

# French Automotive & Mobility Network

*Smart & Green*



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## FAMN Position Paper

European Critical Raw Materials Act



## INTRODUCTION

*This document is published by the [French Automotive & Mobility Network \(FAMN\)](#). Its objective is to present the concerns and recommendations of the French mobility sector regarding critical raw materials, in a context of transition towards electromobility.*

*FAMN brings together the French Automotive Platform (PFA) – which gathers the major French companies of the sector– as well as four cluster organisations located on the French territory (CARA, ID4MOBILITY, NextMove, Pôle Véhicule du Futur). In total, FAMN has nearly 1,500 members including SMEs, large companies, universities, research centres and local authorities.*

*FAMN is involved in various fields with the ambition to support the transition towards a greener, a better connected and a safer mobility and industry. The development of the battery electric vehicle is one of these key areas. FAMN carries out actions at EU level to raise awareness among its institutional interlocutors on the issues raised by its members.*

## POLICY CONTEXT

**Europe is strongly dependent on imports in strategic areas**, notably the raw materials used for electric vehicle (EV) components. Although materials for batteries (Li, Co, Ni) and for electrification (rare earth permanent magnets) are particularly concerned, these are not the only ones.

At the same time, the ban on sales of ICE for light vehicles planned for 2035, and the recently proposed new CO2 emission reduction targets for heavy vehicles, **are accelerating the transition** to zero-emission mobility. In order to meet the ambition of the European Green Deal<sup>1</sup>, and to reach the objectives of the Fit For 55 Package<sup>2</sup>, the fleet electrification for road transport has been selected as the relevant technological solution, at least for a majority of use cases.

For our industry, **access to the raw materials needed for batteries and electrification is essential**. The European Union must support the development of a European battery value chain and limit the risks of dependency on imports.

FAMN therefore welcomes **the publication by the European Commission** of a European Critical Raw Materials Act<sup>3</sup> (CRM Act), which aims to strengthen the availability of critical raw materials for European industries. On this basis, we make some recommendations.

## OBSERVATIONS & RECOMMENDATIONS

**Trade section: Securing supplies from third countries (partnership approach) and increasing domestic production capacity at European level**

**Implementation should be coordinated with actions at EU level.** The PFA welcomes the Commission's announcement of a CRM Act and proposes a number of actions with ACEA to strengthen the availability of critical raw materials for European industries. The importance of third country sources of critical and strategic raw materials **must be pragmatic**. International

<sup>1</sup> [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal\\_fr](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_fr)

<sup>2</sup> [https://commission.europa.eu/document/19903c51-aaea-4c6d-a9c9-760f724a561b\\_en](https://commission.europa.eu/document/19903c51-aaea-4c6d-a9c9-760f724a561b_en)

<sup>3</sup> [https://single-market-economy.ec.europa.eu/publications/european-critical-raw-materials-act\\_en](https://single-market-economy.ec.europa.eu/publications/european-critical-raw-materials-act_en)

partnerships (Raw Materials Club) may, for example, lead to better results in the short term, and should therefore be preferred to local projects in Europe.

The Commission's proposal clearly mentions the **importance of strategic international partnerships**: Europe is not self-sufficient in this field and needs to establish strong international partnerships to ensure a diversified supply of CRM and to create a favorable environment for European investments in third countries.

To this end, the Commission must **sign specific trade agreements** for countries where the main CRM deposits are identified (e.g. Indonesia for nickel, Latin America for lithium).

### **Environmental section: Strengthening the circularity of material use and establishing criteria for environmental responsibility in mining**

**Europe could be a pioneer in “responsible mining standards”**. However, cumbersome reporting and assessment procedures at the end of the value chain should not impact on industrial competitiveness.

To create a sustainable future, **the focus must be on the circular economy**, recycling and eco-design. The Commission's proposal is criticised for failing to address the major challenge of developing a CRM recycling industry in Europe. The Commission's proposal lacks concrete elements for an EU-wide harmonisation of criteria and targets: it relies on Member States' circularity plans, without providing regulatory and financial means, thus risking divergent implementation.

The materials **recycling strategy needs to be complementary to other approaches**, as only recycling is not sufficient to ensure a critical materials value chain. It has been noted that CRMs are poorly recycled in France and in the EU<sup>4</sup>. Strong support for R&D has been acquired in the automotive industry through various national, European and international projects. More than 180 critical materials recycling projects have been launched in France over the last ten years. These R&D actions is supported by initiatives such as competitiveness clusters and Open Innovation platforms.

### **Funding section: Creating a favorable environment for investment and innovation (European Critical Materials Fund)**

**Six strategic drivers have been identified by the PFA**: substitution, diversification of approaches, securing approaches, circular economy, recycling and eco-design, economic intelligence, and R&D.

The automotive industry will change more in the next ten years than it has in the last hundred. To decarbonize the car fleet, the way towards carbon neutrality is through the massive electrification of vehicles (with batteries or FCEVs). Decarbonized energy (electricity and fuels) is needed to support electrification, as well as the development of a charging infrastructure. A minimum manufacturing **capacity of battery cells near terminal plants is needed** to support electrification.

We therefore support the proposal of several stakeholders to **create at EU level a dedicated fund for CRM**. This fund could be set up within a fixed timeframe (in its “*Premières considérations*”<sup>5</sup>, France Industrie suggests 12 months after the entry into force of the CRM Act), in order to support the implementation of projects, as well as R&I in raw materials not covered by existing mechanisms.

<sup>4</sup> [https://pfa-auto.fr/wp-content/uploads/2018/06/Article\\_Matie%CC%80res-premie%CC%80res-criticite%CC%81s-et-axes-strate%CC%81giques-des-industriels-de-l%E2%80%99aut-omobile.pdf](https://pfa-auto.fr/wp-content/uploads/2018/06/Article_Matie%CC%80res-premie%CC%80res-criticite%CC%81s-et-axes-strate%CC%81giques-des-industriels-de-l%E2%80%99aut-omobile.pdf)

<sup>5</sup> <https://www.franceindustrie.org/publications/>

In addition, we believe it is necessary to **allocate specific funds from the existing EU R&I funding programmes** to the raw materials needed for the technologies: battery materials are fully in line with this.

## KEY RECOMMENDATIONS

- **Recommendation 1**: Committing to develop external trade agreements, in order to increase the EU's capacity in CRM
- **Recommendation 2**: Establish clear and harmonised criteria for circularity, in order to increase the EU's capacity in CRM as well
- **Recommendation 3**: Establish a dedicated innovation fund to complement the previous recommendations (1 & 2), which are known to be insufficient to meet future CRM demand.

