SECURING THE FUTURE OF EUROPE'S CRITICAL RAW MATERIALS SECTOR

From: Cobalt Institute, Nickel Institute, International Lithium Association, European Advanced Carbon and Graphite Materials Association

To: The President of the European Commission, Executive Vice-Presidents and Commissioners

Subject: Securing the future of Europe's critical raw materials sector

Dear President of the European Commission, Executive Vice-Presidents and Commissioners,

The Commission will not meet its own Critical Raw Material Act benchmarks - and realistically may find itself further away from them in 2030 than today. The truth is that despite positive announcements on competitiveness, the raw materials industry is still facing a wall of unachievable regulation and uncertainty that are pushing these strategic industries out of Europe and making the continent less attractive for investors.

Critical raw materials such as cobalt, lithium, nickel and graphite are essential to Europe's future, underpinning the energy transition, digital transformation, and our defence capabilities. The Critical Raw Materials Act and Batteries Regulation recognise this by setting ambitious targets for refining and recycling these materials (only graphite is missing) within Europe. Achieving these objectives will require substantial investment and industrial scaling.

However, regulatory barriers and uncertainty risk hindering European progress. Investors are increasingly cautious as major projects such as mining, refining or recycling, require upfront capital and long-term planning horizons. But with fragmented chemicals policy, shifting regulatory interpretations, and unpredictable timelines, investing in Europe is becoming much riskier than in other jurisdictions. This is not just theoretical, as the below examples illustrate:

- Take **the upcoming proposal on workplace exposure limits for cobalt which could seriously endanger Europe's industry**. A 1 µg/m³ limit, as suggested by ECHA, is too low for industry to operate and risks thousands of site closures and job losses despite weak evidence as to the need for this. Even a 10 µg/m³ limit could harm investment and supply chains, pushing production abroad. Industry hopes for a 20 µg/m³ limit, which, while being the strictest in the world, would keep industry viable while ensuring worker protection and continued supply in the EU.

- The lithium sector is facing similar headwinds. **The proposed classification of lithium salts as Category 1A/1B reproductive toxicants by the European Chemicals Agency (ECHA) has triggered concern across the battery and raw materials value chains.** Several of the EU's key trading partners, including Chile, Argentina and Australia, have disagreed with this classification, which if adopted, risks adding complexity and regulatory uncertainty without any clear scientifically proven benefit to health or safety, in an already heavily regulated sector.
- **The proposed Environmental Quality Standards for nickel under the Water Framework Directive are far more stringent than current scientific evidence supports**, offering no clear environmental benefit but seriously risking that permits will not be granted by the authorities, despite the use of best available techniques.
- **The continued discussion on essentiality, registration and authorisation of coal tar pitch,** which is an important, non-substitutable raw material for the production of synthetic graphite for a wide variety of applications in industry causes another obstacle to companies investments in production of electrodes for example which are key to Europe's steel transition to more electric arc furnaces.

Decisions like these ripple through the entire critical raw materials value chain, from batteries and clean tech, to defence and digital infrastructure. They slow down industrial development, deter investment, and weaken Europe's position in global markets. Besides they are not only inconsistent with CRMA's core objective but are also at odds with the Draghi report conclusions and the subsequent Competitiveness Compass objectives promoting EU's industry competitiveness and the need to reduce supply chain dependencies.

As the European Commission works to revise REACH and implement other additional chemicals legislation, **we urge you to consider the importance of coherence between policies and regulations, based on risk and science, ensuring a protective and scientifically sound framework that keeps jobs in Europe and is aligned with the EU's strategic objectives.**

The European Union faces a choice: to foster a strong, independent, and competitive industrial ecosystem, or risk further deindustrialisation, job losses, and increased dependence on thirdcountry market supply chains.

Signatories

COBALT INSTITUTE
enabling technology, advancing society

Nickel INSTITUTE
knowledge for a brighter future

INTERNATIONAL LITHIUM ASSOCIATION

ECGA
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CC:

- Mr Stéphane Séjourné, Executive Vice-President for Prosperity and Industrial Strategy
- Ms Roxana Mînzatu, Executive Vice-President for Social Rights and Skills, Quality Jobs and Preparedness
- Ms Teresa Ribera, Commissioner Clean, Just and Competitive Transition
- Mr Maroš Šefčovič, Commissioner for Trade and Economic Security, Interinstitutional Relations and Transparency
- Mr Valdis Dombrovskis, Commissioner for Economy and Productivity, Implementation and Simplification
- Mr Andrius Kubilius, Commissioner for Defence and Space
- Ms Jessika Roswall, Commissioner for Environment, Water Resilience and a Competitive Circular Economy
- Mr Dan Jørgensen, Commissioner for Energy and Housing
- Mr Apostolos Tzitzikostas, Commissioner for Sustainable Transport and Tourism