



# REPLIES OF THE EUROPEAN COMMISSION TO THE EUROPEAN COURT OF AUDITORS' SPECIAL REPORT

on **Critical raw materials for the energy transition**

# Contents

I. THE COMMISSION REPLIES IN BRIEF.....	2
II. REPLIES TO THE RECOMMENDATIONS OF THE EUROPEAN COURT OF AUDITORS.....	4
Recommendation 1 - Strengthen the foundations of the EU's raw materials policy.....	4
Recommendation 2- Ensure that efforts to diversify imports lead to more secure supply of critical raw materials.....	5
Recommendation 3 - Address the financing bottlenecks which hamper the progress of critical raw materials production in the EU.....	6
Recommendation 4 - Make better use of the sustainable resource management to reduce dependence on primary critical raw materials .....	6
Recommendation 5 - Increase the added value of EU strategic projects.....	7

This document presents the replies of the European Commission to observations of a Special Report of the European Court of Auditors, in line with Article 265 of the [Financial Regulation](#). These replies are to be published by the European Court of Auditors together with the special report.

## I. THE COMMISSION REPLIES IN BRIEF

The European Union's transition to a low-carbon and resource-efficient economy depends fundamentally on the secure and sustainable supply of critical raw materials (CRMs). These materials are indispensable for the production of clean-energy technologies such as wind turbines, solar panels, batteries, and hydrogen systems, all of which underpin the European Green Deal and the EU's industrial competitiveness objectives. Within this broader policy context, the Commission's general objective is to strengthen the EU's strategic autonomy by ensuring reliable access to CRMs while fostering environmental sustainability, innovation, and economic resilience. Its specific objectives are to reduce import dependence, promote responsible domestic sourcing, encourage circularity through recycling and substitution, and support the development of a well-functioning single market for CRMs.

In recent years, significant progress has been made towards achieving these objectives. The adoption of the Critical Raw Materials Act (CRMA) has provided a comprehensive framework for improving supply security, enhancing monitoring capacities, and supporting strategic projects across the CRM value chain. The Act complements ongoing initiatives under the Green Deal industrial plan and the Strategic Technologies for Europe Platform, which together aim to strengthen Europe's industrial base and reduce external vulnerabilities. The Act is fully aligned with the objectives of the EU's Clean Industrial Deal.

The Commission welcomes the observations of the European Court of Auditors, which recognise the growing strategic importance of CRMs and the progress achieved so far in developing an integrated policy response in this area. The Court of Auditors' report highlights both the strengths of the existing framework and areas where further improvements are needed to consolidate results and accelerate implementation. The Commission agrees that reliable data, sound risk assessment, effective financing instruments and more efficient public administration permitting procedures are essential for addressing the challenges identified. It is committed to implementing the recommendations identified as most relevant and achievable to improve the governance and resilience of the EU's CRM strategy.

One of the main challenges concerns the availability and comparability of data on trade flows and production capacities. The Commission acknowledges that limited granularity in data can make it difficult to both assess the EU's real level of dependence on non-EU countries and design targeted mitigation measures. Work is under way to improve data quality and harmonisation, including through closer cooperation with Member States and relevant industry associations. The Commission is continuously improving its access to data to ensure that assessments related to the designation of strategic raw materials remain methodologically sound, transparent, and responsive to technological and market developments.

A second key challenge lies in securing sufficient investment along the entire CRM value chain, from exploration and extraction to processing, refining, and recycling. The Commission recognises that financing bottlenecks can delay the development of strategic projects and limit Europe's ability to compete with global players. To address the problem of lack of sufficient funding, the Commission is promoting innovative financial instruments and encouraging synergies with existing EU funds and programmes, including InvestEU, Horizon Europe, and the Innovation Fund, while improving regulatory predictability, streamlining permitting, and increasing transparency on project pipelines.

For non-EU projects especially, the Commission has joined efforts with its Member States and EU Development Financial Institutions to provide equity and acquisition of project developers' shares.

As another typical obstacle is the lack of experience and reluctance of Financial Institutions to assume risks in the mining sector, the European Commission is offering guarantees under the EFSD+ instrument managed under Global Europe by de-risking the CRM projects.

Strategic projects under the CRMA are key to reducing EU dependency on CRMs and reinforcing domestic value chains. The Commission recognises that building capacities and securing supply is a long-term process, and some projects may not fully deliver by 2030. To support their development and gradually increase supply, the Commission is advancing complementary initiatives, as announced in the REsourceEU action plan.

The Commission further acknowledges the need to strengthen value creation within the EU by supporting the growth of a competitive CRM industry. This includes: (i) promoting research and innovation in substitution, advanced materials and recycling technologies; (ii) developing skills and training for the workforce; and (iii) fostering industrial alliances to build integrated supply chains.

The external dimension of CRM policy is another area of ongoing development. The European Commission has advanced its external partnerships by concluding strategic agreements with several resource-rich non-EU countries to promote sustainable extraction and fair trade in CRMs. These partnerships support transparency, good governance, and environmental standards while securing mutual benefits for all parties involved. Similar initiatives are being pursued with other partners to diversify supply sources and strengthen Europe's global engagement in the responsible sourcing of CRMs. The Commission recognises the need for a more project-based approach to ensure that these partnerships deliver more effective and measurable outcomes. Among the latest developments, it is worth mentioning the signature of the MoU with South Africa on 20 November 2025. At the same time, the Commission continues to advance circular-economy measures to reduce primary material demand and increase the use of secondary raw materials within the EU. Recent and forthcoming initiatives in this area include the Ecodesign for Sustainable Products Regulation, the Batteries Regulation, the upcoming revised Waste Electrical and Electronic Equipment Directive and the forthcoming Circular Economy Act. All of these initiatives aim to: (i) improve product sustainability and resource efficiency; and (ii) contribute to the creation of 'circularity systems' where materials are recovered, reused, and recycled within the EU. The CRMA implementation will also facilitate the development of the secondary raw materials market in the EU.

The Commission notes the Court of Auditors' emphasis on maintaining consistency between different policy instruments and ensuring effective coordination across departments and Member States. It is addressing this by strengthening internal governance mechanisms, promoting cross-policy coordination, and integrating CRM considerations into broader industrial, trade, and environmental strategies. The establishment of the European Critical Raw Materials Board supports this coordination by providing a structured platform for dialogue, monitoring progress, and advising on future policy directions.

The combination of legislative, financial, and international initiatives implemented to date has significantly improved the EU's capacity to meet its strategic needs. The REsourceEU action plan accelerates and amplifies the EU efforts to secure a sustainable supply of critical raw materials by providing concrete tools and financing to projects, by protecting industry from geopolitical and price shocks, and by strengthening the partnerships with like-minded countries to diversify supply chains. The Commission remains firmly committed to ensuring that the EU's transition to a climate-neutral and digital economy is underpinned by a robust, sustainable, and competitive CRM sector. It will continue to: (i) work closely with Member States, industry, and international partners to implement the measures announced; (ii) follow up on the Court of Auditors' recommendations; and (iii) report transparently on progress achieved.

## II. REPLIES TO THE RECOMMENDATIONS OF THE EUROPEAN COURT OF AUDITORS

### **Recommendation 1 - Strengthen the foundations of the EU's raw materials policy**

***The Commission should:***

- (a) improve the reliability of critical and strategic raw material lists, by improving the granularity of trade data, as well as refining the methodology and demand projections for strategic raw materials;***
- (b) ensure that future raw material targets are well justified, and clarify how they contribute to the EU's renewable energy and Net-Zero Industry Act targets;***
- (c) ensure that there is a clear methodology for weighting the contribution of each raw material to achieving raw material targets;***
- (d) track EU funding for projects and initiatives related to critical raw materials and assess the effects on the EU's supply.***

**Target implementation date: 2027**

- (a) The Commission **accepts** the recommendation. It acknowledges the importance of improving the reliability of lists of critical and strategic raw materials. The Commission already applies a defined methodology for selecting and forecasting demand for these materials, as set out in the Critical Raw Materials Act (CRMA). The Commission will continue to refine this methodology, including by improving the granularity of trade data and improving demand projections for strategic raw materials, in line with evolving policy needs and in view of the review and possible update of the lists of critical and strategic raw materials in 2027.
- (b) The Commission **accepts** the recommendation. The Commission recognises the importance of coherence across these policy areas and that any targets set are well justified and consistent with broader EU policy objectives.
- (c) The Commission **accepts** the recommendation. The forthcoming report on annual consumption projections for each CRM in 2030, 2040, and 2050 aims to provide the necessary analyses.
- (d) The Commission **accepts** the recommendation. The Commission will track in a more structural and organised manner the EU funding for projects and initiatives related to CRMs. It will also aim to assess the effects of these projects and initiatives on the EU's supply of these materials.

## Recommendation 2- Ensure that efforts to diversify imports lead to more secure supply of critical raw materials

***The Commission should:***

***(a) analyse the impact of EU trade agreements with critical raw materials-relevant provisions, to determine whether these agreements lead to a more secure supply of critical raw materials to the EU, and, based on this, improve future agreements;***

***(b) regularly assess strategic partnerships to determine the contribution they make to supply of critical raw materials to the EU and identify successful initiatives that can be replicated to better support the implementation of all such partnerships.***

**Target implementation date: 2026**

(a) The Commission **accepts** the recommendation. The Commission agrees with the importance of analysing the impact of current trade agreements that contain a dedicated chapter on energy and raw materials (covering CRMs). The Commission plans to integrate the regular analysis of CRM-related trade agreements into its annual enforcement report, which reviews the implementation and impact of major EU trade agreements. The impact analysis will be carried in due time for the most recent agreements, namely those with Chile (2025), New Zealand (2024) and the United Kingdom (2021).

The Commission also considers that agreements with major CRM suppliers, such as the future agreement with the Mercosur countries, should also be included in any such analysis, even in the absence of a dedicated CRM chapter in the trade agreement. In practice, CRMs benefit from trade agreement provisions in broader chapters on trade in goods, trade-in-services, and investment. For example, trade-in-goods provisions typically address tariff elimination and prohibitions on export duties, while trade-in-services and investment chapters generally include rules governing investment that help enhance the security of CRM-related investments. As a relevant example, the Commission can mention the EU-Canada trade agreement (CETA, 2021) that has already shown positive effects on CRM supply for the European market, as reflected in the 2025 CETA evaluation.

The Commission recalls that CRM-related provisions aim is not only to increase supply but also to improve legal certainty for businesses, maintain existing supply chains, and strengthen cooperation on supply chain security at bilateral and multilateral levels.

(b) The Commission **accepts** the recommendation. It will assess the results of strategic CRM partnerships, focusing on their effectiveness in securing CRMs for the EU. Monitoring of the implementation of the roadmap is already embedded in the Memoranda of Understanding (MoUs), which include annual meetings between EU and partner-country officials to review progress. The latest achievement is the signature of a Strategic Partnership with South Africa on 20 November 2025.

## **Recommendation 3 - Address the financing bottlenecks which hamper the progress of critical raw materials production in the EU**

***The Commission should carry out a consultation to develop evidence-based recommendations to facilitate investments in exploration, extraction and processing of critical raw materials, and consider relevant policy action.***

**Target implementation date: 2027**

The Commission **accepts** the recommendation. The Commission recognises the importance of fostering investment within the EU in both: (i) exploration for CRMs; and (ii) the extraction and processing of CRMs. The Commission also agrees that evidence-based policy action can contribute to strengthening the overall investment environment for domestic CRM production.

Several existing initiatives already address this objective. In particular, the CRMA and the Critical Raw Materials Board provide frameworks to identify obstacles to investment, support strategic projects, and facilitate access to finance. During the preparation of the CRMA, the Commission carried out a public consultation, which included targeted questions on investment barriers and funding needs. The announced Critical Raw Materials Centre is expected to build on these and will include relevant stakeholders' consultations.

In parallel, stakeholder engagement will continue through existing CRMA fora in the context of the implementation of the CRMA to gather updated evidence and input for future policy measures. This will be integrated within the broader framework of: (i) the REsourceEU action plan; (ii) the upcoming Circular Economy Act; (iii) the Critical Raw Materials Centre.

## **Recommendation 4 - Make better use of the sustainable resource management to reduce dependence on primary critical raw materials**

***The Commission should:***

- (a) when reviewing the Net-Zero Industry Act, consider including critical raw materials substitution in the scope, notably by fostering innovation in product design;***
- (b) in the relevant legislation, consider, where technically feasible introducing binding recycling targets for individual critical raw materials, and realistic collection and recovery targets for waste containing critical raw materials;***
- (c) enhance the commercial viability of critical raw materials recycling operations both by further facilitating imports to the EU and movements of waste containing critical raw materials within the EU.***

**Target implementation date: 2029**

(a) The Commission **accepts** the recommendation. Any future review of the Net Zero Industry Act is to consider including CRM substitution. At the same time, the Commission is developing the

Advanced Materials Act, due for adoption in Q4 2026, which has as an important focus on CRM substitution. As such, the Commission notes that this forthcoming initiative may be most directly relevant in the context of this recommendation.

(b) The Commission **accepts** the recommendation. While the CRMA currently sets non-binding recycling benchmarks, it supports national programmes on circularity aiming at, among others, increasing collection, sorting and processing of waste with relevant critical raw materials recovery potential. The ongoing impact assessment for the forthcoming Circular Economy Act, including the revision of the Directive on waste electrical and electronic equipment (WEEE), will assess the potential, technical feasibility and economic justification for introducing binding material-specific recycling, collection, and recovery targets for individual CRMs.

(c) The Commission **partially accepts** the recommendation. The Commission recognises the importance of increasing the commercial viability of CRM recycling operations. At the same time, while relevant, the Commission considers that the facilitation of imports of waste or end-of-life products from outside the EU is not to be prioritised over the need to ensure circularity and security within the EU, retaining and efficiently using secondary raw materials generated within the Single Market. The Commission will explore ways to further facilitate movements of waste containing CRMs within the EU. The forthcoming Circular Economy Act will include measures aimed at strengthening secondary raw material markets and improving the availability and quality of recyclable material streams.

## **Recommendation 5 - Increase the added value of EU strategic projects**

***The Commission should, as part of the Critical Raw Materials Act evaluation in 2029, consider extending the eligibility for strategic projects to more critical raw materials that are relevant for the energy transition, while prioritising projects that have offtake agreements with EU-based customers and allowing the selection of projects with a longer timeframe.***

**Target implementation date: 2029**

The Commission **accepts** the recommendation. The Commission notes that the current scope of strategic projects is defined in the CRMA. Any future modifications, including the possible inclusion of additional CRMs relevant for the energy transition, would depend on the findings of the 2029 evaluation. Each selected strategic project is already required to make a direct and meaningful contribution to the security of the EU's supply of strategic raw materials, in line with the first assessment criterion. In this context, the Commission agrees with the need to prioritise projects that have offtake agreements with EU-based customers, ensuring alignment with the EU's security-of-supply objectives. The selection of strategic projects that go beyond the timeline for targets set is already possible under the CRMA, as Annex 3 allows projects to contribute to the EU's supply security beyond set target timelines.