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EUROBAT position on the European Critical Raw Materials Act *A raw materials strategy that truly helps Europe achieving the Green Deal's objectives needs to enhance cleantech growth*

The European automotive and industrial battery industry supports the proposal for a Critical Raw Materials Act to ensure a sustainable supply of raw materials in the EU. Europe relies heavily on batteries to decarbonise mobility, energy systems and other sectors. The battery industry is investing substantial resources in further developing battery technologies which deploy less significant percentages of lithium, nickel and cobalt¹, though such raw materials remain fundamental components of batteries and their use is set to increase steadily through 2050².

Considerable progress is being made to reduce Europe's dependency on third countries for raw materials and according to the European Battery Alliance there are projects being developed in the EU for 310GWh of cell production per year. But Europe remains highly exposed to raw materials trade flows disruptions as today less than 3% of battery production happens in Europe. Securing the supply of raw materials is not only of strategic importance—it would also allow European businesses to gain from the growing market for battery cells, which is expected to reach €360 billion globally in 2030³.

Against such context, EUROBAT suggests a truly successful European Critical Raw Materials Act needs to support the further development of clean technologies making use of raw materials. Batteries in particular are set to represent a key growth vector of raw materials demand and the EU Raw Materials Act needs to incorporate both a domestic and international dimension as follows.

Get the policy framework right at home

Policy consistency across pieces of legislation. A stable and fit for purpose regulatory framework is the precondition for investing in EU raw materials mining, processing and recycling capacity. Inconsistencies with other pieces of legislation should be addressed, including the proposed classification as toxic of three lithium salts⁴. The European Critical Raw Materials Act should avoid overregulating aspects of the battery value chain which

¹ Please refer to [EUROBAT Battery Innovation 2.0](#) for more information on battery technology innovation

² Between 12% and 13% year over year through 2050, 2.5-2.9% for nickel, 4.1-5.9% for cobalt. Source: [Metals for Clean Energy](#), KU Leuven and EUROMETAUX

³ [Capturing the value chain opportunity](#), McKinsey & Co. 7 January 2022

⁴ See the joint association letter addressed to the European Commission at this [link](#) for a fuller background

are already addressed by other pieces of legislation. In particular, the Batteries Regulation proposal already introduces a robust sustainability framework for batteries, including ambitious recycled content and recycling efficiency targets. Those measures should be referenced in the European Critical Raw Materials Act and concrete measures to support investments in the EU recycling capacity should be introduced.

Consider strategic raw materials demand sectors. Batteries are of critical importance for the success of the EU Green Deal and the competitive environment battery manufacturers operate in has significantly evolved since the first Battery Action Plan was developed in 2018. The European Critical Raw Materials Act offers the opportunity to update the EU Battery Action Plan and articulate the steps Europe should take to further support batteries roll out through an enhanced EU raw materials value chain.

Strategic raw materials list. Europe needs a list of priority raw materials for batteries and other cleantech, reflecting the real needs of the energy transition—now and through 2030. This means including in the list strategic materials (such as nickel) for which there is no apparent risk of disruption today.

2030 headline goals. Ambitious targets should be set not just for domestic sourcing of materials—diversification of supply and the expansion of the domestic raw materials industrial base, including refining, are also critical to reduce dependence from other jurisdictions. The European Critical Raw Materials Act should introduce targets across these three dimensions, and include regulatory, financial and political means to achieve them.

Identifying priority projects and set up faster permitting and assisted finance. The first step in boosting EU raw materials investments is pinpointing priority projects along the value chain, and then create the conditions for them to succeed—expedited permitting and sponsored financing.

Act assertively internationally

A level playing field across the board. The battery market is inherently global. Raw materials, cells, modules and packs are shipped around the world to then be assembled, sold and distributed across markets. Other jurisdictions have been introducing subsidies for their domestic raw materials industries, which are set to create serious challenges for companies based in Europe. Though a subsidy race is not a desirable outcome, the Raw Materials Act should leverage the EU defensive and offensive trade measures and support European companies investing in highly sustainable and environmentally friendly batteries and other raw materials-based products, in the EU and in third countries.

Expand and strengthen the EU raw materials partnerships. Europe has the highest environmental and human rights protection standards in the world. The European Critical Raw Materials Act should strengthen the cooperation with like-minded jurisdictions and define project pipelines across the raw materials value chain that respect European values. Europe could leverage its responsible cooperation model and expand partnerships to other regions rich in raw materials which have not yet joined forces with the EU. Robust

scientific methodologies should be developed domestically in the EU and proposed globally regarding CO2 emissions for primary and secondary raw materials. This would allow Europe to invest in the most sustainable raw materials projects abroad. Due diligence measures already included in the Batteries Regulation proposal should be reflected in the European Critical Raw Materials Act.

EUROBAT will continue supporting the European Commission's effort to craft a European Critical Raw Materials Act that is truly supportive of the EU battery industry and we look forward to the next steps in the process.

About EUROBAT

EUROBAT is the leading association for European automotive and industrial battery manufacturers, covering all battery technologies, and has more than 50 members. The members and staff work with all policymakers, industry stakeholders, NGOs and media to highlight the important role batteries play for decarbonised mobility and energy systems as well as all other numerous applications. www.eurobat.org

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