

A generational rebalance: Critical raw materials are pivotal towards a pragmatic green transition

Adopted at the YEPP Council Meeting in Paris, France (22/04/2023)

Recognizing that:

- The European Union (EU) is committed to achieving the climate neutrality ideal by 2050 and has set a target to reduce its greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels.
- Achieving this target requires a significant transition towards a greener economy, focusing on all aspects involved, such as finance, technology, the price and scarcity of basic materials, rising cost of capital, impact of inflation, and the cost of political inaction.
- As the economic and military power dynamic is changing, we have to secure the critical factors involved in the green transition, which are:
 - **Basic materials (rare earth metals)**, as they are the basis for the entire green ecosystem;
 - **Finance**, as it provides the necessary capital to invest in mining and in the production of renewable energy capabilities and energy efficient products, and other green technologies; and
 - **Technological innovation**, for the development of green technologies and for adapting the current processes to the green transition.
- The green transition is a crucial and necessary step towards achieving climate neutrality and addressing the challenges posed by climate change, and the EU has already taken significant steps towards this goal, but more must be done.
- The European Union Member states need to supply quantities of critical raw materials that are crucial for strategic industries of green transition such as wind power, batteries, photovoltaic, and robotics. These critical raw materials are primarily imported from a small group of third countries that don't follow EU environmental standards. Although implementing measures to promote a circular economy, including recycling re-use, reduce consumption, product design, and substitution, is crucial, their impact will be insufficient to fulfill the rising demand short & midterm.¹

Acknowledging that:

- The green transition is not without its challenges.
- The **scarcity** of basic materials and rare earth metals required for the development of green technologies **will create supply chain constraints and drive up costs**. According to the European Commission, **the demand for** lithium, cobalt, and nickel for the use in electric vehicle batteries **is expected to increase tenfold** by 2030.
- **The tenfold increase will be generated only by the segment of EV batteries, therefore excluding every other product, process, installation and/or machinery that will contribute to the green transition and that will require the use of such scarce resources.**
- The EU has committed to mobilizing at least €1 trillion in sustainable investments over the next decade through its Sustainable Europe Investment Plan. This plan includes measures to encourage

¹ (18.02.2023 YEPP Resolution: Towards a comprehensive European Mining Strategy).

private investment in sustainable projects and to redirect public investment towards green technologies.

- The EU has established a number of programmes and initiatives to support the development of green technologies, such as Horizon Europe and the European Innovation Council. These programmes provide funding and support for research and innovation in areas such as renewable energy, energy storage, and carbon capture and storage.
- While failing to act on climate change could lead to significant economic and social costs, including damage to infrastructure, loss of biodiversity, and negative impacts on public health, at the same time the grand purpose of the green transition is to improve our lives, and therefore the transition process should not produce more harm than its outcome.

YEPP Calls on:

- European institutions and Member States **to collectively address** the main challenges of green transition, because the scarcity of basic materials and rare earth metals, together with the length of the average timeframe (12 to 15 years) required to open new mines, and the rising cost of capital **are inseparable and indispensable** for a successful transition.
- European institutions and Member States to develop a sustainable, resilient and inclusive mining framework- EU Raw Materials Act. On the one hand the new green & social EU legislation should include a set of standards to tackle the potential environmental risks, to reduce energy consumption, to secure the rehabilitation of areas and to empower local communities' involvement. On the other hand, it should provide administrative processes that allow a transparent and efficient fast permitting in an investment friendly environment. The ultimate goal should not be the promotion of mining in Europe but rather the increase of EU's self-sufficiency. To achieve this, clear targets for key raw materials' self-sufficiency should be set.
- European institutions, Member States and businesses to collaboratively mitigate the aforementioned risks by promoting pragmatic solutions and processes for the consumption sourcing and the recycling of critical raw materials.
- The EU and Member states to closely coordinate with the ECB, the EIB, the National Banks, Commercial banks and creditors in order to **mitigate the impact of excessive inflation** generated by the current multifactor crisis by employing disinflationary measures and policies to **support the acceleration of green transition** (i.e. green bonds, carbon pricing, tax incentives, green procurement).
- All all stakeholders, including governments, businesses, and individuals, to support the green transition and to work together to build a sustainable future for all.
- European institutions and member states commit to diversifying their supply chain, prioritizing exchanges with countries who respect our common values of freedom and democracy.

Consulted Sources:

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