In the context of the REPowerEU plan and the need for Europe to increase resilience in its energy transition value chains, RECHARGE – the leading voice of the European advanced rechargeable and lithium batteries value chain in Europe – welcomes the Critical Raw Materials Act (CRMA). With the CRMA the European Commission has rightfully identified actions to tackle the challenge of supply of batteries materials and to further stimulate the domestic production of battery raw materials. The CRMA together with the Net-Zero Industry Act (NZIA) has the potential to become a real game changer for competitiveness of the European battery value chain. RECHARGE expects the Act to urgently push forward its European mining, refining and recycling projects to establish a minimum level of strategic autonomy, while establishing key partnerships with resource-rich countries which comply with EU’s ESG standards.

Batteries play a key role as enablers of a green energy system and, by extension, of energy security. To ensure the supply of battery materials and to support a fast-paced energy transition, the EU needs to combine the development of recycling facilities with new primary metals supply. The CRMA as well as the NZIA are expected to improve competitive operating conditions for the batteries value chain in Europe.

The European Parliament and Member States have an important role in strengthening the Commission’s proposal and ensuring that Europe’s raw materials policy delivers on avoiding unhealthy dependencies or supply bottlenecks of materials needed for the battery industry and other clean-tech industries.

The Commission’s ambition to identify priority projects, accelerate permitting procedures and facilitate new finance is a very welcome step to improve the speed and viability of new projects. An important step in the right direction is the pragmatic approach for a fast-track permitting to shorten the time for new material mining, processing and recycling projects. Making critical capacity available more rapidly and the provisions to prioritise projects for such streamlined accelerated permitting without undermining established EU environmental and social standards are key to ensure legal certainty. RECHARGE supports the requirements for authorities to prioritise strategic projects, including prescribed timelines for reaching a decision.

On the other hand, a key element is missing from the Commission’s proposed CRMA: A key issue slowing down the domestic development of a sustainable and competitive EU batteries value is incoherence and incompatibility between EU climate objectives and EU chemicals policy. Companies making long-term investments into new European mining, refining and recycling activities require regulatory certainty. Multiple legislative frameworks related to critical raw materials and battery manufacturing are interconnected: this includes the Industrial Emissions Directive, Batteries Regulation, ELV Directive, REACH Revision, Waste Framework Directive, Waste Shipments Regulation, Ecodesign for Sustainable
Products Regulation as well as the upcoming European Waste Catalogue Revision. The CRMA benchmarks set for European capacities by 2030 need to become an overriding goal across these policies, so that the ambition can be truly met. Coherency is important between these policies to allow predictability for investment.

In this paper, we provide our recommendations for amendments to the proposed CRMA based on the following priorities for RECHARGE – in summary:

1. **Ensure EU funding** especially for Strategic Projects in addition/complementing State Aid (Temporary Crisis and Transition Framework). EU public funding and investment support as well as de-risking financing tools for strategic projects inside and outside the EU (for projects aimed at securing the CRM supply to the EU) need to be coupled with the other measures.

2. **Ensure coherence with other legislations** and clarification on which legislation Strategic projects are exempt from. Especially coherence with chemicals legislation: currently the PFAS restriction proposal or the Li-salts classification proposal are examples where the EU chemical legislation would undermine the CRMA ambition and reaching the set benchmarks. It is crucial that the Commission uses the REACH Revision to lessen the risk of uncoordinated chemicals policies impeding its Green Deal and climate neutrality objectives. Also, potential overlaps with the NZIA need clarification, esp. reg. ‘components’. Battery Active Materials need to be covered by the NZIA. **Proposal to make CRMA benchmarks as EU priorities across EU policies.**

3. Cautious assessment of the need for stockpiling, joint purchasing and company risk preparedness measures is needed as they may have unintended negative consequences on the market and nascent European industries.

4. Boosting recycling capacities is key: **recycling of material already in Europe ensures the stocks remain in the EU.** Equivalent conditions for recycling outside of EU need to be ensured. **Easing shipment of end-of-life batteries/black mass intra EU:** specifying harmonized waste codes for spent Lithium-ion batteries and intermediate waste streams (like “black mass”), and designing a fast-track validation procedure for intra-EU shipment of spent Li-ion batteries and waste battery materials.

5. The **calculation of the environmental footprint of CRMs** is essential, and we call for a fixed timeline by when the Commission should propose the Delegated Act. Coherence with the ESPR as well as the Batteries Regulation, using the PEF methodology is needed.

6. The Commission needs to **ensure the supply of CRMs from responsible sources with robust certification**, with due diligence rules setting legal requirements for suppliers to ensure that environmental and social risks are controlled in their supply chains. ‘Track and trace’ possibilities such as the ‘battery passport’, as well as the need for data sharing obligations to ensure traceability, are critical. Coherence with the ESPR and the Batteries Regulation are needed esp. on due diligence. Acceptance only of the most ambitious industry standards for responsible sourcing.

7. Permitting acceleration is welcome, but delivery should not be seen as “rushed through” and needs certainty attached. **Ensure that permits will not be challenged once project started.**
8. How will reaching the **benchmarks be calculated**? How to make them more meaningful? The Commission should establish a fair and transparent calculation methodology and monitor progress towards reaching the benchmarks.

Finally, what we need now is a **speedy adoption of the CRM Act and the Net-Zero Industry Act to avoid a standstill of projects**. Europe cannot afford to further de-industrialize and need to reverse the trend and become less dependent on CRMs and net-zero technologies imports. As the demand for the strategic raw materials in the coming 3-5 years is going to explode, driven by the increasing demand for batteries mainly for the development of clean transport solutions and the further deployment of renewable, and while the EU dependency on external sources is real, the CRMA must support the urgent need to secure and develop a European supply in critical raw materials.

**More detailed description of the above key asks and recommendations for amendments for Articles 1, 15, 23, 25, as well as Recitals 6 & 26:**

**1. Ensure EU funding**

The development of mines, refining and processing sites as well as recycling plants are highly capital intensive. A true understanding is needed that most strategic value chains such as the battery value chain can only be developed in Europe in a timely manner with proper financial support.

State-owned national and European financial institutions must be in capacity to grant debt financing and take equity participation in the raw material projects in and outside Europe. The credit policy of these institutions (the first one being EIB) must be adapted to the specificities of our sector. Such a financial support shall also be provided to the scaling-up of industrial projects that have been supported by Europe through initial stages of development of R&D and innovation. RECHARGE urges the EU to prioritise investments towards the scale up and commercialization of battery material refining and processing and recycling projects and an EU Sovereignty Fund could serve to finance such strategic projects.

RECHARGE regrets that the CRMA has no dedicated EU-level financial mechanism for supporting new projects. A dedicated raw materials public/private investment fund reserved to funding for strategic projects needs to be planned for in the CRMA. Art. 15 needs to go beyond “advise on how financing of its project can be completed”.

**Amendment proposals (in red):**

**Recital 26:**

(26) Within the Union, critical raw materials projects often face difficulties with access to finance. Critical raw materials markets are often characterised by high volatility of prices, long lead times, high concentration and opacity. Additionally, financing for the sector requires a high level of expert knowledge that is often
lacking among financial institutions. To overcome these factors and contribute towards ensuring a stable and reliable supply of strategic raw materials, Member States and the Commission should provide administrative and financial support, including for the scale-up of large industrial strategic projects (i.e. the build-up of new or the extension/repurposing of existing CRM extraction, processing and recycling plants).

**Article 15, paragraph 1**

1. The standing sub-group referred to in Article 35(6), point (a) shall, at the request of a project promoter of a Strategic Project, discuss and advise on how the financing of its project can be completed, also through a dedicated European Critical Raw Materials Fund, taking into account the funding already secured and considering at least the following elements:

   (a) additional private sources of financing;

   (b) support through resources from the European Investment Bank Group or other international financial institutions including the European Bank for Reconstruction and Development;

   (c) existing Member State instruments and programmes, including from national promotional banks and institutions;

   (d) relevant Union funding and financing programmes, incl. a dedicated European Critical Raw Materials Fund

As the capital requirements to scale up production along different parts of the battery value chain are enormous, the EU should look at its own funding to make production attractive in Europe. RECHARGE is looking forward to the EU Sovereignty Fund proposal and which needs to be established urgently, and which should ensure a level playing field in the EU Member States and decrease the complexity and the delay of accessing funds for strategic raw materials projects and provide a long-term certainty.

2. **Ensure coherence with other legislation**

The batteries value chain’s highest barrier is REACH-related chemical rules incoherent with EU battery ambition which translates into measures attached to permitting or which bring uncertainty to the economic actors willing to invest into new projects or expanding existing ones. The industry observes a lack of consultation related to product management and increasingly often the rules set by the European Chemicals Agency (ECHA) are not feasible for the industry. The examples below related to chemicals policies have to be seen in the context when countries like the US foster their strategic industries and grow their competitive advantage in this area:
➢ The proposal of the ECHA to classify lithium as a 'reproductive toxin category 1A' creates uncertainty and investment delays in many parts of the battery value chain, incl. lithium being produced, refined, used and recycled. The risk is that if lithium salts are incorrectly reclassified as 1a (which makes a substance eligible as substance of very high concern, SVHC, and would result in its use being restricted) would introduce great uncertainty to long-term business viability planning. Non-EU countries like Australia and Canada have raised that they do not agree with this severe classification and announced they would not follow the EU’s example if the EU decided to use it. The lack of international recognition would create another disadvantage for the European value chain. Currently investments into Lithium mining and processing are being held back in Europe as a severe classification bears too many uncertainties on upcoming risk management measures.

➢ The proposed restriction by the authorities of five Member States of around 10,000 per- and polyfluoroalkyl substances (PFASs), which would include fluoropolymers widely used in batteries, bears a risk to the battery value chain development in Europe. Fluoropolymers have been categorized as PFAS1 when based solely on their molecular structure. However, their environmental and toxicological profiles are distinctly different to the majority of other lower molecular weight PFAS. Significant benefits are generated along the battery value chain via the use of fluoropolymers. They have unmatched chemical and temperature resistance and unique electrical performance, contributing to the durability of batteries. If fluoropolymers are not excluded from the broad restriction decision, this would have a highly negative impact on battery production in Europe, and significantly slow down the switch to electrification on the continent.

➢ In 2021, the European Commission added cobalt and inorganic cobalt compounds to a list of substances requiring EU-wide occupational exposure limit (OEL) values. In November 2022, ECHA’s RAC adopted an opinion recommending to set cobalt OEL values at very low levels which would correspond to a quasi-ban for the use in the battery manufacturing value chain. Cobalt is used in rechargeable batteries, and although the industry has been and is significantly reducing the amount of cobalt used in batteries, cobalt remains today still crucial for many EV battery technologies. While the cobalt and battery industries support an OEL as the appropriate risk management measure, the industry cannot support disproportionate or infeasible OEL values that will negatively impact the EU battery value chain. An OEL value at the level recommended by RAC would significantly jeopardise the production, recycling, and use of cobalt substances in the EU and stall the EU green transition ambitions. A disproportionate measure applied on the cobalt value chain, such as this one, would put reaching many of the key EU strategic goals at risk from being realised.

➢ The Nickel Environment Quality Standard (Ni EQS) under the Water Framework Directive was developed and published in 2013. The Ni EQS represented the state of the science, and was expressed as bioavailability-based standard of 4.0 μg Ni/L. When properly implemented using the European Commission’s guidance for bioavailability-based metals EQS, high compliance rates were achieved across Europe. The European Commission’s 2022 revision of the EU Environmental Quality Standard Directive proposed an EQS limit of 2.0 μg Ni/L. This revision did not account for the majority of scientific information that was developed since 2013, and threatens to make compliance highly challenging, impacting also battery value chain. Equally important, independent analysis using the most recent scientific information shows that nickel does not represent a broad scale risk to European ecosystems, calling into question the classification of
nickel. Based on these factors, we strongly urge EU co-legislators to amend the Commission’s proposal and keep the nickel EQS values that were adopted by the EU in 2013.

The CRMA 2030 benchmarks in Art. 1 (EU to supply 10% of its extracted needs and 40% of its processed needs from domestic sources, with 15% of supply to come from recycled sources by 2030) should be applied as Union priorities in all future EU policies. Without the alignment of the EU’s chemicals policy, these benchmarks will not be met.

**Amendment proposals (in red):**

**Recital 6:**

(6) To strengthen Union capacities along the strategic raw materials value chain, benchmarks should be set to guide efforts and track progress. The aim should be to increase capacities for each strategic raw material at each stage of the value chain, while aiming to achieve overall capacity benchmarks for extraction, processing and recycling of strategic raw materials. Firstly, the Union should increase the use of its own geological resources of strategic raw materials and build up capacity to allow it to extract the materials needed to produce at least 10% of the Union’s consumption of strategic raw materials. Keeping in mind that extraction capacity is highly dependent on the availability of Union geological resources, the achievement of this benchmark is dependent on such availability. Secondly, in order to build a full value chain and prevent any bottlenecks at intermediate stages, the Union should in addition increase its processing capacity along the value chain, e.g. the production of precursor battery active materials in the case of batteries, and be able to produce at least 40% of its annual consumption of strategic raw materials. Thirdly, it is expected that in the coming decades a growing share of the Union’s consumption of strategic raw materials can be covered by secondary raw materials, which would improve both the security and the sustainability of the Union’s raw materials supply. Therefore, Union recycling capacity should be able to produce at least 15% of the Union’s annual consumption of strategic raw materials. These benchmarks refer to the 2030 time horizon, in alignment with the Union’s climate and energy targets set under Regulation (EU) 2021/1119 of the European Parliament and of the Council and the digital targets under the Digital Decade, which they underpin. Furthermore, quality jobs, including skills development and job-to-job transitions, will address risks in the sectoral labour market and help ensure the EU’s competitiveness.

**Article 1, paragraph 4**

4 The Commission shall take into account the objectives and benchmarks laid down in paragraph 2, point a(iii), as related Union priorities in all relevant EU legislation, including within the meaning of Article 5(4)(a)(i) of Regulation XX/XXXX [OP please insert: the Ecodesign for Sustainable Products Regulation], when preparing ecodesign requirements to improve the following product aspects: durability, reusability, reparability, resource use or resource efficiency, possibility of
remanufacturing and recycling, recycled content and possibility of recovery of materials; and including within the REACH Regulation when defining measures for safe production and use of targeted strategic raw materials.

3. Assessment of the need for stockpiling measures

Direct market intervention in the form of strategic reserve buying and policies designed around redistribution schemes can inflate prices and artificially accentuate scarcity. While the joint purchasing could potentially be an attractive option in crisis situations, it still needs to be cautiously assessed.

Joint purchasing needs to provide safeguard measures, taking into account EU production with a much better sustainability performance than in other regions. A robust and exhaustive analysis of the potential effects is essential before putting into place any measures to address short-term supply disruptions.

Also, a careful approach and assessment of the need for stockpiling measures is needed, as is may have unintended negative consequences on the market and nascent European industries. European users of raw materials must already contend with higher capital and operating costs than competitors in third countries and stockpiling measures could apply additional and unnecessary input cost pressures to nascent European industry.

On company risk preparedness (Art. 23), RECHARGE recommends introducing the provision on a voluntary basis first. The implementation of such policies is duplicative to natural industry efforts to mitigate risk and diversify supply, both increasing costs for European producers and potentially producing an indirect market-distorting effect. Additionally, reporting obligations already exist under other EU legislative initiatives (e.g. Corporate Sustainability Due Diligence Directive) which act to address the impact of global value chains. Introducing mandatory checks in the CRMA therefore adds an incremental and unnecessary burden for firms.

The stockpiling, joint purchasing and company risk assessment measures (Articles 21-24) have the potential to distort well-functioning global markets for raw materials trading, while also having potential to increase price pressure.

Amendment proposals (in red):

**Article 23, paragraph 2**

Large companies identified by Member States pursuant to paragraph 1 may, every two years, perform an audit of their supply chain, including:

(a) a mapping of where the strategic raw materials they use are extracted, processed or recycled;

(b) a stress test of their supply chain of strategic raw materials, consisting of an assessment of its vulnerability to supply disruptions by estimating the impact of different scenarios that may cause such disruptions and their potential effects, taking into account at least the elements listed in Article 19(3).
The Commission shall ensure that such auditing exercise will be carried out in alignment with all other relevant supply chain regulation (e.g. Due Diligence, Deforestation Free Supply Chains etc.), so to limit the linked reporting burdens.

4. Recycling of material already in Europe ensures the stocks needed

Boosting recycling capacities in Europe is of key importance for the EU battery value chain. Recycling can cover 40-70% of the metals needed for batteries from 2040 onwards, but investments are needed now to establish a European battery recycling industry. The focus needs to be shifted to the stocks of material already available in the EU in the products currently in use. The is especially true for the case of batteries. The materials included in batteries in EVs, laptops, energy storage systems, etc. can be considered in the medium to long-term as a future stock available for European use and consumption. Therefore, efforts should be focused on Europe’s recycling capacities rather than its stockpiling requirements. Recycling of material already in Europe ensures the stocks remain in the EU. Equivalent conditions for recycling outside of EU need to be ensured, and the CRMA should refer to the urgent establishment of these equivalent conditions, with effective control procedures, and be coherent with the Batteries Regulation and the Waste Shipments Regulation.

For the case of batteries, the intra-EU shipment needs to be harmonised and facilitated, so that spend batteries can easily and with no delay reach their recycling (or second life manufacturing) destination. Specifying harmonized waste codes for spent Lithium-ion batteries and intermediate waste streams (like black mass/BAMM), and designing a fast-track validation procedure for intra-EU shipment of spent Li-ion batteries and waste battery materials are part of the puzzle.

RECHARGE recommends the inclusion of waste codes for lithium-ion batteries and intermediate waste streams (black mass/BAMM) under the European List of Waste, in order to ensure their proper recycling within the EU. The existing barriers to the shipment of end-of-life lithium-ion batteries across EU borders are significant and need to be urgently addressed. The EU therefore needs to clarify the waste classification of spent lithium-ion batteries and give them their own dedicated waste code so that all Member States apply the same rules on their intra-EU shipment.

Amendment proposals (in red):

**Article 25, paragraph 8 (new)**

8 (new)

The Commission, after consultation with concerned stakeholders, shall amend the relevant EU regulatory framework so to include specific waste codes for lithium-ion batteries and intermediate waste streams (‘black mass’) under the European List of Waste, as well as to set up a fast-track procedure for their shipment for recycling within the Union.
RECHARGE welcomes the announcement of the inclusion of waste codes for Lithium-ion batteries and intermediate waste streams ("black masses") under the European List of Waste by 2024 to ensure their proper recycling within the EU, as mentioned in Communication COM(2023)165 on a secure and sustainable supply of critical raw materials.

5. **Calculation of the environmental footprint of CRMs**

The European battery value chain is proud that batteries will be the first product in the EU which will require a carbon footprint declaration as defined in the Batteries Regulation. The use of lifecycle environmental impact, including carbon footprint, to evaluate the environmental performance of products is key for they batteries value-chain to demonstrate European competitiveness while driving the market towards sustainable products. The CRMA takes a positive approach to ensuring the sustainability of Europe’s raw materials supply with the introduction of the Article 30 on the calculation and verification rules for the environmental footprint of CRMs. While rules for the calculation and verification of the environmental footprint of CRMs must be further clarified in the proposed CRMA, RECHARGE calls for the inclusion of carbon intensity measurement in the CRMA calculated based on an enhanced EU Product Environmental Footprint methodology. We recommend that the Parliament and Council maintain the Commission’s approach in this area, while ensuring coherence with related policy files (such as the Ecodesign for Sustainable Products Regulation as well as the new EU Batteries Regulation).

6. **Ensure the supply of CRMs from responsible sources with robust certification**

Europe will remain reliant on imports for battery materials, even with a successful domestic investment strategy. The CRMA must include an ambitious strategy for securing responsible and diversified imports from projects as long as these are in line with European environmental and social standards. RECHARGE would welcome having provisions on environmental and social guarantees included in strategic raw materials partnerships, to ensure that investments or supply agreements are achieved within the right ESG framework. It is the only way to differentiate European offer from those of competitors.

Aligning with strong CSR standards, is currently not recognised as a prerequisite to access to the EU market. RECHARGE would welcome a stronger approach to environmental protection and human rights in the context of sourcing partners. This would also support European competitiveness and best-in-class Corporate Sustainability Responsible (CSR) engagements of European companies.

RECHARGE welcomes the Commission proposal to recognise existing schemes (Art 29), as is the case in the new EU Batteries Regulation and the coherency is key. RECHARGE calls on the criteria (Annex IV) for certification scheme to be recognised, to be ambitious with the aim that only a few standards should be recognised.
7. Ensure that permits will not be challenged once project started

In Articles 8-13, the CRMA makes important proposals to speed up the permitting process for strategic projects which are the core element of this Regulation. We emphasise that these proposals are important to reduce overall bureaucracy and long timelines, while assuring environmental checks and community involvement are maintained. The Commission’s ambition in its permitting acceleration proposals needs to be supported and maintained, especially to maintain the one-stop shop proposal and deadlines for processing strategic projects.

RECHARGE calls on for the necessity to be ambitious in the development of criteria for the recognition of strategic projects. The sustainability criteria need to be detailed (Art 5.c and Annex III.4) to prove to the end-users and citizens that the mining, processing and recycling activities are done in a sustainable manner.

8. Benchmarks

The CRMA proposal sets non-binding overall 2030 benchmarks for the EU to supply 10% of its extracted needs and 40% of its processed needs from domestic sources, with 15% of supply to come from recycled sources by 2030. RECHARGE welcomes the principle of these benchmarks, but suggests their scope and ongoing use should be further clarified. For example, when measuring each benchmark, individual commodity levels should be measured first before any grouping to ensure no low-volume markets are overlooked. The Commission should establish a fair and transparent calculation methodology and monitor progress towards reaching the benchmarks with a detailed implementation report.

Amendment proposals (in red):

Article 1, paragraph 3

Not later than 6 months after publication of this regulation, the Commission shall publish a report outlining its methodology for calculating and applying these benchmarks to each strategic raw material, quantifying the level of investment required per material and the main bottlenecks to overcome. Where, based on the report referred to in Article 42, the Commission concludes that the Union is likely not to achieve the objectives set out in paragraph 2, it shall assess the feasibility and proportionality of proposing measures or exercising its powers at Union level in order to ensure the achievement of those objectives.
Conclusion: the time is now

The CRM Act proposed by the European Commission is a much-needed step in securing the supply of raw materials essential to the EU's battery value chain and its economic and strategic interests. Speed is the most essential key criteria for a successful delivery of the CRMA ambition. We call on the decision-makers to urgently move forward in adopting and implementing the CRMA as well as the NZIA.

Europe cannot afford to further de-industrialize and need to reverse the current trend and therefore become less dependent on CRMs and net-zero technologies imports. As the demand for the strategic raw materials in the coming 3-5 years is going to explode and the EU dependency on external sources is real, the CRMA must support the urgent need to secure and develop a European supply in critical raw materials.

RECHARGE is the European industry association for advanced rechargeable and lithium batteries. Founded in 1998, it is our mission to promote advanced rechargeable batteries as a key technology that will contribute to a more empowered, sustainable and circular economy by enabling decarbonised electricity and mobility, and cutting-edge consumer products. RECHARGE’s unique membership covers all aspects of the advanced rechargeable battery value chain: From suppliers of primary and secondary raw materials, to battery and original equipment manufacturers (OEMs), to logistic partners and battery recyclers.

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1 such as the Initiative for Responsible Mining Assurance (IRMA), or the International Council on Mining and Metals (ICMM), and others