



To:

President Von der Leyen
Executive Vice-President Sefcovic
Commissioner Breton

DG Kurt Vandenberghe
DG Kerstin Jorna

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Transitioning towards green technologies such as electric cars and renewables at scale and speed is essential to avoid the devastating consequences of climate change. Yet doing so is impossible without significant volumes of critical minerals, including nickel, copper, lithium, graphite and rare earths.

For our resilience, strategic autonomy and for this transition to work for the millions of European workers and consumers, Europe needs to secure its place in all the parts of the green value chain from raw materials extraction and processing, to clean tech manufacturing, to recycling. Midstream processing of critical minerals is a particularly worrying gap in Europe, justifying urgent attention.

Today China controls not only large shares of cleantech manufacturing, but also 50-90% of the critical minerals processing capacity needed for those, as well as many global resources. The US is fast catching up with its mammoth investment package under the Inflation Reduction Act, while Europe's investment climate has been further worsened from the ongoing Ukraine conflict.

Europe is attempting to catch up. First, with the Net Zero Industrial Act aimed at cleantech manufacturing and the Critical Raw Materials Act aimed to secure critical minerals supply. And now, the proposals under the new Economic Security strategy aim to bridge the investment gap, on top of the national subsidies allowed under the reviewed state aid framework.

But the **'Strategic Technologies for Europe Platform'** (STEP) proposal is neither sufficient nor targeted enough. Mostly, it reshuffles money already available under existing funding plans without attempts to significantly streamline access. Crucially, it lacks focus on the critical minerals value chain, failing to provide new, long-term and targeted support to scale conversion, processing (incl. material recovery from recycling) and refining operations.

Ahead of next week's State of the Union address and in your deliberations on the Multiannual Financial Framework and the Strategic Technologies for Europe Platform, we call on you to ensure sufficient and dedicated EU-level funding – notably via the European Innovation Fund - that is aligned with the Critical Raw Materials Act's 2030 production benchmarks across the value chain from responsible exploration/mining, refining, to mid-stream

processing (e.g. battery cathodes), and integrated recycling (including material recovery). In particular:

- In the short to midterm, the funding should come from the **expansion of the EU Innovation Fund**, including under the STEP proposal. This could be done by replicating the pilot concept of the EU Hydrogen Bank to the critical minerals sector, and opening dedicated calls for proposals, including grants, to that effect. Initial parameters should include:
 - o production-based support (e.g. a premium per kg of battery material processed in Europe) that is predictable and limited in time;
 - o support both capital investments needed to set facilities up and operational costs to scale production in line with benchmarks in Critical Raw Materials Act and battery capacities under the Net Zero Industry Act (including energy costs); and
 - o be simple and quick to access.

- In the long run, **a long-term European Critical Minerals Fund should be established** as part of Europe's green investment agenda to support the Green Deal. To be effective, this should be operated at EU level and directly finance companies. In order to scale production, it should be easily accessible, implemented quickly and provide investors with sufficient visibility and bankability.

We understand that various EU funding streams already exist, but today they are a patchwork of insufficient, uncoordinated and complex schemes focusing mostly on research and innovation. As such, they do not support production scale-up and are not enough to make the business case to invest in Europe. Any EU mechanism should be implemented quickly to avoid industrial initiatives being delayed or put on hold.

We, the undersigned to this letter, want Europe to succeed. We want to see sustainable critical mineral and green tech industries in Europe that operate to high social and environmental standards, and are competitive globally. Ultimately, we want Europe to successfully carve out a space for itself in the global cleantech value chain of the future.

Signatories



Industries that matter



Progress beyond

