

Developing Europe's Critical Raw Material capability and improving the European Critical Raw Materials Act

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Recognizing: (Factual background)

- The European Union risks being left behind in the power competition for the development, processing and mining of critical minerals and rare earths that are key to the future economic demands of Europe. Supply chain crises caused by war, pandemics and energy shocks illustrate the need for the onshoring of processes linked to rare earth materials. While the recently introduced [European Critical Raw Materials Act](#) has attempted to tackle this issue there is still much work to be done to improve Europe's resilience, ability to produce materials domestically and finance European firms and mines. While Europe has minimal volumes of rare earth deposits it is also lacking the capability to process these materials at the sufficient industrial scale. There are only two large-scale primary rare earth processing facilities located in [Europe](#) which leaves the bloc vulnerable to external shocks both up and down the supply [stream](#) . While the recent delay of the imposition of [Chinese](#) rare earth export controls is welcome, it illustrates the vulnerability of the EU to the whims of external government policies. Critical raw materials are [imperative](#) for the production of European energy, automotive and military production. The economic and strategic exposure Europe faces from relying on a narrow source of materials threatens Europe's climate, security and industrial future. Recent events have shown that Europe is vulnerable when it is overly reliant on competitive or adversarial powers that may use leverage to weaken Europe in energy and technology. YEPP must ensure that the lessons from over reliance on states that do not share our interests are learned. Should this not be the case, Europe runs the risk of being a hostage to a fortune of events it cannot control. YEPP must ensure that the momentum from the Critical Raw Material Act is maintained and the financial and policy backing required is given.

Acknowledging: (Arguments in favor of a point of view)

- The EU climate strategy is built on the large-scale decarbonisation of [energy](#) production. This transition is heavily reliant on the rapid build out of renewable [technologies](#) such as wind, solar and battery capacity all of which are heavily reliant on the availability of rare earth materials.
- The future of Europe's automotive industry is highly reliant on rare earth materials to allow for the electrification of private vehicles. For example, EV's require [six](#) times the amount of rare earth materials than a traditional internal combustion engine. Europe's ability to protect its position in the global automotive market is highly reliant on the secure access of its manufacturers to materials integral to their production.
- The Critical Raw Materials Act does not outline tangible financial proposals for reaching its targets nor have alternative supply contracts from other countries such as Canada and Chile been finalized. Agreements with a portfolio of different nations should be signed to ensure that Europe reduces its exposure to geopolitical risk in other parts of the world.
- Rare earth and critical materials are the cornerstone to many of the products of the modern economy. Without access to these materials the climate, technology and defence targets set by the EU cannot be achieved. In an era of anaemic EU growth it is critical that the industries of the future have access to the materials they require.
- Europe is heavily reliant on China for both the extraction and processing of critical raw materials. This creates a vulnerability at multiple levels of the value [chain](#).
- Large volumes of critical raw materials are located in emerging market economies with poor records on human and workers rights. The importation of such materials into the EU can provide a vehicle through which the conditions for such workers can be improved.

YEPP calls on: (Proposals / recommendation for action and policy)

- The European Commission to agree bi-lateral rare earth material agreements with resource rich democracies across the globe as illustrated by the recent [Australian](#) trade deal. This will ensure a stable, reliable and diverse source of materials that mitigate the risk associated with reliance on single partners.
- The European Commission to encourage the development of more facilities to process imported rare earth and critical materials so as to remove the reliance on external countries to process materials.
- The European Parliament to streamline barriers to the domestic development of European mines while ensuring high environmental standards and streamlining permitting

procedures, recognising the need to balance environmental protection with Europe's decarbonisation and strategic autonomy objectives.

- Calls on the European Commission and member states to uphold circular economy in the process of it all