

**CALL FOR EVIDENCE
FOR AN IMPACT ASSESSMENT**

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| TITLE OF THE INITIATIVE | European Critical Raw Materials Centre |
| LEAD DG (RESPONSIBLE UNIT) | DG GROW – Unit I1 |
| LIKELY TYPE OF INITIATIVE | Legislative initiative |
| INDICATIVE TIMETABLE | Q2 2026 |
| ADDITIONAL INFORMATION | Critical Raw Materials (europa.eu) |

A. Political context, problem definition and subsidiarity check

Political context

The European Union relies heavily on imports of critical raw materials (CRMs) from concentrated supply sources. This creates substantial dependency, which is increasingly exploited to achieve geopolitical gains. This, in turn, poses a risk to the EU’s industrial capacity, economic security and strategic autonomy.

In 2024, the EU adopted the [Critical Raw Materials Act \(CRMA\)](#), which provided the basis for it to build up its production capacities, strengthen its CRM value chains and diversify its import sources. The CRMA sets clear objectives for the EU’s supply security: by 2030, the EU should have the capacity to extract 10%, process 40% and recycle 25% of the strategic raw materials it consumes.

As a response to the increased weaponisation of supply chains via export restrictions, the Commission adopted the [RESourceEU Action Plan](#) to accelerate the implementation of the CRMA and strengthen the EU’s resilience to supply disruptions. As part of this action plan, and in line with the CRMA’s objectives, the Commission intends to establish a European Critical Raw Materials Centre in 2026. The Centre was announced in the Clean Industrial Deal and is part of the Commission’s overall strategy to secure the supply of CRMs for the EU. In setting up the Centre, the Commission will learn from the experience of Japan’s Organization for Metals and Energy Security (JOGMEC).

As announced in the RESourceEU Action Plan and in the 2026 Commission Work Programme, the Commission will put forward a legislative proposal to equip it with the necessary tools to conduct all its planned activities.

Problem the initiative aims to tackle

CRMs are essential for the manufacturing base in Europe as they underpin most industrial supply chains. They are also essential for the green and digital transition and for defence and aerospace technologies.

Since the adoption of the CRMA, CRM markets have experienced more turbulence, while export restrictions – most notably on rare earth elements – have been increasingly weaponised by China. The most pressing issues are secure and reliable access to raw materials for European industry and resilience to supply chain shocks.

To overcome this situation, this initiative aims to tackle the following problems.

1. Unfavourable risk-reward profile of CRM projects in Europe and partner countries. CRM projects often do not receive sufficient coordinated support, notably on access to finance. In particular, the current rare earths crisis has shown that the EU lacks the capacity to deploy financing instruments rapidly and flexibly towards strategic priorities and areas in which there is an urgent need to reduce risks. Although there are various EU and Member State funding streams for CRM projects, and despite more private

financial institutions becoming involved in CRM supply chains, the overall funding streams for CRM projects for European industry remain lower and less coordinated than those of the EU's major international competitors. While countries like Japan, the United States and China can react rapidly to opportunities such as feedstock sourcing or equity investments in strategic CRM production facilities in third countries, the EU does not yet have instruments enabling it to compete effectively for such projects or markets. Upcoming funding instruments, such as those planned under the Commission proposal for a European Competitiveness Fund, will also need to be monitored and mobilised as efficiently as possible. The same applies to additional raw material funds by Member States, which will also have to be in line with the State aid rules.

2. Insufficient market power of European CRM buyers. Access to CRMs for European industry is not stable. European companies face negotiations with global players with much greater market power and often backed by their respective governments. The demand aggregation and matchmaking platform developed under the CRMA is a first step towards a collaborative system empowering EU industry to pool needs for strategic raw materials into a unified demand signal, in full alignment with EU competition rules. However, it will be necessary to assess whether the existing legislative framework is sufficient to rebalance the market power of European CRM buyers and address existing global market inefficiencies.

3. Limited capacity to manage supply disruptions. The public and private capacity to withstand supply shocks is limited, as shown in the case of Chinese export restrictions on rare earths¹. Stockpiling can be an essential part of the toolbox to minimise the adverse impact of supply disruptions and become less susceptible to geopolitical blackmail. The CRMA and the EU Energy and Raw Materials Platform grant the Commission a limited mandate as regards stockpiling, which consists of gathering information on national stock levels, setting the benchmark for a safe Union stock level, issuing opinions to Member States and coordinating the EU's presence in global fora. There is currently no instrument in the EU to manage CRM stockpiles and ensure proper and fair release across the Member States and industry in the event of disruptions. Moreover, sectors such as space and defence are particularly vulnerable to geopolitical tensions and trade restrictions² and are ill-equipped to face supply disruptions.

4. Limited access of EU and Member State governments to strategic market intelligence. While the monitoring provisions of the CRMA are appropriate for monitoring supply chains, potential decisions about stocks, investments and purchases would require more in-depth and real-time information and expertise. Currently, only some Member States have information on their own industrial value chains, but there is no such information for EU-wide value chains.

Basis for EU action (legal basis and subsidiarity check)

Legal basis

Access to CRMs is essential for the EU's economy and the functioning of the single market. A fragmented approach between Member States could lead to obstacles to the free movement of goods in the single market and is unlikely to serve the needs of closely intertwined supply chains. Article 114 of the Treaty on the Functioning of the European Union provides the appropriate legal basis to set up a harmonised framework for addressing supply risks and thereby promoting the proper functioning of the single market.

¹ In recent years, China has adopted a series of export control measures for CRMs and final products and for equipment related to the processing of rare earth elements. On 9 October 2025 the restrictions included extraterritorial controls on any industrial or defence products containing certain CRMs (i.e. permanent magnets). See *RESourceEU Action Plan, COM(2025) 945 final*.

² The latest Chinese export restrictions (postponed for one year) excluded non-Chinese defence value chains from access to Chinese CRMs. Numerous CRMs, such as refined graphite, are subject to the US ITAR. The EU space and defence industry still relies on imports of certain CRMs from Russia.

Practical need for EU action

Supply risks exist across Member States. To pre-empt uncoordinated actions by Member States that could lead to fragmentation of the single market while failing to adequately address the problem, a coordinated EU approach may be needed. In addition, some EU-level action could be more efficient than national measures by ensuring synergies, preventing overlaps and taking account of entire EU value chains.

B. Objectives and policy options

The main objective of the initiative is to contribute to the secure and sustainable supply of CRMs to support the clean and digital transitions and strengthen the EU's resilience, building on the objectives and actions of the CRMA, including in the event of supply disruptions.

The following potentially cumulative policy options will be assessed in terms of how they address the general objectives of the initiative and tackle the problems identified:

- 1. Support CRM projects in accessing public funding and private investment.** Policy options should include instruments to compete effectively on a global scale for access to derisking opportunities, such as CRM equity investments or CRM offtake agreements. The relevant EU-level financing streams (i.e. Horizon Europe, including the European Innovation Council) and national funding opportunities should be assessed and, if necessary, the impact of additional financial products to invest in upstream supply in the EU and third countries should be considered.
- 2. Address the insufficient market power of European companies on global markets.** Drawing on the preliminary lessons of the Raw Materials Mechanism under the EU Energy and Raw Materials Platform, which has opened its first matchmaking round in April 2026, the initiative will assess whether additional action at EU level is required to facilitate demand aggregation and joint purchasing by EU industry. In particular, the impact of coordinating the needs of EU industry and of Member States at EU level will be assessed, as will the possibility to negotiate concrete offtake agreements, including for secondary CRMs, on behalf of stakeholders (e.g. EU industry and Member States). The aim would be to provide the stable offtakes that many CRM projects are currently lacking. The options to be assessed will include procuring materials at EU level for European downstream users, and allowing the negotiation and conclusion of offtake agreements with global producers and European buyers of CRMs. The initiative would also consider different ways to encourage downstream companies to participate in these activities.
- 3. Supporting industry when facing supply chain disruptions.** The initiative will assess the merits of alternative options focusing on using EU-level action to encourage the stockpiling of raw materials for European industry. The aim is to mitigate the risk of supply chain disruptions and price fluctuations and to have a deterrent effect on market manipulations. For instance, the impact of providing and/or organising an EU stockpiling system (through action at European, Member State and/or company level) will be assessed, including its ability to adjust to changes in market conditions, technology and policy priorities. Options will be assessed for how such stockpiling services would function, notably in view of determining the potential role of EU-level action.
- 4. Better access to CRM market intelligence.** Effective stockpiling, joint purchasing, and investment activities require in-depth market and value-chain analysis and monitoring to guide strategic decisions. To anticipate price fluctuations, supply risks and geopolitical disruptions, reliable data and monitoring systems with high-quality real-time information are essential. The initiative should assess whether changes in the regulatory or policy environment are required to generate the necessary market intelligence and make it available at EU level. In particular, the initiative should assess whether changes are required at EU level to monitor market developments in view of supporting financing, joint purchasing or stockpiling activities. Special attention should be paid to the specific need for the EU's defence preparedness.

C. Likely impacts

In terms of economic impact, this initiative should help to secure the supply of CRMs for the EU. Despite initial costs (e.g. buying or stockpiling CRMs), strategic releases of stockpiles could help to stabilise the supply chain by reducing the effects of disruptions and price fluctuations, and resources could be recovered through the releases. The impact on input costs for downstream industries would also need to be considered. In terms of economic security, the initiative is expected to contribute to improving the security of supply for European industry, including of secondary CRMs, and to reducing the leverage of other jurisdictions over EU industry. As far as the EU's defence preparedness is concerned, the initiative would contribute to derisking the EU aerospace and defence value chains against possible export restrictions.

In terms of the environmental impact, the initiative is expected to generate an increase in extraction, processing and recycling projects for CRMs in the EU and trusted partner countries, which is to be viewed alongside the impact on existing sourcing streams. Stockpiling is expected to have a limited impact, as storage operations require minimal land use, generate low emissions and have only a limited effect on the environment. The overall impact is expected to be minor, as these projects will be carried out under high standards, based on the CRMA criteria.

As regards the social impact, the EU initiative would support industrial projects in the EU and in partner countries, creating opportunities for quality jobs, regional development and growth while ensuring that legitimate local interests and sensitivities are respected. By securing the supply of CRMs for industry, it would safeguard jobs in sectors using CRMs. The initiative would provide greater demand visibility and more predictable conditions for offtake agreements, including through coordination with the EU Energy and Raw Materials Platform, thereby also contributing to more stable investment conditions along the value chain and supporting long-term employment and skills development in the CRM space.

All the costs and benefits will be assessed in detail and quantified wherever possible, particularly with regards to the potential impact on SMEs. The assessment will also consider the administrative burden or cost savings of the initiative at EU level. It will also extend to any impact on staffing and resources at EU level so that the measures proposed can be carried out effectively.

D. Better regulation instruments

Impact assessment

The Commission will prepare an impact assessment and an analytical study to support the development of this initiative.

The analysis will build on existing evidence covering the challenges pertaining to the concentration of the supply of CRMs. The EU's dependence on a limited number of third countries for the supply of CRMs has been well documented since 2011, including by publishing an EU list of Critical Raw Materials³ every three years.

Consultation strategy

The purpose of the consultation is to collect evidence and views from a broad range of stakeholders and citizens, giving them an opportunity to provide relevant information on the problems and potential solutions, including any evidence of the costs and benefits for the measures assessed. The following consultation activities are planned:

- an eight-week public consultation, on the Commission's 'Have your say' portal, followed by the publication of a factual summary of the input received;

³ Annex II (Section 1) of the CRMA. DG GROW is currently preparing a new foresight report intended to be published with the new Critical Raw Materials list.

- consultations with Member States, stakeholders and experts at EU and national level.

A report summarising all the results of the consultation will be published as an annex to the impact assessment.

Why are we consulting?

The Commission will collect evidence, experiences and views from stakeholders. This will enable the Commission to take due consideration of the information on the problems and potential solutions, including any evidence of the costs and benefits for the measures assessed.

Target audience

All stakeholders are welcome to contribute to this consultation. The relevant stakeholders include: national authorities responsible for raw materials; businesses, including SMEs, especially those consuming or producing CRMs or products produced from CRMs; civil society; EU and national consumer associations; associations representing industry, businesses and professionals, including recyclers of CRMs; social partners; academic experts.