

European automotive suppliers call on EU institutions to prioritise the adoption of the Critical Raw Materials Act and expedite trilogue negotiations

- Electric vehicles contain over 200 kilograms of minerals versus around 40 kilograms in a conventional car
- Current investments in raw material extraction and processing are insufficient to meet growing demand
- The proposed regulation should accelerate investments within the EU and in strategic partner countries while promoting circularity without imposing excessive requirements

The EU's automotive supply sector heavily relies on secure access to raw materials to manufacture a wide range of innovative components crucial for advancing climate-neutral mobility, including batteries, electric motors, and lightweight parts. EU automotive suppliers urge the European Commission, Parliament and Council to prioritise the adoption of the EU Critical Raw Materials Act and to ensure trilogue negotiations start as quickly as possible.

While CLEPA acknowledges and appreciates the work done by Members of the European Parliament and Member states to bring forward amendments to the initial proposal, there are areas for improvement.

The European Commission's proposal for a Critical Raw Materials Act indeed demonstrates the right ambitions by introducing various tools to strengthen the security of supply and resilience of supply chains. However, the initial proposal places excessive emphasis on supply chain surveillance, reporting requirements and monitoring. The regulation should include additional instruments to achieve the objective of ensuring a secure, resilient and diversified supply of raw materials. These should include support for Research & Innovation in the areas of circularity and material substitution, and the conclusion of raw material partnerships with third countries.

CLEPA has identified proposed amendments to enhance the Critical Raw Materials Act in three key aspects:

- Improve the feasibility of achieving a secure, resilient and diversified supply of raw materials
- Enhance focus toward strategic investments in supply chains, rather than overemphasising supply chain surveillance and reporting requirements
- Promote circularity by increasing material recovery rates and fostering R&I for circularity, while avoiding duplicate circularity requirements

Enhance feasibility of objectives

The Critical Raw Materials Act introduces several valuable tools for industry, including one-stop-shops to streamline regulatory requirements for expanding processing or recycling facilities, as well as setting time limits for permit approval, reducing uncertainty and fast-tracking investments. The Act also facilitates off-take agreements, coordinates and potentially supports financing for strategic raw

material projects, addressing financial challenges. Proposed schemes for joint procurement can mitigate cost pressures stemming from volatile raw materials prices. To ensure successful implementation, dedicated administrative resources are essential, with a clearly defined advisory role for industry.

Sharpen focus on strategic investment

The initial proposal places excessive reliance on collective insights into the size and location of strategic stocks across a broad range of (processed) raw materials, which may not align with the needs of individual member states, industries or companies. Instead, the Act should establish a framework that reduces investment risks within the raw materials industry and fosters collaboration across the supply chain. CLEPA welcomes the proposed amendments by the European Parliament to reduce administrative burdens and supports setting clear target for strategic investment partnerships with third countries.

Foster circularity

Circularity must be a fundamental pillar of the strategy to secure the supply of raw material inputs. The proposed End-of-Life Vehicle (ELV) Regulation should be the sole legislation to introduce product-specific circularity requirements for the automotive industry, avoiding redundancy and potential regulatory conflicts. Specifically, the provision for permanent magnets in the ELV Regulation (art 12 and Annex VI) deviates from the provisions in the CRMA (art. 27). ELV art. 12 rightly only introduces labeling requirements for permanent magnets that contain Neodymium-Iron-Boron or Samarium-Cobalt (no negative labelling required). Furthermore, the ELV Regulation would better protect IP by no longer requiring disclosure of the chemical composition of the magnet. The Critical Raw Materials Act should play a crucial role in supporting the build-up of recycling capacities and fostering a higher recovery rate. The framework should incentivise both the recycling of post-consumer and manufacturing waste. We welcome amendments by the European Parliament to incentivise investment and public funding for R&D in the areas of circularity, design for circularity and material substitution.