

The current state of the European Union's dependency and its policies

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"Europe's strategic autonomy is about reducing dependence on others for things we need the most: critical materials and technologies, food, infrastructure, security, and other strategic areas".*

* EUROPEAN COMMISSION (2020), *A New Industrial Strategy for Europe*.

Strategic dependencies

100 days after taking office in 2019, Ursula von der Leyen's Commission unveiled an industrial strategy to spearhead Europe's energy and digital transitions, emphasising "strategic autonomy" and reducing "strategic dependencies". The 2020 Critical Raw Materials Action Plan¹ was an early deliverable, marking a shift from analysing dependency to taking measures to reduce it.

As far back as 2008, the EU had launched a 3-pronged Raw Materials Initiative covering external supply, domestic sourcing, and resource efficiency. In 2011,

the Commission issued its first triennial criticality assessment. In 2012, it launched the European Innovation Partnership on Raw Materials to guide a threefold R&I budget increase from €180 m (2007-2013) to €600 m (2014-2020) (€800 m + projected for 2021-2027).

Despite these measures, awareness rose but dependency did not fall. In fact, dependency increased for many critical raw materials. Materials deemed critical grew from 14 in 2011 to 34 under the 2024 Critical Raw Materials Act. Here are the EU's major suppliers of critical raw materials according to the last assessment:

¹EUROPEAN COMMISSION (2020), *Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability*.

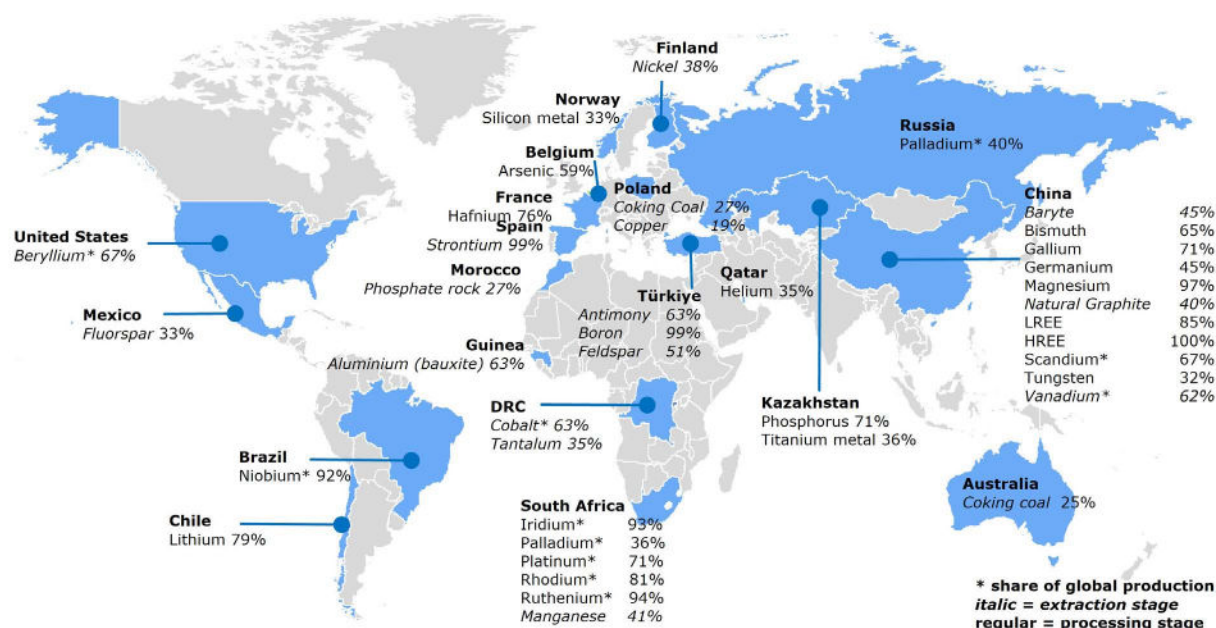


Figure 1: European Commission's map showing major suppliers (Source: European commission, Study on the critical raw materials for the EU 2023 – Final report).

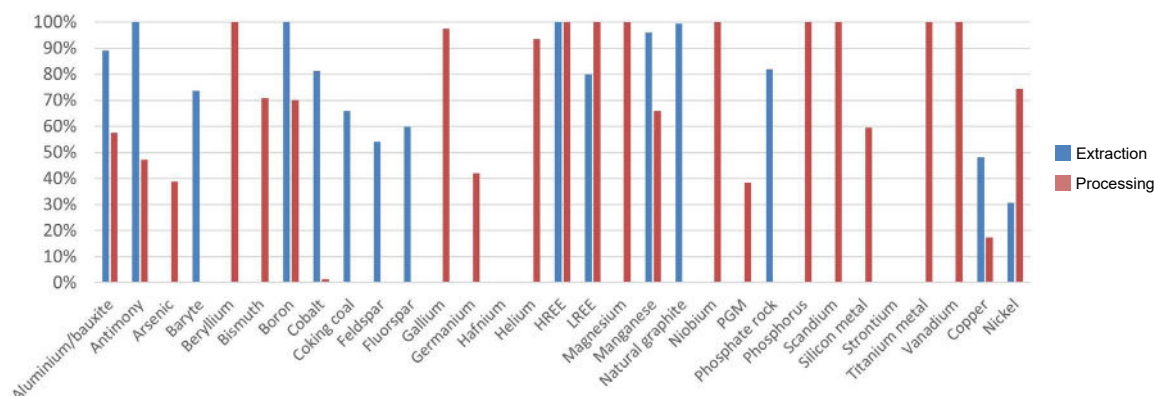


Figure 2: European Commission import reliance of CRMs
(Source: European Commission, Study on the critical raw materials for the EU 2023 – Final report).

European Commission²

Methodological changes in 2017 complicate direct comparison, but broadly average EU import dependency for critical raw materials rose between 2011 and 2023 from about 83% to 90%. The situation is acute for refined materials, as this graphic from the 2023 assessment shows:

Two factors explain the failure to reduce dependency:

- While the global trade system stayed open, integrated supply chains functioned smoothly and there was no market pressure to source raw materials sustainably, it made economic sense to commoditise raw material inputs. This resulted in a preference for outsourced, 'just-in-time' supply at prices that ignored environmental and social costs.
- China pursued its long-term strategy to dominate the global supply chain through massive, subsidised investment in extraction, refining, and manufacturing. This brought economies of scale, making it easier to produce cost-efficiently and absorb the cost of innovation. Additionally, China has not hesitated to use its dominant position to artificially depress prices. This creates dependency and obstructs the emergence of potential competitors. Other parts of the world like the EU and US have struggled to compete with this State-driven industrial strategy.

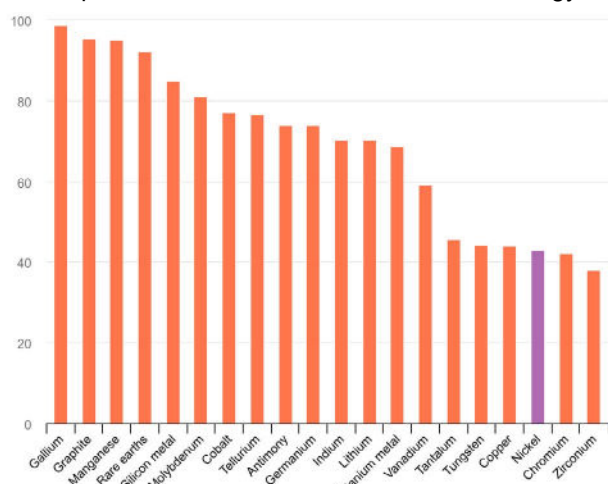


Figure 3: IEA share of top refining country for 20 energy-related minerals.

²DIRECTORATE-GENERAL FOR INTERNAL MARKET, INDUSTRY, ENTREPRENEURSHIP AND SMEs, GROHOL M., VEEH C. (2023), Study on the critical raw materials for the EU 2023 - Final report.

China has become the dominant refiner today for 19 out of 20 critical raw materials essential for the clean energy transition, with a 70% average market share, according to the International Energy Agency (IEA)³.

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The nature of the EU's dependency has changed since the start of this decade. It has become real, not abstract, for many businesses.

Since 2023, European businesses have been hit by China's export restrictions on gallium, germanium, graphite, and other metals. In April 2025, China introduced export controls on rare earths and permanent magnets in retaliation for President Trump's so-called 'reciprocal' tariffs. These controls also hurt other countries as a warning against their siding with the US. That summer, several European automotive component manufacturers halted production as inventories ran dry, threatening both EV and combustion engine production. In a recent twist, China restricted technology exports for REE refining and manufacturing where they had a virtual monopoly.

The focus has also shifted from dependency being a problem for the energy and digital transitions. Today, security and defence are just as important. Geopolitical shifts are forcing Europe to take more responsibility for its own defence and to support Ukraine.

The EU is now reinforcing its defence industrial base. The Commission's 2024 European Defence Industry Programme proposal (EDIP) foresees joint procurement of defence-critical inputs, targeted priority orders of materials for defence during emergencies, stockpiles, and funding for industrial ramp-up and cross-border cooperation in defence materials and components.

³INTERNATIONAL ENERGY AGENCY (2025), *Global Critical Minerals Outlook*.



Figure 4: Supply risk for critical raw materials in military applications.

In 2025, the EU launched its most ambitious defence overhaul yet, centred on the Readiness 2030 strategy, ReArm Europe, and the SAFE initiative. Part of the boost in defence sector spending will need to address critical raw materials supply, such is the defence sector's reliance on metals and minerals, as this overview by the Hague Centre for Strategic Studies shows⁴.

Systemic shocks

Between 2020 and 2022, three crises spurred a shift in EU raw materials policy.

- During Covid-19, the EU faced severe supply disruptions due to global lockdowns, mine closures, and a drop in EU manufacturing. Uneven global recovery led to surging energy and shipping costs, compounding the strain on EU mineral imports. EU aluminium and car-manufacturing came close to shutdown in 2021 when China suspended magnesium exports (EU is 95% dependent on China) citing domestic energy shortages and environmental pressures. On the positive side of Covid-19, the Commission jointly procured personal protective equipment (PPE) and vaccines, and launched an €800 billion economic-recovery package⁵.
- Russia's invasion of Ukraine on 24 February 2022 disrupted supplies of energy, fertilisers, and critical raw materials. The EU sanctioned steel, aluminium and copper goods but kept importing fertilisers,

nickel, titanium, and uranium to avoid crippling the aerospace, nuclear and food sectors. The March 2022 Versailles Declaration committed Member States to bolster defence, energy and economic sovereignty. It sought to reduce critical raw material dependencies through strategic partnerships, circular economy measures, and stockpiling.

- The EU initially welcomed the August 2022 US Inflation Reduction Act (IRA) as a long-awaited US commitment to the clean energy transition, but came to see the IRA as a threat. The IRA's production-based incentives, cheap US energy, and streamlined approvals soon drew battery and rare earth projects from Europe to the US. The US preference for domestic and FTA-sourced inputs and the EU's failure to strike a US minerals accord intensified competitive pressure.

In response, Ursula von der Leyen's September 2022 State of the Union set a six-month deadline for a European Green Deal Industrial Plan, anchored by the Critical Raw Materials Act and the Net-Zero Industry Act.

Momentum for decisive European action on critical raw materials had been building for some time. The European Parliament, Member States, and industry were already discussing what Europe needed to do. This was reflected in the 2021 Bentele Report⁶, the Varin Report⁷, the French-led Lens Competitiveness Council, the Versailles Declaration, and Member State position papers.

⁴ GIRARDI B., PATRAHU I., CISCO G., RADEMAKER M. (2023), *Strategic Raw Materials for Defence: Mapping European Industry Needs*.

⁵ EUROPEAN COMMISSION (2020), *EU recovery plan "NextGenerationEU"*.

⁶ BENTELE H. (2021), *Report on a European Strategy for Critical Raw Materials*. European Parliament, Committee on Industry, Research and Energy.

⁷ VARIN P. (2022), *Report on securing mineral raw material supplies for the French industry in the energy transition*.

The European Critical Raw Materials Act (CRMA)

The Commission proposed the CRMA on 16 March 2023. The package contained a draft regulation and its impact assessment, the 2023 criticality assessment and a foresight report projecting material needs to 2030 and 2050 across fifteen strategic technologies (energy, digital, mobility, defence, aerospace).

Interinstitutional talks wrapped up in under nine months, driven by broad political backing and Commissioner Thierry Breton's outstanding leadership. The Act entered into force on 23 May 2024, an occasion marked by the first Critical Raw Materials Board meeting and publication of the first call for strategic projects.

The Act's twin goals are supply security and sustainability. Security of supply underpins the entire framework, while circular economy measures, environmental safeguards, and ethical sourcing rules embed sustainability alongside resilience.

The Act designates 34 critical raw materials for the EU-wide economy and a subset of 17 strategic materials tied to specific green, digital, defence, and aerospace uses.

Non-binding *de minimis* 2030 benchmarks push the EU to domestically mine 10% of its strategic needs, process 40%, and recycle 25%, with no single third country supplying over 65% of any one strategic material.

The European non-ferrous metals association (Eurometaux) estimates the EU needs 10 new mines, 15 processing and 15 recycling facilities, plus 20 reopened aluminium, zinc and silicon sites to meet these benchmarks⁸.

Strategic projects in the EU that advance these targets and meet high social and environmental standards gain fast-track permitting. Strategic projects inside and outside the EU get enhanced financing and coordinated support to reduce red tape and boost investor confidence.

After evaluating 170 proposals, the Commission designated 47 EU strategic projects in March 2025 and 13 non-EU projects in June, spanning *inter alia* Canada, Ukraine, Zambia, Brazil, and New Caledonia.

In July 2025, the EU launched its Energy and Raw Materials Platform to pool demand and supply offers for energy-related products and critical materials, enabling joint procurement. The Hydrogen Mechanism is already live; the Raw Materials Mechanism is coming soon. This will underpin the business case for strategic projects, and could contribute to stockpiling.

Member States have rolled out national exploration programmes and waste-tailings recovery inventories. In 2025, each designated a single point of contact for fast-track permitting, and identified the major companies producing strategic technologies that are required to conduct supply-chain vulnerability mapping.

Looking ahead, the methodologies for assessing the environmental footprint of CRM-related activities are due by the end of 2025. Member States start their annual circularity reports in May 2026. Extractive waste operators report on the economic feasibility of CRM recovery by November 2026. By January 2027, the European Commission should adopt delegated acts on recycling benchmarks for specific waste streams. The next update of critical and strategic raw materials is due by May 2027, and a full evaluation of the Act is foreseen in May 2029.

Beyond the Critical Raw Materials Act

Has Europe done enough? In his report on European competitiveness, Professor Draghi⁹ argued that the CRMA was a strong foundation and should be implemented in full. However, he also urged more ambition on financing, permitting and competition policy, and to shift from advisory to operational mode.

A European JOGMEC

Draghi advised the EU to take inspiration from Japan, whose Japan Organisation for Metals and Energy Security (JOGMEC), created in 2004 with a €14 billion annual budget, has been effective in reducing Japan's critical raw material supply chain vulnerabilities.

The Commission intends to follow his advice. Under its March 2025 Clean Industrial Deal, the Commission will establish an EU Critical Raw Material Centre by end-2026 to jointly purchase raw materials, coordinate stockpiles, monitor supply chains, and develop upstream investment tools.

The Commission must get this right. It cannot afford to propose a low-ambition bureaucratic construct. The Centre must be independent, with clear objectives, powers, and finance in the billions of euros. Member States and industry should be fully involved. The Centre should pool public and private finance. European trading houses should be created to partner with the Centre, just as JOGMEC does with Sumitomo, Mitsui, Iwatani and others (Iwatani is an investment partner in France's CAREMAG project).

The European Competitiveness Fund

Critics noted the absence of a dedicated funding stream in the Critical Raw Materials Act. The Commission's July 2025 proposal for a Competitiveness Fund in the 2028-2034 Multiannual Financial Framework addresses this gap. If it survives the tough budgetary negotiations, the Competitiveness Fund's resilience chapter will finance exploration, extraction, processing, recycling, stockpiling, and CRMA strategic projects.

And yet...

While this is all something to look forward to, the harsh reality is that other parts of the world are not waiting for the EU to catch up.

⁸ EUROMETAUX (2025), *2030 Resilience Manifesto: A Rallying Call for European Resilience*.

⁹ DRAGHI M. (2024), *The future of European competitiveness: A competitiveness strategy for Europe*.

Since 2023, China has reminded the world that it can easily shut off supplies of critical minerals and related technologies, to maximise political and economic pain.

For its part, the second Trump Administration has positioned critical raw materials as a national security crisis needing exceptional measures.

The US has executed a series of bold moves to secure critical minerals, pursuing minerals for security deals (Ukraine, Pakistan, DRC...) and laying claim to resource-rich lands, such as Canada and Greenland. The US Development Finance Corporation and EXIM Bank are moving fast and at scale to finance mineral projects. Punishing import tariffs, e.g., 50% on copper under Section 232 national security measures, seek to force onshoring of critical raw material production in the US.

The July 2025 Department of Defense (DoD) - MP Materials partnership represents a watershed moment for US industrial and defence policy. This partnership aims to reshore rare earths and permanent magnets. The US government becomes a major shareholder in the company, provides loans for separation and magnet-making, guarantees 10-year price floor protection against market volatility/manipulation, and guarantees a 10-year Pentagon offtake for defence-grade magnets. This opened the door for large private sector offtakes. The administration is now planning other equity investments in critical mineral projects.

The lesson: The EU, Member States and industry must act now, with similar levels of boldness and creativity, to avoid being left behind in the brutal global race to secure critical minerals. The EU's strategic dependencies remain dangerously high, and others will exploit our weaknesses. The EU's strategic autonomy is at stake.

There is hope. The EU shows time after time that it can master major crises, when it is united and determined.