



# EU Unpacked

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## EU Unpacked #12

### **The EU Critical Raw Materials Act (2024): Securing Europe's Industrial Future**

*(Regulation (EU) 2024/1252 of the European Parliament and of the Council of 11 April 2024)*

#### **An In-Depth Analysis for Non-Experts**

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## I. Introduction: Why Raw Materials Matter Now

When people think about the foundations of modern economies, they typically think of factories, technology, trade routes, or financial systems. Rarely do they consider what makes all of these possible at the most fundamental level: **raw materials**. The minerals and metals extracted from the earth are the indispensable building blocks of virtually every advanced product that defines contemporary life — from the smartphone to the wind turbine and from the electric car to the satellite in orbit.

In recent decades, however, a quiet but profound shift has taken place in the global economy. The clean energy transition, the digitalisation of industry, and the expansion of aerospace and defence technologies have dramatically increased the world's demand for a specific category of materials — those that are relatively rare, difficult to extract or process, and critically important for the technologies of the future. These are what the European Union now formally designates as **Critical Raw Materials (CRMs)** and, within that category, an even more strategically sensitive subset known as **Strategic Raw Materials (SRMs)**

The urgency behind the EU's legislative response to this challenge is best understood through the lens of vulnerability. Europe is a global leader in manufacturing, innovation, and clean technology — and yet it depends almost entirely on external suppliers for the materials that make this leadership possible. Russia's full-scale invasion of Ukraine in February 2022 and the subsequent energy crisis served as a stark reminder of how devastating strategic dependency can be. Policymakers across Europe concluded that the same logic that had made the Union dangerously dependent on Russian gas could, if left unaddressed, create equally severe vulnerabilities in the domain of raw materials.

It was against this backdrop that the European Commission, in March 2023, proposed what would become **Regulation (EU) 2024/1252** — adopted by the European Parliament and the Council on 11 April 2024 and entering into force on 23 May 2024. Widely known as the **Critical Raw Materials Act (CRMA)**, this regulation is the EU's most comprehensive and binding legislative response to the raw materials challenge to date.

Let's unpack the Act in depth, explain what it does, why it was needed, how it works, and what it means for Europe's industrial and geopolitical future.

## II. The Problem: Europe's Strategic Vulnerability

To fully understand the significance of the CRMA, one must first recognise the scale of the problem it seeks to address. Europe's dependence on raw material imports is not a new phenomenon, but it has reached a point where policymakers consider it a **structural strategic risk** — one that threatens not only economic competitiveness but also the fundamental goals of the European Green Deal, the EU's digital agenda, and its defence ambitions.

Let's review a few illustrative figures. The EU currently relies on **China for 100% of its supply of heavy rare earth elements** — materials essential for the permanent magnets used in wind turbines and electric vehicle motors. **Turkey supplies 99% of the EU's boron**, a mineral used in glass, ceramics, and nuclear applications. Looking ahead, the demand projections are even more sobering: EU demand for **lithium** — the cornerstone material of modern battery technology — is expected to increase by a factor of **twelve by 2030** and **twenty-one by 2050**. Demand for rare earth metals used in permanent magnets is forecast to grow **sixfold by 2030**.

These numbers clearly show that Europe has built ambitious green and digital targets on top of a dangerously fragile supply foundation. The same batteries that power the electric vehicles meant to reduce European carbon emissions, the same magnets that spin inside offshore wind turbines, the same microchips that drive the EU's digital economy — all depend on materials that Europe does not produce in meaningful quantities and, in many cases, cannot obtain from more than one or two countries in the world.

The geopolitical dimension of this vulnerability cannot be overstated. Critical raw materials have increasingly become instruments of **economic statecraft**. In recent years, China has demonstrated a willingness to restrict exports of rare earths and critical minerals in response to diplomatic tensions — as it did in disputes with Japan and the United States. Any similar action targeting the European Union would inflict severe disruption across a wide range of industries simultaneously. The COVID-19 pandemic had already demonstrated how fragile globally concentrated supply chains could be. For policymakers in Brussels, the conclusion was clear: something structural had to change.

### III. What Is the Critical Raw Materials Act?

**Regulation (EU) 2024/1252** establishes a comprehensive legal framework to secure the EU's access to critical and strategic raw materials at every stage of the supply chain — from extraction and processing to recycling and international trade. It is a binding regulation, meaning it applies directly and uniformly across all EU Member States without the need for transposition into national law.

The Act draws a clear and legally significant distinction between two categories of materials:

- **Critical Raw Materials (CRMs):** A broader list of **34 materials**<sup>i</sup> identified as economically important to the EU and subject to significant supply risk. This list is subject to periodic review by the European Commission, at least every three years, and will be updated as the global materials landscape evolves.
- **Strategic Raw Materials (SRMs):** A narrower and more sensitive list of **17 materials**<sup>ii</sup> — including lithium, cobalt, nickel, manganese, graphite, titanium, and rare earth elements — that are specifically identified as crucial for the EU's green and digital transitions, as well as for defence and space applications. They are subject to the most stringent domestic capacity targets under the Act.

The legal basis for the regulation is **Article 114 of the Treaty on the Functioning of the European Union (TFEU)**, which governs the functioning of the internal market. This choice of legal basis reflects the Commission's framing of the raw materials challenge as fundamentally a market integrity and supply chain resilience issue — one that distorts the functioning of the single market when left to fragmented national responses.

The regulation was proposed alongside the **Net Zero Industry Act** and within the broader framework of the [Green Deal Industrial Plan for the Net-Zero Age](#), forming part of an integrated package of EU industrial policy instruments designed to build European capacity in the sectors most critical for the climate transition and digital transformation. Together, these instruments reflect a significant departure from the EU's traditionally market-oriented approach and a turn toward what analysts have described as European industrial policy in a new, strategic mode.

### IV. The 2030 Benchmarks: What Europe Has Committed To

The most immediately tangible element of the CRMA is its set of **binding benchmark targets for 2030**, which define the minimum level of domestic capacity the EU must achieve across the strategic raw materials value chain. These benchmarks represent both a political commitment and a measurable accountability mechanism. They were carefully calibrated to be ambitious enough to drive genuine structural change while remaining realistic enough to attract industrial investment.

Benchmark	Target by 2030	What This Means in Practice
<b>Domestic extraction</b>	≥ 10% of annual EU consumption	EU mines must supply at least one-tenth of what European industry needs each year
<b>Domestic processing</b>	≥ 40% of annual EU consumption	Refineries and processing plants inside the EU must handle nearly half of all demand
<b>Domestic recycling</b>	≥ 25% of annual EU consumption	A quarter of needs are met through recovered and recycled materials from end-of-life products
<b>Third-country dependency cap</b>	≤ 65% from any single country	No single supplier nation — however large — may dominate more than two-thirds of EU supply for any strategic material

It is important to understand what these targets do and do not require. They are benchmarks for the EU *as a whole* — they do not impose obligations on individual Member States to achieve specific extraction or processing percentages on their own territory. Rather, they set a collective horizon toward which national strategies, EU-level support for strategic projects, and international partnerships must collectively steer.

The recycling target in particular reflects a broader commitment to the **circular economy** — the recognition that Europe's secondary raw material base (i.e., materials recovered from end-of-life products) represents an underutilised domestic resource that could substantially reduce import dependence. The CRMA requires the Commission to adopt delegated acts setting minimum recycled content standards for permanent magnets — one of the most critical end-use applications of rare earth elements — **by 31 December 2031**.

The 65% single-country dependency cap is perhaps the most geopolitically significant of the four benchmarks. It is designed to prevent a situation where the EU becomes as dependent on a single country for any strategic raw material as it had become dependent on Russia for natural gas. This provision operationalises the broader EU principle of **open strategic autonomy** — the idea that the Union should engage freely and confidently in global trade while maintaining sufficient resilience to absorb the shock of any single supplier's actions.

## V. Strategic Projects: The Engine of the Act

The CRMA's ambitions would remain aspirational without a concrete mechanism to translate them into real industrial activity. That mechanism is the concept of **Strategic Projects** — a formal designation that unlocks a package of accelerated support for raw materials initiatives that contribute to the Act's goals across the supply chain.

Under the regulation, project promoters — whether private companies, public entities, or consortia — may apply to the European Commission for Strategic Project recognition. Applications must meet a set of defined criteria, demonstrating that the project contributes meaningfully to EU supply security, has adequate technical and financial capacity, and complies with applicable environmental and social standards. Once recognised, Strategic Projects receive three principal advantages:

- **Streamlined permitting:** Member States are required to ensure that Strategic Projects receive priority attention through national permitting processes. Maximum timeframes are established — **27 months** for extraction projects and **15 months** for processing and recycling projects — significantly faster than typical industrial permitting in most EU Member States.
- **Single Points of Contact:** Each Member State must designate a national authority responsible for coordinating all permitting and regulatory interactions related to Strategic Projects. This eliminates the need for project promoters to navigate multiple bureaucracies and institutions simultaneously, reducing administrative burden and uncertainty.
- **Access to Finance:** Strategic Projects benefit from facilitated access to EU and national financing instruments. The European Commission, together with the European Investment Bank and national promotional banks, is tasked with developing dedicated financial support pathways to help Strategic Projects overcome the capital-intensive early stages of raw materials extraction and processing.

It is worth emphasising that Strategic Project recognition is not a blank cheque. Projects must still comply with EU environmental law, including the **UNECE Aarhus Convention** on public participation in environmental decision-making and the **Espoo Convention** on transboundary environmental impact assessment. The Act is explicit that the acceleration of permitting processes is not achieved by lowering environmental or social standards, but by improving the efficiency and coordination of existing processes — an important distinction for public legitimacy and legal robustness.

## VI. Governance: The European Critical Raw Materials Board

The implementation and ongoing coordination of the CRMA is entrusted to a newly established governance body: the **European Critical Raw Materials Board (ECRMB)**. The Board is composed of representatives of all EU Member States and is chaired by the European Commission, specifically by the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW).

The ECRMB serves as the central coordination mechanism for the Act. Its responsibilities include monitoring progress toward the 2030 benchmarks, reviewing Strategic Project applications and advising the Commission on their recognition, overseeing the implementation of national monitoring strategies, and assessing risks of supply disruption. The Board also has the authority to establish dedicated **subgroups** — including one specifically focused on the promotion of circularity, resource efficiency, and substitution of critical raw materials, and another on ensuring meaningful public participation in raw materials projects.

Reflecting the importance of democratic oversight, the CRMA provides that the European Parliament may send representatives to observe Board meetings. This provision ensures that elected representatives retain visibility into the implementation of one of the EU's most consequential industrial policy instruments.

Member States are required, under the regulation, to designate **national competent authorities** responsible for coordinating CRM-related activities at the domestic level. By 2025, each Member State must submit a **national CRM monitoring strategy** to the Commission, outlining its assessment of domestic raw material potential, existing industrial capacity, and planned actions to contribute to the collective 2030 targets. This creates a structured, iterative planning cycle analogous to the national energy and climate plans used in the EU's clean energy governance framework.

## VII. Circularity and Sustainability: The Green Dimension

A critical — and sometimes overlooked — dimension of the CRMA is its **sustainability framework**. The regulation is not simply about securing supply by mining more; it is equally about transforming the way Europe uses, recovers, and reuses the materials it already has. This is the circular economy dimension of the Act, and it reflects the EU's broader commitment to decoupling economic growth from resource extraction.

On the circularity side, the CRMA requires the Commission to establish **minimum recycled content obligations** for permanent magnets used in a range of products — including electric motors, wind turbines, and industrial equipment. By mandating that manufacturers incorporate a defined proportion of recycled rare earth content in their magnets, the Act creates structural demand for secondary materials and incentivises investment in recycling infrastructure. These obligations will be specified through delegated acts to be adopted by 31 December 2031.

The Act also requires the Commission to identify **end-of-life products and waste streams** that contain significant quantities of critical raw materials, and that could, with appropriate infrastructure, be effectively recovered and recycled. This provision creates a policy foundation for integrating raw materials recovery into the broader EU waste management and extended producer responsibility frameworks.

On the sustainability side, Strategic Projects must comply with rigorous social and environmental criteria. These include obligations under **EU environmental law**, the **Aarhus Convention** on access to environmental information and justice, and the **Espoo Convention** on transboundary environmental impact assessment. The regulation also references alignment with the **EU Taxonomy for Sustainable Finance** and the **Corporate Sustainability Due Diligence Directive (CSDDD)**, ensuring that supply chain transparency and human rights obligations extend to the raw materials sector.

This combination of circularity targets and sustainability requirements is designed to address a legitimate concern: that the push to mine more raw materials within Europe could generate new environmental harms in exchange for reduced geopolitical risk. The CRMA's response is to make sustainability a precondition rather than an afterthought — embedding environmental and social standards into the very architecture of Strategic Project recognition and support.

## VIII. Global Partnerships: Looking Beyond EU Borders

The EU is realistic about one fundamental constraint: Europe does not have sufficient domestic geological reserves to meet all of its raw material needs through domestic extraction alone, regardless of how ambitious its permitting and investment policies become. The CRMA, therefore, does not aim at *autarky* — complete self-sufficiency — but rather at **diversification**: spreading supply across multiple reliable partners rather than concentrating it in a small number of politically sensitive ones.

The regulation is accompanied by a **Communication on Global Engagement** that outlines the EU's strategy for developing mutually beneficial raw materials partnerships with third countries. Priority partner regions include **Canada, Australia, Latin America** (through the [EU-Mercosur framework](#)), and a range of **African countries** that hold significant reserves of strategic raw materials. The EU frames these partnerships not as simple resource extraction arrangements, but as instruments of sustainable development — committing to support partner countries' own industrial development, value addition, and environmental governance in exchange for preferential access to raw materials.

This approach reflects a broader principle of **reciprocal strategic autonomy**: the recognition that supply security is best achieved not by attempting to control resources unilaterally, but by building a web of interconnected, rules-based relationships with partners who share the EU's values and interests. The CRMA explicitly references the **Global Gateway** — the EU's infrastructure investment initiative — as a tool for financing the development of raw materials value chains in partner countries, thereby linking trade, development, and security objectives into a coherent external policy.

The regulation also provides that Strategic Project status may, under certain conditions, be granted to projects located on the territory of **candidate countries** or countries with which the EU has concluded a **Strategic Partnership on Raw Materials**. This provision creates a direct incentive for third countries to align their regulatory and governance frameworks with EU standards in exchange for access to the benefits of Strategic Project designation — a potentially powerful tool for extending EU regulatory influence.

## **IX. Relevance for EU Candidate Countries, Including Georgia**

The CRMA has significant implications for countries that aspire to EU membership or that seek to deepen their economic integration with the Union. For candidate and potential candidate countries, the regulation creates both new obligations and new opportunities.

On the opportunity side, the provision enabling Strategic Project designation in candidate countries is particularly significant. If a country with EU aspirations holds deposits of strategic raw materials and can demonstrate the regulatory, environmental, and governance capacity to host a compliant project, it could gain access to EU financing, accelerated permitting support, and a privileged position within EU supply chains. This would represent a form of economic integration preceding formal accession — embedding candidate country industries into the EU's industrial value chain years before political membership is achieved.

For **Georgia**, this dimension of the CRMA is especially relevant. Georgia holds reserves of several materials of interest to the EU — including manganese, copper, and various industrial minerals — and the country's Association Agreement with the EU and the ongoing accession process create a political and legal framework within which raw materials cooperation could be substantially developed. Engagement with the CRMA framework would require Georgian authorities to advance environmental governance, permitting transparency and due diligence standards in line with EU expectations — a process that would itself constitute meaningful progress on the EU integration agenda.

More broadly, the CRMA signals that the EU views raw materials not merely as a trade and industry issue, but as a dimension of its **neighbourhood and enlargement policy**. Countries that wish to be part of the European economic space increasingly need to think about how they fit into the EU's strategic supply chains — and the CRMA provides the legal and institutional framework through which that integration can be structured.

## **X. Challenges and Critical Assessment**

No major legislative initiative is without its tensions and uncertainties, and the CRMA is no exception. A candid assessment requires acknowledging the significant challenges that stand between the Act's ambitious vision and its real-world delivery.

**Can the 2030 targets actually be met?** The benchmarks established by the CRMA are widely regarded as highly ambitious. Europe's mining sector has been in long-term decline, and rebuilding extraction and processing capacity takes time — often a decade or more for large projects, even with accelerated permitting. The processing sector in particular faces a substantial capacity gap: today, China processes the large majority of many strategic raw materials consumed globally, and European industry has very little infrastructure to substitute for this. Meeting the 40% processing target by 2030 would require a near-unprecedented acceleration of industrial investment.

**Tensions between speed and environmental protection.** The streamlining of permitting processes has provoked concern from environmental organisations and some Member State governments. Critics argue that accelerating permitting by imposing maximum timeframes risks short-circuiting thorough environmental impact assessments, public consultations, and the consideration of local communities' interests. The Act's insistence that permitting acceleration does not lower standards is a principled commitment, but its practical

implementation will depend heavily on the capacity and resources of national authorities — which vary enormously across Member States.

**Geopolitical reactions, particularly from China.** The CRMA is, in its essence, a legislative declaration of intent to reduce European dependence on Chinese processing and supply of strategic materials. Beijing has already demonstrated that it views such measures as adversarial and has signalled its willingness to use export restrictions on critical minerals as a geopolitical lever. The risk is that EU actions under the CRMA could provoke retaliatory measures that temporarily worsen supply conditions before domestic and diversified supply chains are mature enough to compensate.

**Financing and market incentives.** The Act creates a legal framework and a governance structure, but it does not provide a dedicated large-scale financing instrument comparable to, for example, the SAFE regulation in defence or the Recovery and Resilience Facility. The actual financial flows that will drive Strategic Projects forward depend on a combination of EU instruments (such as Horizon Europe, InvestEU, and the Innovation Fund), national support schemes, and private investment. Coordinating these sources effectively will require significant institutional capacity and political will from both the Commission and Member States.

## **XI. Conclusion: A Cornerstone of European Strategic Autonomy**

The Critical Raw Materials Act represents one of the most consequential pieces of EU industrial legislation in recent memory. By establishing binding targets, creating a formal mechanism to fast-track strategic investment, embedding sustainability at the heart of supply chain governance, and anchoring the EU's approach to global partnerships in a coherent legal framework, it addresses a vulnerability that many analysts had long identified as among the most serious structural risks facing the European economy.

Viewed in the context of the broader package of EU strategic autonomy measures adopted in recent years — the **Green Deal Industrial Plan**, the **Net Zero Industry Act**, the **White Paper for European Defence Readiness 2030**, the **Security Action for Europe (SAFE)**, and the **Competitiveness Compass** — the CRMA occupies a foundational position. Without reliable, resilient, and sustainable access to the raw materials that feed these industrial strategies, none of the EU's other ambitions — clean energy, digital leadership, defence capacity, or economic competitiveness — can be fully realised.

The ultimate test of the CRMA will not be its legal elegance or its political ambition, but whether it succeeds in catalysing tangible change on the ground: new mines opened, new processing plants built, new recycling streams established, and new partnerships forged. This is a long-term project, and the 2030 targets are intermediate milestones on a journey whose full horizon extends to the middle of this century.

What the regulation already achieves is equally important: it signals, clearly and bindingly, that the European Union has concluded that strategic dependency in raw materials is no longer acceptable, and that it is prepared to use the full weight of its single market, its regulatory authority, its international leverage, and its institutional capacity to address it. In an era of geopolitical fragmentation and systemic economic competition, that signal matters enormously — for European industry, for partner countries, and for the Union's credibility as a serious strategic actor in global affairs.

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**<sup>i</sup> List of the EU Critical Raw Materials (2023 - reviewed every 3 years)**

1) Aluminium / Bauxite; 2) Antimony; 3) Arsenic; 4) Baryte; 5) Beryllium; 6) Bismuth; 7) Boron / Borate; 8) Cobalt; 9) Coking coal; 10) Copper; 11) Feldspar; 12) Fluorspar; 13) Gallium; 14) Germanium; 15) Hafnium; 16) Helium; 17) Lithium; 18) Light rare earth elements (LREE); 19) Magnesium; 20) Manganese; 21) Natural graphite; 22) Nickel; 23) Niobium; 24) Phosphate rock; 25) Phosphorus; 26) Platinum group metals (PGMs); 27) Heavy rare earth elements (HREE); 28) Scandium; 29) Silicon metal; 30) Strontium; 31) Tantalum; 32) Titanium metal; 33) Tungsten; 34) Vanadium.

**<sup>ii</sup> EU Strategic Raw Materials (2023 – 17 materials):**

1) Bauxite / Alumina / Aluminium; 2) Bismuth; 3) Boron / Borate; 4) Cobalt; 5) Copper; 6) Gallium; 7) Germanium; 8) Lithium; 9) Magnesium; 10) Manganese; 11) Natural graphite; 12) Nickel; 13) Platinum group metals (PGMs); 14) Rare earth elements (REEs); 15) Silicon metal; 16) Titanium metal; 17) Tungsten.