

MMTA TRADE AND LOBBY COMMITTEE'S NEWSLETTER

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EU CRITICAL RAW MATERIALS: IS YOUR PRODUCT ON THE LIST AND WHAT DOES IT MEAN?

1. The EU publishes a list of raw materials critical to the EU industry's competitiveness

The [European Commission](http://ec.europa.eu) recently published its eagerly-anticipated list of critical raw materials. (Full document available at http://ec.europa.eu/enterprise/policies/raw-materials/files/docs/report_en.pdf).

The list is composed of 14 raw materials, including antimony, beryllium, cobalt, fluorspar, gallium, germanium, graphite, indium, magnesium, niobium, platinum group metals, rare earths, tantalum and tungsten.

Over 30 other raw materials have been identified as being sensitive and requiring careful monitoring for sudden peaks in demand. These include for example chromite, lithium, molybdenum, aluminium, feldspar, nickel, silica and tellurium. Stakeholders will now be consulted before the list goes to the Member States for adoption.

The EU's [raw materials strategy](#) (adopted in November 2008) is designed to secure and improve access to raw materials that are considered critical to EU competitiveness at fair and undistorted prices. It rests on three pillars:

- ensuring undistorted access to raw materials on world markets;
- fostering the sustainable supply of raw materials from European sources; and
- reducing the EU's consumption of primary raw materials and promoting recycling of these materials to decrease the EU's relative import dependence.

In particular, a large number of metals are of strategic importance in the production of high tech products and green technologies, yet these metals are often concentrated in a small number of producing countries. The metals on the list have been deemed critical to the European Union based on three factors: (i) their economic importance to the EU and key production sectors, (ii) supply risks, and (iii) lack of substitutes.

The EU initiative follows similar initiatives in other countries. The US has started stockpiling critical raw materials that are crucial to its defense industry. The US has also launched an extensive geological survey to "*develop and test methods of assessing undiscovered mineral resources on land*".

Similarly, Japan has launched an active policy of supporting key acquisition projects of critical materials, and has linked such projects to its economic cooperation measures. This means that Japan is focusing its development aid and similar measures on geographic regions in which it can secure

raw materials. Japan has also created a fund which provides financial assistance to companies for mineral exploration and deposit development.

2. The list of critical raw materials will guide future EU policy action in the area

Once it has been adopted, the list of critical raw materials is likely to determine future EU policy actions:

- These critical raw materials may for example be targeted for increased policy dialogues with third countries, or for inclusion in bilateral trade agreements in order to secure their undistorted supply.
- There may be an initiative to eliminate import duties on critical raw materials.
- It is highly probable that the raw materials included in the list will be targeted for increased research and development funding in order to increase resource efficiency and improve the knowledge base of mineral deposits within the European Union.
- Additionally, the list of critical raw materials may be used by producers and downstream users for leverage against restrictive regulatory regimes. Producers may seek to obtain more favourable treatment for these raw materials, leveraging the fact that the EU has recognised and endorsed their value to the EU economy and the EU's competitiveness.

3. Recommended action

In order to make best use of the consultation that is expected to be launched shortly, we recommend that interested companies:

1. Conduct an impact assessment to determine the manner in which their products might be affected; and
2. Consider advocacy initiatives based on the list, for example regarding the regulation of products or potential changes to EU import duty regimes.

For more information contact the [MMTA](#) or the [European Commission - Enterprise and Industry](#).