



CALL FOR EVIDENCE

European Critical Raw Materials Act

EFG Expert Panel on Minerals and their Sustainable Use – 10 November 2022

Introduction

Over the past decade, the European Commission and Parliament have addressed the security of supply of critical raw materials through various Communications, studies, reports and resolutions. All have concluded that critical raw materials are key, not just to the EU's transition to a green and digital economy, but also to its resilience and security. The recent, and on-going, Covid-19 pandemic, the impacts associated with the Russian invasion of Ukraine, and the actions of other governments to secure their nations' mineral supply needs, have further highlighted Europe's exposure to raw material supply disruptions and the urgent need to mitigate the supply risks. To that end, the President of the European Commission, Ursula von der Leyen, announced in her 2022 State of the Union address the Commission's intention to adopt regulatory and non-regulatory actions designed to secure sustainable supplies of critical raw materials.

The European Federation of Geologists (EFG), the representative body for geologists in Europe, supports the Commission's initiative and wishes to make a series of observations and recommendations under the following headings:

- Policy and Strategy
- Governance
- Permitting
- Material Support
- Education, Research and Innovation

Some of the recommendations naturally overlap these headings, but will only be presented once.

Policy and Strategy

The EU's global share of primary, and processed, mineral raw material production is low and has declined over the past 20 years. The mined amount of Critical Raw Materials (CRM) within the EU is even lower. The CRM materials produced are to large parts dependent on refining imported mineral concentrates from non-EU countries. As a result, the EU is heavily dependent on imports for metal ores and several industrial minerals, the production of which is often highly concentrated in a small number of countries, some with low standards of governance, and social and environmental compliance.

It is recommended that:

- To ensure energy sustainability, the EU support the deployment of pilot plant systems that provide low-cost, long-duration, energy storage solutions;
- The EU take a leadership role in promoting and advocating the exploration for, and development of, minerals throughout Europe with an intensive and detailed awareness raising campaign focused on CRM necessity for Europe's Green Deal strategy;



- European production be strengthened through the identification and development of strategic European mineral resources and critical raw material projects and that the areas of high potential are acknowledged with a special status of importance for Europe's Green Deal aims;
- The Critical Raw Materials list be maintained under active review to capture changing geopolitical conditions and technological requirements;
- The activities of competing global jurisdictions in the exploration, planning and operation of critical raw material programmes, and facilities, be monitored and reported on annually;
- A strategic stockpile reserve of critical raw materials be established to mitigate the risk of supply disruptions, shortages and extreme price fluctuations;
- As regions with high mineral endowment, to integrate Greenland, the Western Balkans, and Ukraine into the EU supply chain, and;
- To consider establishing a concept of *mineral resource areas of great importance to society* for mineral deposits, such as CRM. The approach and dignity of the classification could be similar to the *Natura 2000* concept.

Governance

Public acceptance of mineral exploration and mining projects has been identified as a significant business risk and is discouraging investment in critical raw material projects within the EU.

It is recommended that:

- Lessons learned from relevant H2020 projects that provide pathways for social acceptance be promulgated as best practice;
- The EU highlight that sourcing of raw materials within the EU is subject to the highest environmental and social standards worldwide; provides thousands of highly qualified, and well-paid jobs; is an indispensable prerequisite for the green and digital transition, and;
- All actors be called upon to help build public acceptance for responsible critical raw material sourcing projects within the EU.

Permitting

Raw material supply risks exist across Member States (and proposed integrated regions) with slow, and complex, permitting procedures presenting a key obstacle to development. Thus, a coordinated EU response is required to address permitting issues.

It is recommended that:

- The Commission monitor its Member States' legislative programmes to identify any developments that might negatively impact on accessing critical raw material resources and to ensure that Member States' processes are aligned to EU strategies, including minerals,



- Best practice guidelines for mineral policy be promoted that stress the importance of: security of title and tenure; the need for timely, efficient, permitting procedures; the importance of stability of the framework conditions; transparent decision-making; stakeholder involvement, and; access to mineral deposits;
- To call on Member States to improve the timeliness, predictability and transparency of the permitting processes;
- Qualifying critical raw material projects be included within the “Important Project of Common European Interest” (IPCEI) process and be given the same status as infrastructure projects, and;
- The importance of incorporating relevant mineral resources and geoscience education at a national level be stressed. Accessing mineral resources within the EU, conducting prospecting & mining, attracting venture capital for mineral projects and permitting processes may often be highly influenced by public acceptance, which in turn largely may depend on poor knowledge of the subject.

Material Support

Numerous EU reports and studies have highlighted the potential for critical raw materials to be present in economic concentrations within the European bedrock and have recognised that mineral exploration is key to expanding, or even maintaining, current production levels. However, the EU’s mineral potential remains under-explored and the budget for exploring for metallic minerals in the EU remains low compared to other regions of the world. Thus, significant investment is required to ensure secure, sustainable, locally-sourced, well-managed European supplies. It is also the case that developing a sustainable raw material supply chain is a multi-decade endeavour that begins with the high-risk, cash-consuming, exploration phase.

It is recommended that:

- The EU support the consolidation of historical exploration data and the creation of a freely available, modern, dataset to attract mobile exploration funds;
- The EU expand the vision of the European Raw Material Alliance to provide direct investment into mineral exploration and development projects and ensure security of supply into the medium and long-term;
- The remit of the EU Taxonomy Regulation be expanded to include critical raw materials so as to incentivise investment in ESG¹-compliant critical raw material projects, and;
- Set standards of excellence for sustainable raw material extraction.

Education, Research and Innovation

The Energy Transition will not be possible without resolving the intermittent and unpredictable nature of renewable energy sources such as wind and solar, or ensuring a reliable supply of primary, and secondary critical raw materials. These issues cannot be effectively addressed without qualified professionals and scientists, including geoscientists, engineers and metallurgists.

¹ ESG – Environment, Social, Governance



Over the past decade there has been a dramatic decline in the numbers of young people entering the mineral exploration, extraction and processing industries, and in the institutions available for them to study.

It is recommended that:

- The EU promote geoscientific education and research to ensure a talent pipeline along the critical mineral supply chain;
- Enhanced funding be provided for mineralogical research to develop innovation projects that optimise the recycling and/or substitution of critical minerals, and;
- The EU work with professional bodies to create aspirational accreditation schemes for projects and people.

Concluding Statement

It is confidently predicted that if these recommendations are implemented there will be a secure supply of raw materials, including critical raw materials, to support the energy transition and European industry well into the future.

However, it must be recognised that mineral exploration and development is a lengthy process and any support must be considered in a timeframe of decades.

EFG wishes the President and the Commission well in its endeavours to develop a successful and sustainable minerals policy for Europe.

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The **EFG Expert Panel on Minerals and their Sustainable Use** contributes to the development of European Policies by preparing advisory documents for the European Commission and EU Parliament. The Panel consists of approximately 40 experienced professionals from several European countries, many of them holding leading positions in the public and private sector.