

EU Critical Raw Materials Centre

European Metals comments to public consultation & call for evidence

As European Metals, the European non-ferrous metals industry association, we fully support the objectives of the Critical Raw Materials Act (CRMA) to improve the resilience and sustainability of Europe's raw materials value chains. We also welcome the establishment of an EU Critical Raw Materials Centre aiming at providing effective support to CRMs projects, including the diversification of CRM supply, financial and technical support, demand pooling and direct offtake as well as CRM market intelligence focused on supply security.

In our position, we'll comment on the following aspects: i) Market Intelligence; ii) Governance and mandate of the Centre iii) Stockpiling; iv) Joint purchasing and demand aggregation; v) Critical Raw Materials Fund; vi) Policy Coherence.

Our main recommendations:

1) **Market Intelligence** – The CRM Centre should be equipped with the necessary capabilities to monitor critical raw materials' markets and the related downstream demand by EU industry of both raw materials and refined minerals.
2) **Governance and mandate of the Centre** – The CRM Centre should be an independent body, bridging the gap between policy and implementation and should be equipped with the 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) **Stockpiling** – Strategic stockpiling should be targeted, risk-based and developed in close cooperation with industry, recognising the specific characteristics of individual raw materials and avoiding distortions to well-functioning markets. Stockpiling must remain voluntary and not compromise the business case for investing in CRM mining/processing/recycling in Europe.
4) **Joint purchasing and demand aggregation** – Joint purchasing and demand aggregation should only be considered in very targeted and limited voluntary cases, while being mindful of market distortions.
5) **Critical Raw Materials Fund** – The Centre should operate a dedicated CRM Fund combining a variety of guarantees, equity and debt tools focusing on 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.
6) **Policy Coherence** – The Critical Raw Materials Centre should identify and address regulatory barriers and inconsistencies across EU legislation to improve the investment climate, regulatory predictability and the competitiveness of the European critical raw materials value chain and value chains enabling CRM production and recovery.

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i) Market Intelligence

A thorough understanding of the supply and demand of critical minerals as well as their specificities and market dynamics is an essential precondition to the implementation of credible initiatives backed by robust evidence and data. As such, the Centre should centralise or at least coordinate the existing CRMs market monitoring activities performed across EU institutions. As an example, the data gathering exercise for the assessment of the Critical Raw Materials could be centralised and streamlined through the Centre. Data gathering could also build on maximising the use of existing intelligence, including data and analyses provided by specialised market intelligence providers.

The Centre should have both adequate technical expertise and adequate financial capabilities to develop market intelligence on critical raw materials value chains and the related demand by downstream industries to ensure impactful and well-designed actions in support of the raw materials value chains, while avoiding a fragmented and burdensome approach for companies.

At the same time, not all supply disruptions are easy to predict. Third-country policies and regulations play a major role in supply chain resilience. If a supply disruption stems from export restrictions or other policy measures imposed by a third country, a monitoring exercise alone will not effectively anticipate or mitigate the resulting risk.

Our recommendation: The CRM Centre should be equipped with the necessary capabilities to monitor critical raw materials' markets and the related downstream demand by EU industry of both raw materials and refined minerals.

ii) Governance and mandate of the Centre

The Centre should operate based on a **clear mandate** and **dedicated sufficient budget** and have **operational tools** making it possible to **help turn Europe's critical raw materials policy from strategy into execution**. It should have direct decision-making authority in resource allocation, including the ability to deploy capital (equity, guarantees, structured offtake) as well as debt in close cooperation with the European Investment Bank (EIB) and national Development Finance Institutions (DFIs).

Its primary role should be to bridge the gap between policy objectives and project delivery by facilitating the implementation of investments 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..

At the same time, **the Centre should work together with industry players** building on their knowledge, expertise and experience, both for market intelligence but also directly with miners,

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smelters, refiners, recyclers, trading houses, commodity-finance institutions, warehouses and logistics networks.

The Centre's governance should **formally recognise structured participation from the full critical raw materials value chain**. Meaningful industry participation should be a core principle, recognising that industry expertise is essential to ensure that the Centre's actions reflect market reality. Industry participation should be ensured either through direct company involvement or through representative industry associations, depending on the issue at stake and the level of technical detail required. This should include not only upstream and midstream actors, but also downstream users whose demand profiles, qualification requirements and investment decisions are essential to designing effective and market-relevant instruments.

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. Such an inclusive approach would strengthen the legitimacy of the Centre while ensuring that its decisions remain grounded in practical market realities.

The Centre should also build structured cooperation with international partners, including agencies such as JOGMEC, to exchange information, strengthen market intelligence and cooperate on specific strategic projects where this can support supply diversification, investment resilience and mutually beneficial partnerships. Such cooperation should also support the development of strategic partnerships with like-minded countries, including on project financing, supply diversification and supply-chain resilience initiatives. Given the global nature of critical raw material value chains, international coordination will remain essential to achieving Europe's strategic objectives.

The CRM Centre should also **map secondary waste streams containing CRMs, such as industrial wastewater, industrial residues, process losses and recycling streams which already today are – or could become – a key source of valuable byproducts**, All the above-mentioned items represent an additional important domestic source of critical raw materials and can contribute directly to the CRMA objectives, reduce import dependency and strengthen EU resilience. In addition, many strategic and critical raw materials are produced as by-products from other materials, e.g, Germanium from Zinc, Gallium from Aluminium. Safeguarding the operability of Europe's all-metals infrastructure (metals ecosystems, industrial symbiosis) is essential to ensure continuous recovery of base, critical, strategic, and precious metals needed for the energy transition.

This perspective should be reflected across the Centre's activities, from intelligence and financing to market development and resilience planning. The Centre should have the necessary tools in place to ensure confidentiality and secrecy of activities, e.g. on which materials are stockpiled to limit the impacts on the market.

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Our recommendation: The CRM Centre should be an independent body, bridging the gap between policy and implementation and should be equipped with the financial tools necessary to support CRM investments in Europe in close cooperation with member states and industry across the critical raw materials value chains, including for raw materials enabling CRM production and recovery.

iii) Stockpiling

Strategic stockpiling may form part of the toolbox to address dependencies and de-risk specific sectors, such as aerospace and defence. As such, **it should be considered only for a limited number of specialty metals in low volume and illiquid markets, based on a regular and thorough assessment of supply risks and strategic relevance in close cooperation between upstream producers and downstream end users.**

Critical raw materials comprise a diverse range of materials with distinct physical and chemical characteristics. 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. Furthermore, some materials may not be suitable for stockpiling. For example, lithium hydroxide tends to agglomerate over time, creating logistical, operational and quality-related challenges. In addition, the Platinum Group Metals (PGMs) market is a relatively small, highly specialised and globally integrated market, which might be disrupted by sudden public-sector intervention.

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.

The Centre should manage stock rotations to prevent degradation (e.g., in shelf-life-limited materials) and limit financial losses. Japan's flexible targets and Korea's link between stock levels and early warning systems provide useful models. The Centre should coordinate an EU-wide early warning system to monitor global supply chains and alert authorities as needed.

Virtual stockpiles, agreed with major producers, importers or traders, could supplement physical reserves—providing on-demand access to priority materials when traditional storage is inefficient.

Stockpiling activities should therefore 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.

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Effective stockpiling requires strategic collaboration between public authorities and the private sector. 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. Participation by companies should therefore remain voluntary and the industry should not be required to sell materials into strategic stockpiles.

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.

Strategic stockpiling also should take into account practical implementation challenges. Pre-defined grade and quality, adequate stock rotation based on the characteristics and shelf-life constraints of the material and clear fixed rules for releasing the stocks.

Strategic stockpiling should form part of a broader policy toolkit and should complement, rather than substitute for, measures aimed at improving project bankability and addressing market volatility. While stockpiles can strengthen security and resilience, investment economics remains a key challenge for many CRM projects. Accordingly, stockpiling should be implemented alongside broader measures that improve the competitiveness and the financing conditions of European CRM projects, rather than replacing such measures.

Our recommendation: Strategic stockpiling should be targeted, risk-based and developed in close cooperation with industry, recognising the specific characteristics of individual raw materials and avoiding distortions to well-functioning markets. Stockpiling must remain voluntary and not compromise the business case for investing in CRM mining/processing/recycling in Europe.

iv) Joint purchasing and demand aggregation

Unlike natural gas, for which the AggregateEU has been used (albeit without securing any significant volumes of gas), strategic materials are a heterogenous group of materials, with different characteristics, uses and market dynamics. Several raw materials would not benefit from a demand aggregation/joint purchasing mechanism because of different reasons:

- some metals are already transparently traded on the London Metals Exchange (e.g. aluminium, copper, nickel, zinc, tin, lead);
- metals with EU operations and/or investment projects must be safeguarded (e.g. silicon, manganese, lithium);
- some metals have specialised downstream uses with only a limited number of industrial consumers currently operating in Europe (e.g. gallium).

In raw material sectors where Europe already has active and strategically important production systems and effective pricing mechanisms (like aluminium) demand aggregation tools risk

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undermining rather than supporting investments. Joint purchase platforms could distort market signals by misrepresenting actual demand, leading to artificial spikes, which would affect both projections and investments decisions.

As a general principle, **demand aggregation and joint purchasing should be part of the toolbox available for the Centre, but they should remain voluntary and exceptional tools, used only where a clearly identified market failure cannot be addressed through existing commercial channels.** In many CRM markets, long-established customer-supplier relationships, specialised product specifications and contractual arrangements already provide the basis for efficient allocation of supply and investment planning. Public intervention in such markets could weaken price signals, obscure real demand, disrupt existing commercial relationships and ultimately undermine the investment certainty the Centre is intended to strengthen.

Different considerations might be necessary for raw materials with no or limited production capacity in the EU (and no potential to scale up domestic production) and that are traded in niche or illiquid markets. In these cases, and where individual EU buyers lack sufficient scale, the Centre could act as a trusted confidential intermediary, upon request of industry participants without disclosing individual company positions. Contracts should remain bilateral and private, with competition-law safeguards built into the design.

Under all circumstances, any EU intervention should ensure that joint purchasing does not destabilise well-functioning existing business models and the economics of integrated base-metal supply chains.

Our recommendation: Joint purchasing and demand aggregation should only be considered in very targeted and limited voluntary cases, while being mindful of market distortions.

v) Critical Raw Materials Fund

A sufficiently ambitious and dedicated **Critical Raw Materials Fund of at least 10b** is necessary to ensure the support required to reach the objectives set in the Critical Raw Materials Act.

The Centre should be equipped with a comprehensive financing toolkit covering the full range of financial instruments required across the critical raw materials (CRM) value chain and deployed by professionals with sector-specific expertise. Support for both CAPEX and OPEX, a predictable mechanism based on clear conditions is key to strengthen our raw materials production across the full value chain and achieve the objectives of the Critical Raw Materials Act (CRMA).

At present, Europe lacks a dedicated EU-level CRM funding. While other funding mechanisms can be used they aren't designed with the aim of scaling up CRM investments (e.g. most climate-related funds include bans on increasing production capacity, which means that effectively they cannot be used to finance any projects to increase CRM production). As a consequence, European public financing for CRM projects, remains less accessible than in competing jurisdictions. Stringent eligibility criteria, complex application procedures and fragmented financing instruments can exclude commercially viable projects and limit the effectiveness of public support. The Centre should

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therefore facilitate access to financing by streamlining existing instruments and ensuring that support is adapted to the specific characteristics of CRM investments.

The Centre should also play a coordination role across relevant national funds and financing schemes, helping align Member State support with EU-level priorities on competitiveness, resilience, industrialisation and strategic autonomy. Domestic production, where possible, is the best long-term 'stockpile' for securing Europe's supply of CRMs.

Its role should go beyond pure coordination of existing instruments, managing a dedicated CRM-dedicated portfolio of tools. At the same time, linking the existing instruments to the competitiveness, industrialization and strategic autonomy priorities, i.e. under the Competitiveness Fund, is also instrumental.

Financing needs vary depending on the material, market structure, project maturity, company size and risk profile. **The Centre should make available a full suite of financial instruments**, recognising that CRM projects face different constraints depending on the material, market structure, stage of development, technology risk, location, price exposure and investor profile.

The choice of the instrument should therefore 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, 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; two-way Contracts for Difference or price-floor mechanisms to address price volatility and downside risk; 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.

Support should also extend beyond new greenfield developments. Existing industrial assets are a strategic component of Europe's raw materials security and competitiveness and should be explicitly prioritised alongside new projects. The loss of European smelting and refining capacity would significantly weaken the EU's ability to secure critical metals at a time of growing demand and increasing geopolitical risk. In many cases, the most efficient way to increase the production of critical raw materials is through existing processing facilities, where strategic metals such as gallium, germanium, indium, bismuth and antimony are recovered as by-products of base metal refining. Where CRMs and SRMs are recovered from non-critical host metals, financing instruments should also support the continued competitiveness of those host-metal operations where necessary to preserve CRM supply.

The non-ferrous metals industry is inextricably interlinked: metals exist together geologically, in products, and in industrial residues and other waste streams; the EU's ability to rely on base metallurgy must be nurtured in order to help secure its supply of CRMs and SRMs, from primary and secondary sources.

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The Centre should therefore also support the modernisation, expansion and long-term competitiveness of existing extraction, processing and refining assets, recognising their essential contribution to Europe's resilience and strategic autonomy. In particular additional support measures to lower total energy costs for European smelters will be essential to enable them to compete with regions outside of Europe, improve economic viability and the ability to invest in additional capabilities.

Our recommendation: The Centre should operate a dedicated CRM Fund combining a variety of tools adapted focusing on both supporting the existing EU industrial base as well as new strategic projects.

vi) Regulatory Coherence

The viability of CRM investments in Europe is affected by EU legislation across various subject areas, including energy, environment, chemicals, trade, circular economy and climate policies. Barriers arising from this legislation can jeopardise the potential for CRM investments in Europe.

The Critical Raw Materials Centre should contribute to strengthening regulatory coherence across the EU policy framework by identifying inconsistencies, overlaps and unnecessary administrative complexity that may hinder investment in the raw materials value chain. Removing these barriers can quickly improve the prospects for these investments to materialize. One example includes the application of the "**principle of Do No Significant Harm**", which has blocked several CRM projects from receiving public funding while also making private financing more difficult.

Many projects continue to face significant delays due to lengthy permitting procedures. While the CRMA provides important support for the development of Strategic Projects, the replication of proven projects technologies across different Member States often requires developers to restart permitting and administrative procedures from the beginning.

The CRM Centre could therefore play a valuable role in identifying **permitting bottlenecks**, collecting feedback from Strategic Projects and promoting greater regulatory coherence across EU legislation and Member States. It could also explore mechanisms to facilitate the replication of already validated projects, allowing successful recovery and recycling solutions to be deployed more rapidly across the Union.

Achieving the EU's objective of maintaining and expanding the extraction, processing and recycling of critical raw materials requires a regulatory environment that is stable, coherent and conducive to long-term investment. In this context, the cumulative impact of legislation should be carefully assessed. For example, overly restrictive requirements under chemicals legislation could discourage investment in European production and processing facilities, undermining the competitiveness of the entire value chain compared with other regions. It is essential that policy instruments across various

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areas are coherently contributing to the same objectives, avoiding inconsistencies, promoting a level playing field for European producers while supporting the EU's strategic objectives on competitiveness, resilience and decarbonisation.

On other policy areas of interest, the following policy recommendations should be considered:

- **EU ETS:** Strong carbon leakage measures (free allocation & indirect carbon costs compensation) are needed to preserve competitiveness during the transition.
- **Trade policy**: Trade defence instruments should be deployed more strategically. For CRMs affected by significant global overcapacity and market distortions, targeted trade measures may be required to ensure a level playing field and safeguard European industrial capacity. For some CRMs, demand-side measures could also be considered to strengthen domestic value chains. This could include local content requirements for CRMs in sectors such as electric vehicles, to encourage investment and build resilience in EU-based CRM production and processing.
- **Waste policy**: Intra-EU shipments of waste containing critical raw materials destined for pre-consented facilities should be streamlined to move towards the creation of an EU Single Market for waste and facilitate circularity. Waste policy should support additional measures to prevent metal scrap or battery black mass leakage from the EU contributing to achieving the objectives of strategic autonomy, circularity, and supply security.
- **Occupational exposure limits**: Regulatory frameworks should remain proportionate and science-based, ensuring a high level of worker protection without unnecessarily constraining the development of strategic CRM projects.
- **EU Taxonomy**: The current taxonomy framework does not adequately recognise certain strategic CRM activities, including recycling of CRMs from Waste Electrical and Electronic Equipment (WEEE), due to some targeted exclusions.

Our recommendation: The Critical Raw Materials Centre should identify and address regulatory barriers and inconsistencies across EU legislation to improve investment predictability and strengthen the competitiveness of the European critical raw materials value chain and value chains enabling CRM production and recovery.

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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/