries. Markets are often complex and market failures have demonstrated their potential for devastating effects on numerous occasions. Accordingly this CRMA is perhaps the best example of why an EU-wide policy approach of collective action is essential to ensuring that Europe is not left behind in the global race to source, deploy and benefit from CRMs.

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Source: [Rawmathub](#)