



EU Critical Raw Materials Centre

European Metals recommendations ahead of the Trialogues

Our main recommendations:

As European Metals, the European non-ferrous metals industry association, we fully support the objectives of the Critical Raw Materials (CRM) Act to improve the sustainability and resilience of Europe's raw materials value chains. **Given the urgency of strengthening Europe's raw materials resilience, rapid and effective concrete action is needed now.**

In order for this to become a reality, this ambition must be backed up by adequate funding, ringfenced under the **EU Competitiveness Fund**, and deployed through a properly designed **EU CRM Centre**, or **Corporation**, as it has been described by Commission President Von Der Leyen. To deliver tangible results, the Centre must be able to turn strategic priorities into investment and supply-security measures. Its design should focus on the following priorities:

- 1) A properly funded Critical Raw Materials Fund under the European Competitiveness Fund** – The Centre should operate a dedicated CRM Fund with sufficient, ring-fenced resources from the European Competitiveness Fund (ECF), implemented through a variety of de-risking tools supporting the already existing EU industrial base as well as new strategic projects at various stages of maturity, including CRM exploration and mining as well as processing, recycling and recovery activities.
- 2) An independent Centre with the right expertise and flexibility to act** – An independent body, bridging the gap between policy and implementation and with the expertise, autonomy and operational flexibility to deploy a broad range of financial tools necessary to support CRM investments in Europe in close cooperation with member states and industry across the critical raw materials value chain, including for raw materials enabling CRM production and recovery.
- 3) Targeted Strategic Stockpiling** – Strategic stockpiling can be useful for a limited number of specialty metals produced in low volumes and for specific sectors, such as aerospace and defence. Stockpiling should remain voluntary, targeted and developed in close cooperation with industry, recognising the specific characteristics of individual raw materials and avoiding distortions to well-functioning markets.



i) **A properly funded Critical Raw Materials Fund under the European Competitiveness Fund**

A **dedicated Critical Raw Materials Fund of at least €10 billion** should be regarded as the minimum credible starting point, rather than a level of funding commensurate with the scale of Europe's critical raw materials challenge. Given the capital intensity and breadth of investment required across mining, processing, refining, recovery and recycling operations, the EU envelope should be secured under the **European Competitiveness Fund**, capable of leveraging substantial additional public and private investment, and subject to regular review and further capitalisation in light of the strategic project pipeline and demonstrated investment needs. It should also be complemented by sufficiently ambitious and coordinated national support instruments, so that EU-level funding and Member State resources combine to deliver the objectives of the EU Critical Raw Materials Act.

While the inclusion of critical raw materials under the 'Resilience and Security' policy window in the European Commission's proposal is a positive step, there is a need to ring-fence a targeted Critical Raw Materials envelope to ensure that the **Critical Raw Materials Centre** has the funding it needs to fulfil its tasks. Only with such finance it can fulfil its strategic mandate, support both new projects and the existing industrial basis and credibly support a secure and resilient Critical Raw Materials supply. In this context, we fully support the European Parliament ITRE rapporteurs' draft report proposal for a **€10 billion dedicated CRM envelope**.

This level of support is the minimum necessary to ensure Europe can compete effectively in an increasingly competitive global environment: Canada has deployed a \$15 billion strategy, while the United States has allocated over \$30 billion for critical raw materials processing, including a recent \$2 billion direct investment in a single zinc smelter.

The Centre should be able, through an appropriate legal framework, **to make use of a comprehensive financing toolkit covering the full range of financial instruments required across the critical raw materials value chain** and deployed by professionals with sector-specific expertise.

The choice of the instrument should be tailored to the specific needs of each project rather than linked mechanically to its size or category. The toolbox should include, among others, grants for feasibility studies, exploration, permitting and first-of-a-kind technologies; guarantees and concessional loans to reduce financing costs and improve bankability; offtake-backed financing and structured purchase agreements to support revenue visibility; export credit agency support and project finance for international partnerships; stockpile-linked financing where appropriate; and targeted equity participation for specific strategic projects where public involvement can crowd in private investment and accelerate final investment decisions.

De-risking tools such as two-way Contracts for Difference or price-floor mechanisms could be particularly helpful to address price volatility and downside risk, in particular for materials where non-EU countries significantly dominate the production, **such as Gallium, Germanium, Indium**,



Bismuth, Antimony, while also keeping in mind the specific needs of each individual project assessing which support is the most effective to make the project viable.

Our recommendation – The Centre should operate a dedicated CRM Fund with sufficient, ring-fenced resources from the European Competitiveness Fund (ECF), implemented through a variety of de-risking tools supporting the already existing EU industrial base as well as new strategic projects at various stages of maturity, including CRM exploration and mining as well as processing, recycling and recovery activities.

ii) An independent Centre with the right expertise and flexibility to act

The Centre should be established as an independent Union body based on a **clear mandate, dedicated sufficient budget** and have the **necessary legal framework** and **operational tools** making it possible to **help turn Europe's critical raw materials policy from strategy into execution**.

Its primary role should be to bridge the gap between policy objectives and project delivery by facilitating the implementation of **investments** and **especially de-risking tools** that strengthen the resilience of Europe's critical raw materials value chain. The Centre should embody the following main functions:

- Mobilizing public-private financing capacity;
- Leveraging existing private assets, market expertise and infrastructure; and
- Deploying targeted instruments to strengthen the bankability and resilience of strategic raw materials value chains.

In order to make timely and technically informed decisions, **the Centre should work together with industry players** from the full critical raw materials value chain. It should build on existing knowledge and specialist expertise across mining, processing, refining, recycling, trading, commodity finance and downstream use, and work in structured cooperation with Member States, the European Investment Bank Group, national promotional and development finance institutions. This wide cooperation is essential to ensure that decisions reflect material-specific market conditions, technical requirements and real supply-chain needs. The proposed **Critical Raw Materials Forum** will be essential in ensuring this regular exchange, through meaningful industry participation and mechanisms for industry's views to be properly considered and informing Governing Board's decisions.

The Centre should also **provide appropriate channels for engagement with civil society organisations, research bodies and other relevant stakeholders** to contribute, particularly on sustainability, social acceptance, transparency and responsible sourcing.

Finally, **the Centre should also build structured cooperation with international partners**, including agencies such as JOGMEC, and other international for a, such as the G7, to exchange information,



strengthen market intelligence and cooperate on specific strategic projects where this can support supply diversification, investment resilience and mutually beneficial partnerships.

Our recommendation: An independent Centre, bridging the gap between policy and implementation and with the expertise, autonomy and operational flexibility to deploy a broad range of financial tools necessary to support CRM investments in Europe in close cooperation with member states and industry across the critical raw materials value chain, including for raw materials enabling CRM production and recovery.

iii) Targeted Strategic Stockpiling

Strategic stockpiling will form part of the toolbox to address dependencies and de-risk specific sectors, such as aerospace and defence. Strategic stockpiling can be useful for a limited number of specialty metals produced in low volumes, such as rare earths, germanium and indium¹, and helpful where it might be used to create a demand and providing offtakes for newly emerging projects.

Whenever possible, strategic stockpiling should aim to primarily support EU-based production, to strengthen EU existing and emerging projects, including EU Strategic Projects, located both within and outside the EU, and trusted EU partners (i.e. the UK, EFTA and EEA countries, Australia, Canada, Japan). On the other hand, stockpiling should not serve to increase our dependencies from highly dominant producers.

As rightly pointed out in the European Parliament's proposal, these measures should "*complement rather than replace diversification, investment, recycling, substitution and the development of reliable supply chains*". Ultimately, domestic production is the best long-term stockpile that Europe can have.

Stockpiling activities should be based on close coordination between the EU, Member States and industry. The EU should define the strategic framework, including the mandate, target stock levels, release conditions and eligible materials. Member States should provide operational coordination, drawing on existing facilities, expertise and regulatory frameworks, while day-to-day management should be carried out in close cooperation with industry.

Any system should build on market-based principles to deliver flexible and cost-effective solutions, mitigate supply disruption risks and support European production as well as the diversification of supply sources.

Stockpiling should remain voluntary and companies providing these services should receive incentives for their services, as specified in article 43w of the European Parliament's proposal. Stockpiles should be managed transparently by the CRM Centre using market-aligned procurement through periodic "bid windows", with indexed floor prices and transparent premiums for EU and trusted partner-country production.

¹ Other low-volume metals, such as antimony and might be considered as well. On the other hand, platinum group metals, having well integrated global markets, might be disrupted by sudden public-sector intervention.



Clear objectives should be established from its set-up. This includes distinguishing between security-driven objectives (e.g. defence preparedness), industrial competitiveness goals, short-term resilience needs (e.g. covering disruptions of one to six months), and longer-term resource security considerations. Similarly, the decision to pursue stockpiling should be based on objective and specific trigger conditions posing risks and / or disruptions to critical raw materials supply chains.

Finally, its added value should be assessed based on the materials, as critical raw materials comprise a diverse range of materials with distinct physical and chemical characteristics, sometimes not suitable for stockpiling. They are commercialised in different specifications, grades and qualities depending on customer requirements, sectors and applications. Given these variations, it is essential to clearly identify which quality or specification of material is required for a particular use.

Our recommendation: Strategic stockpiling can be useful for a limited number of specialty metals produced in low volumes and for specific sectors, such as aerospace and defence. Stockpiling should remain voluntary, targeted and developed in close cooperation with industry, recognising the specific characteristics of individual raw materials and avoiding distortions to well-functioning markets.

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About European Metals

European Metals is an umbrella association representing the interests of the combined non-ferrous metals industry towards EU policy makers. We bring together the companies and associations shaping Europe's non-ferrous metals ecosystem: from upstream mining and refining to downstream use and high-quality recycling. By connecting technical expertise with policy action, we ensure that the importance of the metals sector is recognised, valued, and that our sector's future is secured. For more information, visit our website: <https://european-metals.eu/>