

KEY MESSAGES/SPEAKING POINTS

Introductory remarks

- Ladies and Gentlemen,
- Let me start by thanking BusinessEurope for co-organising this very timely roundtable. Our economic ambitions depend to a large extent on good, targeted cooperation between political and business leaders.
- So if we are to achieve the green and digital transitions, while maintaining our competitive advantage on the journey towards a net-zero economy, we need to have these conversations **now**.
- And we are not only talking about the civilizational challenge of climate change – we are also dealing with economic headwinds and growing geopolitical tensions.
- In this scenario, moving towards a net zero economy is of the utmost importance, and Critical Raw Materials are essential for this transformation to happen.
- This is why the President of the Commission announced a Critical Raw Materials package during the last State of the Union address.
- It will include a **legislative proposal** on measures to build and strengthen the critical raw materials value chain, as well as a **Communication** presenting a comprehensive approach to ensure secure and sustainable sourcing of critical raw materials, in particular from third countries.
- Scaling up and speeding up primary and secondary raw materials supply in the EU will contribute to this objective. However, boosting internal capacities will not be sufficient to achieve self-reliance even in the long term.
- Instead, the EU needs to focus on diversifying its imports from reliable partners, building win-win relationships with resource-rich countries.

- Today, **I would like to hear your views on how we can make this objective a reality.** Before giving you the floor, I would like to briefly outline our ideas and share some questions:
- **First**, while demand for critical raw materials has never been higher and could increase ten-fold in the next decade, their supply is confronted with greater geopolitical, as well as environmental and social challenges.
- These challenges being global, we need a global response. We need to work with allies and partners to **foster sustainable investment in the extraction and processing of critical raw materials**, both inside and outside the EU. This is why we have announced the intention to **establish a Critical Raw Materials Club with reliable partners.**
- These steps will complement our ongoing international work to help companies diversify their supply. Our **trade and investment agreements** ensure transparency, predictability and legal certainty. As economic operators, I know you will agree this is essential.
- Our recent agreements with Chile, Mexico, New Zealand and the United Kingdom already include a dedicated Energy and Raw Materials chapter. Negotiations are ongoing with Australia and Indonesia, two important and resource-rich countries.
- **Sustainable Investment Facilitation Agreements** can also contribute, by channelling sustainable investment towards domestic production capacity. This is a precondition for industrialising and diversifying economies in Africa and other parts of the developing world.
- We will also seek to expand our network of **strategic raw materials partnerships.** These provide a political framework and concrete bilateral cooperation platform with third countries.
- We will also use the **Global Gateway** to its full extent. This should help to boost and leverage private sector investment projects along the critical raw materials value chain in developing countries.

- **Second**, we must ensure **full respect for labour rights and environmental protection**.
- As we strive to improve the security and affordability of supply, we must in tandem mitigate any adverse impacts from sourcing and investments. **This applies both within the EU as well as in third countries**. Doing so will preserve our commitment to developing win-win solutions with partners, while supporting their own sustainable transitions.
- Over the years, the EU has developed a mix of voluntary and mandatory actions to promote sustainability, in particular on raw materials supply chains. We will continue to implement and promote this approach externally.
- **Third**, we will propose a set of regulatory measures to improve the **EU's monitoring, risk management and governance** of critical raw materials. The legislative proposal will in particular aim to identify **strategic projects inside and outside the EU**, ensuring better access to funding and streamlined permitting procedures for EU projects. We also intend to **promote circularity** in the critical raw material value chain, including by recovering critical raw materials from extractive waste.
- Now, ladies and gentlemen, I am keen to hear from you. Today's meeting is an opportunity for me to learn from your experience and listen to your expectations in relation to the package that the Commission will present on 14 March.
- I am especially interested in hearing your views on:

[Discussion point 1 – Global Diversification]

- The external policy tools that we should develop to ensure **global diversification** of raw materials supply, and reduce the risk of over-dependence;

[Discussion point 2 – Domestic Extraction/processing & sustainability]

- While the supply chains of Critical Raw Materials must respond to our climate ambitions and needs, this growth must not come at the expense of environmental, or human health. I would like to hear your recommendations for how to ensure that **environmental, social, governance and labour standards** are properly addressed in our initiative.

[Discussion point 3 – Monitoring & Governance]

- Finally, this market is developing fast, and it is exposed to risk and volatility. With this initiative, we aim at addressing the risk of shortages in a crisis situation. Here, there is a case to strengthen our monitoring tools and coordinate better at EU level.
- The questions we need to ask ourselves are the following: how can we mitigate? What role should business and governments play in **monitoring activities and risk management**? And what kind of **governance model** should be privileged?
- With these questions to help guide our discussion, I now turn the floor over to you. I look forward to hearing your views and insights. Thank you.

KEY POINTS FOR EACH OF THE THREE SESSIONS

Agenda Item no. 1 - Global diversification

- As indicated by several of you, to further enable companies to diversify their supply of Critical Raw Materials, trade and investment conditions are essential. Trade agreements can offer a solid legal basis to enable supply diversification.
- In the same vein, the EU needs to continue developing more strategic partnerships, but also consider how to make our relationships with existing trading partners more sustainable and resilient in this sector.

Agenda Item no. 2 - Domestic extraction/processing & sustainability

- The Commission intends to strengthen sustainable extraction and processing of raw materials in the EU. To this end, we are looking at streamlining and facilitating permits procedures. This should help to ensure legal certainty, shorter procedures and clarity in interpretation of potentially conflicting policy objectives.
- Balance between the protection of the environment and sustainable extractive activities should be found. We must work together to improve the social acceptance of mining and processing activities in Europe.

Agenda Item no. 3 - Monitoring and Governance

- We heard your views on additional administrative burdens for business and the need to make sure that these instruments do not overlap.
- The proposal should indeed not include a top-down governance model, putting unnecessary obligations on economic operators. We should work together to identify the main challenges and viable solutions. Creation and implementation of industrial policy without guidance and expertise from industry is prone to be ineffective.
- Public monitoring activities to inform companies about risk of supply chains disruption can be very helpful.

- However, we need to be careful with any mandatory obligations that could follow from public monitoring.
- The Commission already proposed some far-reaching provisions on monitoring of supply chains in the Chips Act or the Single Market Emergency Instrument. These are the subject of intense discussions.
- The upcoming Act will also address similar challenges for Critical Raw Materials, and should propose actions to improve the resilience of EU industry to supply disruptions.
- We will need to ensure the right balance in governance and respecting the principle of subsidiarity, but also avoid unnecessary administrative burden.

Concluding remarks

- I would like to thank you for this discussion and for the different papers that Business Europe, and its Members, provided on this topic. We took careful note of all your comments. This is not a one-off discussion and we need to continue our engagement.
- The time for action is now. We need to do it for our long-term competitiveness and to maintain our open strategic autonomy in a fast-changing and increasingly fragmented geo-political environment.
- The best way forward is to strengthen domestic measures, in tandem with developing predictable and stable trade relations and long-term strategic partnerships with third countries.