

NL non-paper on the Action Plan on Critical Raw Materials and the Critical Raw Materials Act

The Netherlands welcomes the Commission's work on a Critical Raw Materials Act presenting a mix of policies and instruments to be implemented in order to secure the EU's supply of critical raw materials. In the current geopolitical conditions there is a growing realization that more needs to be done to increase our resilience and that open strategic autonomy can make a contribution in this respect. Critical raw materials are a priority area the EU needs to address to diminish strategic dependencies, in specific as most are needed in the transition to climate neutrality. To achieve this, a coherent strategy is needed. The update of the Action Plan on Critical Raw Materials as well as a Critical Raw Materials Act should lead to increased and concerted efforts to deal with current and future challenges, while contributing to European resilience.

The Netherlands feels that the update of the Critical Raw Materials Action plan and the Critical Raw Materials Act ('the initiatives') should focus on the following areas:

1. Expansion of EU capacity in critical parts of the mineral value chain, including through sustainable mining and refining capacity in the EU
2. Diversification of supply through international partnerships
3. Support for circularity and Research & Development & Innovation
4. Analysis and monitoring
5. Sustainable value chains and just transition

1. Expansion of EU capacity in critical parts of the mineral value chain, including through sustainable mining and refining capacity in the EU

To understand the potential of domestic mining and refinery it is important that the initiatives create insights into the current dependencies, the potential critical raw materials that can be found in the EU and the potential processing capacity within the EU. The initiatives should identify strategic projects in the EU that have the potential to secure more diversified access to critical raw materials, strategic components and final products while ensuring strong Environmental, Social and Governance (ESG) practices. This applies to refinery processes as well. We acknowledge that permitting processes play a key role in developing these EU projects.

In our view, strategic stockpiles only make sense if they complement present or aspiring mining and refining activities in Europe. It is key to not only consider strategic stocks for raw materials but also for components (that contain raw materials). Strategic stockpiling remains the primary responsibility of businesses as it remains part of their supply chain. Public interventions may be considered in cases where public interests are at risk and should therefore follow a case-by-case approach. In general, diversification is preferred to stockpiling.

2. Diversification of supply through international partnerships

EU trade agreements and EU strategic raw material partnerships with third countries are important instruments to facilitate diversification of supply. Having a diverse range of suppliers is a crucial part of increasing the resilience of the EU economy. When concluding raw material partnerships ESG practices, equal cooperation and, in case of developing countries, supporting measures so that development of mining and refineries in these countries contribute to the SDGs, are also important.

3. Support for circularity and Research & Development & Innovation

Although circularity cannot solve scarcity and access to raw materials, it is a very important part of this overall action plan. Circularity and its principles of narrowing the loop (reduction of input), slowing the loop (reuse, repair and remanufacturing) and closing the loop (recycling) should be a focus area to secure supply. For reduction of input, substitution by non-critical materials and innovation leading to substitution opportunities or reduction of input are essential. The focus on circularity may entail prioritizing critical minerals as a category within existing initiatives aimed at circularity and material efficiency such as the Circular Economy Action Plan and the Ecodesign Regulation.

Specific measures the Dutch government is taking in this area include mission-driven innovation policy that focuses on urban mining and investment in biobased chemicals, circular batteries and solar panels through the National Growth Fund.

4. Analysis and monitoring

The method used to determine which critical raw materials are strategic and what the potential risks are of dependencies in the supply chain, should be carefully developed. This method should include priority materials of different Member States, based on their different economic structures, and address variables such as price volatility, a new provision-risk indicator based on the concentration of publicly reported reserves, the potential of circularity and future demand. The initiatives should improve EU monitoring of supply risks of critical raw materials, components and final products. In this light, the Netherlands supports the Commission's aim to set up an operational network for sharing information among MS. Here, it is important to align and integrate existing knowledge and previous findings. The Netherlands has, for instance, developed a "raw materials scanner"¹, a tool that helps businesses to gain insights into the raw materials needed for certain end products.

5. Sustainable value chains and just transition

Responsible and sustainable global production, refining and trade are prerequisites to achieve a reliable market, sufficient investment and - ultimately - security of supply for the EU. The initiatives should acknowledge and operationalize this as a point of departure. This entails promoting ESG standards and coherent responsible business conduct policies, considering appropriate accompanying measures to EU-regulations (drawing lessons from the European Partnership for Responsible Minerals), including support for upstream actors and governments in developing countries in keeping with locally articulated needs, for example by building on the Global Gateway. It also means the EU should operationalize the concept of a Just Transition as it extends to the critical minerals sector. An ambitious implementation of the development portfolio and the release of private-public financing in this field is desired. Next to the social dimension, it is important that the EU pays attention to the environmental dimension of mineral extraction and trade along the supply chain.

Considering the fundamental importance of the supply of critical raw materials for business operations and the EU economy in general, the Netherlands believes that Member States should always remain part of decision-making on CRM matters, for instance concerning non-binding instruments with third countries.

¹ <https://www.grondstoffenscanner.nl/>