

Cefic comments to the public consultation on the Critical Raw Materials Act

Cefic supports the objective to secure a sustainable supply of critical raw materials to support the green and digital transitions and strengthen EU resilience. Access to raw materials, feedstock and energy at economically sustainable prices will remain an important element of the EU's chemical industry competitiveness, next to enabling its green and digital transition.

In the chemical industry, critical metals are used for various applications, and most importantly for catalysts. As such, the volumes needed can be very small, but potentially affect a very large output volume and a multitude of products, as this is a key element to vital production facilities. In addition, Cefic has contributed to the Commission's work of identifying the strategic critical raw materials for chemicals, based on solid criteria and feedback from chemical subsectors.

A holistic and systematic approach to critical raw materials through a Critical Raw Materials Act is the right way forward. In this context, Cefic recommends the following:

1. For Cefic, the list of identified chemicals and chemical groupings in the context of the [Commission's work on strategic dependencies](#) should determine the overall starting point for chemicals and signal in more detail challenges and opportunities for the EU, for national governments or civil society stakeholders highlighting vulnerabilities in the industrial sectors fabric and at different value chain stages. Through ranking the different materials, various actions can be triggered in a systematic manner.
2. One objective should be **highlighting trade and consumption trends** through more frequent monitoring of identified chemical CRMs. This can be done through cooperation with national statistics and strategic sectors operators such as chemical industry federations discussing possible **early warning routines**, and also through **developing structured risk management procedures** and further improving EU internal market cooperation and governance. This requires an open line of communication between stakeholders, EU institutions, and Member States. Frequent monitoring enables regular updating of the CRM list to ensure changing dependencies are sufficiently on the radar.
3. We agree that the EU's critical raw materials value chain needs strengthening from **own resources generation**, further developing mining, refining, processing, and recycling. An important bottleneck to be reviewed is permitting. The EU could also identify and support strategic projects outside the EU and safeguard investment in, and access to, critical raw materials and feedstock, while limiting environmental and societal risks.
4. The EU should further improve **waste and circularity frameworks** to promote the efficient recycling, keeping these critical raw materials in the loop, and minimising dependencies on imports. This includes improved collection, sorting, recycling, and extraction. One possible tool is through launching strategic investments in this area, e.g. on chemical recycling technologies, possibly through an IPCEI. In addition, the EU should foster a circular economy for secondary raw materials via improved regulatory integration within the Single Market, and via horizontal waste collection and reuse activities across the Member States.

5. Supply chain resilience should be supported by a coherent and **EU-level coordinated impact assessment mechanism**, including via consultations, to prevent and promptly respond to possible future shortages. As such, possibilities for building strategic reserves should be supported, and it is important that measures to guide any voluntary stockpiling activity are coordinated at EU-level with direct participation of relevant stakeholders from the private sector.
6. Since import dependencies regarding raw materials are likely to remain due to geological and/or geopolitical circumstances, the EU should strive for **strategic partnerships with third countries, leveraging existing free trade agreements and economic partnerships**, and pursuing a holistic approach to the EU's international cooperation with third countries. Much remains to be done in opening markets preferably at a multilateral level e.g. through pursuing modernization of the World Trade Organization (WTO) together with likeminded trading partners. The upcoming CRM Act can foster a proactive and market-oriented trade policy, including via new Free Trade Agreements with dedicated raw material chapters, as well as sectorial partnerships with likeminded partners (e.g. EU-Canada Strategic Partnership on Critical Raw Materials). Priority could be given to the strategic partnership negotiations with regions, such as Latin America (for copper/lithium), and Indonesia (for nickel, cobalt).
7. It is also key to eliminate rather than introduce tariffs on products and to ensure that EUs trading partners do not recourse to protectionist actions regarding access to raw materials, feedstock and energy, e.g. import duties need to be suspended for key renewable feedstock sources coupled with an effective and efficient Market Access Strategy that tackles non-tariff barriers imposed by third countries.
8. With regard to international investment, it is important to open up markets and further improve the current system of investment protection by means of a swift and reliable dispute settlement mechanism and a **rules-based model to protect EU investments in third countries** from arbitrary decisions.
9. REACH should remain the main legislation regulating the safety of chemicals in the EU to ensure policy coherence and legal certainty, a consistent implementation of EU law in the framework of product policy and administrative predictability for industry.

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About Cefic:

Cefic, the European Chemical Industry Council, founded in 1972, is the voice of large, medium and small chemical companies across Europe, which provide 1.1 million jobs and account for 15% of world chemicals production.