

## Minutes

### Materials & Products Taskforce report launch event: 'Embracing Circularity: A Pathway for Strengthening the Critical Raw Materials Act'.

Monday 17 July 2023 9:30-11:30 CET-Hybrid

#### Context and background

The [Taskforce for Climate Neutral and Circular Materials and Products](#) hosted a hybrid event at the European Parliament to mark the launch of their report "Embracing circularity: A pathway for strengthening the Critical Raw Materials Act," in collaboration with the [Wuppertal Institute](#). The report emphasized the importance of circular practices in achieving the European Union's climate neutrality targets, presenting case studies from business members including Volvo and Hydro, and recommendations on key materials, sparking discussions among stakeholders from industry, academia, and NGOs. The high-profile event took place on 17th July at the European Parliament, uniting key stakeholders from industry, academia, the European Union (EU), and NGOs to discuss the significance of circularity in attaining EU's climate neutrality targets.

The focus of the event was the launch of a new ground-breaking report, presenting a comprehensive outlook on circular practices and their potential impact on the EU's Critical Raw Materials Act (CRMA).

The event provided a platform for key stakeholders to share their perspectives on circularity strategies and the significance of the report in advancing discussions on circularity and CRMA. Hosted by MEP Sara Matthieu, Shadow Rapporteur of the ENVI Committee on the CRMA, the event saw the active participation of **40 attendees in person and 433 participants joining online via GoToWebinar LinkedInLive**.

[CLG Europe](#) is an influential and cross-sectoral group of European businesses collaborating to accelerate economy-wide action for a climate neutral economy. Our aim is to provide a forum to promote positive exchange between progressive European governments and businesses, determined to support the development of a climate neutral and prosperous Europe.

#### Speakers included:

- **Martin Porter**, Executive Chair, CISL Brussels
- **Michael Ritthoff**, Senior Researcher, Wuppertal Institute
- **MEP Matthieu**, European Parliament
- **MEP Sirpa Pietikäinen**, European Parliament (joining online)
- **George Mörsdorf**, Policy Officer (DG GROW), European Commission
- **Céline Domecq**, Director Public Affairs EU, Volvo cars
- **Olivia Lazard**, Fellow, Carnegie Europe (joining online)
- **Rafael Jaimes Contreras**, Industry & Society 5.0 Business Developer International Affairs, Wallonia Export & Investment Agency
- **Helge Haakon Refsum**, Director, Business Development at Hydro Batteries and Board Member of Vianode

**MEP Sara Matthieu** emphasised the report's role in driving circularity and the need for collaboration among various stakeholders. Geopolitical pressures from China and the US underscore the importance of coordinated efforts beyond market players. Therefore, coordination and collaboration among academia, government, economic actors, private sector, civil society, and the public are essential. The Circular Economy is vital for resilience, local employment, and environmental impact reduction. The New Industrial Strategy for Europe is a logical response to recent developments. Taking immediate action with long-term thinking is essential for successful circularity and demand mitigation. Exploring underestimated circularity strategies can reduce costs and benefit citizens through longer product lifespans, more job opportunities, improved public transport, and better air quality.

**Michael Ritthoff** stated that the report aims to enhance understanding of current and future raw materials and CRM demand in Europe while promoting circularity. It identifies barriers and offers solutions to achieve circularity goals. The report emphasises importance of raw materials for the EU's green transition and addresses challenges in volatile commodity markets. CRMA objectives involve increasing domestic extraction, processing, recycling capacities, and diversifying supply. Recycling targets have been met for some materials like aluminium and copper, while challenges persist for REEs and lithium. Business perspectives reveal opportunities in circular practices, but regulatory and technical barriers hinder adoption. The report advocates a comprehensive circular approach within CRMA, flexible strategies, and forward-looking infrastructure to drive a sustainable supply chain and promote green technologies.

**MEP Sirpa Pietikäinen** expressed strong disappointment with the Commission's circular economy proposals, advocating for a long-term vision beyond 30 years due to increasing population and consumption. She stressed the need for a tenfold increase in resource efficiency across all goods and services, criticising the reliance on mining and low recycling targets. She called for an ambitious legislative framework, prioritising reuse, and circularity for critical raw materials. Aimed at 100% or 80% resource efficiency and recycling rates by 2040, she emphasised environmental impact assessments and stricter norms. She also urged for stronger clearing and participation mechanisms, cautioning against harmful consequences for businesses and the economy.

**George Mörsdorf** found the report's proposal interesting and inspiring, appreciating the case studies, business perspectives, and policy recommendations. He highlighted the strong focus on circular economy in the CRMA and acknowledged the need for more CRM for the green and digital transition. The proposal includes CRM recycling targets, a framework for national plans integrating with circularity strategies, and better coordination among member states for R&D investments and recycling technologies. Specific rules for extractive waste and permanent magnets are proposed to ensure proper data sharing and quality recycling. George also mentioned complementary legislations like Eco Designs and Right to Repair proposal, supporting ambitious businesses in achieving higher recycling targets. He emphasized the importance of various initiatives and a supportive coalition to meet the objectives of CRMA.

**Rafael Jaimes Contreras** highlighted two key points in the report: the significant opportunity for circularity in critical materials and the importance of sourcing these materials sustainably. However, there are challenges as recycling alone cannot meet 100% of the EU's CRM demand due to technical and logistical issues, and growing demands will require international collaborations for a resilient supply chain. Legislative harmonisation for metallic transportation across national borders in the EU is needed. International collaborations are needed for a resilient supply chain, and legislative harmonisation for metallic transportation is essential. Rafael proposed partnerships focusing on

circular energy and digital transition to promote upcycling and eco-design to incentivise easy-to-recycle products. Innovation remains a priority for a sustainable and circular EU.

**Céline Domecq** expressed agreement with most of the report's recommendations, focusing on three key principles: reducing material usage, decreasing pollution in production, and increasing circularity. She welcomed the CRMA for promoting mandatory recycled content but emphasised the need for investments in recycling facilities. Celine stressed the importance of refining processes within Europe's mining sector to retain extracted materials. In the automotive industry, she addressed challenges in recycling small amounts of CRMs and advocated for flexible laws to encourage innovation. She called for collaboration in policy discussions and financial support to create a circular ecosystem in the EU, suggesting reusing mining scraps in higher-value applications to maximize CRM utilisation.

**Helge Haakon Refsum** representing Hydro, the EU's largest aluminium producer, emphasized their expansion into sustainable battery materials such as graphite, recycling of EV batteries, and lithium extraction technology to avoid mining. He stressed the need for a balanced approach, not solely relying on recycling. About half of batteries are made of graphite, contributing significantly to the CO2 footprint. As there is no large-scale graphite production in the EU, he mentioned efforts to build a graphite production factory in Norway using renewable energy. He praised the Commission's value chain approach to CRMA, advocating for a case-by-case strategy and welcoming circularity as a crucial aspect of CRMA.

**Olivia Lazard** highlighted the conversation's insights on dilemmas related to the green and digital transition. CRMs are crucial but present environmental and social challenges. The EU's industrial strategy for the green transition is considered late, requiring investment, circularity incentives, and technical knowledge. Achieving CRMA targets necessitates a coordinated industrial ecosystem and strategic conversations. Missing 2030 targets may have significant social and geopolitical impacts. Responsible mining investments are essential within and outside the EU, with a need for cross-border circular and regenerative strategies for success.

### **The key takeaways from the discussion**

The circular economy poses significant challenges, and there is an urgent need to act swiftly. Collaboration between different regions within the EU, particularly in terms of legislation, is crucial. There is a call for an integrated industrial strategy that promotes circularity and sends the right signals. A case-by-case approach is essential for addressing specific challenges. Ambitious policies and willingness from industries to create a circular ecosystem are evident. To support these efforts, funds, incentives, and financial instruments from the EU are necessary.