

CRMs versus substitution

In brief

Certain substances have unique properties and they deserve to be promoted for that reason. Using these substances generally lead to high performing products and a more competitive industry in Europe.

Government policies should embrace and promote these substances – Critical Raw Materials – and leave substitution to natural selection in a competitive market.

General

Critical Raw Materials are those raw materials which: (a) have a high economic importance for key sectors of the European economy, (b) have a high-supply risk and (c) do not have viable substitutes due to their unique and reliable properties for existing and future applications. Thus, the CRM Alliance objects to the EU's approach to promote the substitution of CRMs as a part of its Circular Economy Action Plan and proposes alternative solutions to achieve a sustainable and circular economy while maintaining the use of CRMs in their important applications.

No promotion of substitution

The promotion of substitution of CRMs should be avoided for the following reasons:

- **Lack of knowledge of the important applications of the CRM and why it is preferred to other substances** – A general knowledge on the properties of CRMs, on the mode of use and on the quantities used per application is generally lacking when substitution is proposed as a regulatory solution.
- **Loss of performance** – Substitution of CRMs in their important applications causes a loss of performance, especially when the combination of the properties of the CRM in question are fundamental for safety, health and defence applications.
- **Regrettable substitution** – Substitution of CRMs translates into unintended and unpredictable consequences. Possible substitutes may create similar or worse hazardous situations for human health and/or the environment while some substitutes are not feasible due to different physical properties. The loss of performances and reliability can have dramatic consequences, especially in transport applications.
- **Loss of competitiveness** – The competitiveness of the European industry, as a world leader in technology, will suffer considerably from the substitution of CRMs in their important applications as final products containing CRMs will be manufactured and imported from non-EU competitor countries. Moreover, the importance of CRMs in Key Enabling Technologies is not taken into consideration.

Alternative solutions to substitution

The CRM Alliance proposes the following alternative solutions to the substitution of CRMs in their important applications while achieving the goals of a sustainable and circular economy:

- **Industry and market based-driven substitution** – Industry and global market players are best placed to identify when a CRM can be substituted and in which application.
- **Investing in recycling technologies to improve the recycling of CRMs where possible** – The EU should focus on incentivizing and developing cost-effective, resource and energy efficient technologies for the recycling of those CRMs where it is technically and economically feasible, in order to reduce Europe’s dependence on imports of CRMs. This would contribute to achieving the EU’s environmental goals.
- **Trade policy** – The EU should operate to ensure free and fair trade of CRMs guaranteeing a level playing field for all actors.
- **Facilitate primary production of CRMs** - the EU should encourage Member States to develop fast-track procedures for primary production of CRMs and to fund the development of circularity flows in already existing manufacturing processes using CRMs (not only recycling of the final product).

Conclusions

The EU should promote and protect the use of CRMs given their life improving properties and their non-substitutable use in existing and future applications. The different decision bodies involved in the use of CRMs in the EU and at national levels should act coherently to avoid over-regulation and redundant burdens for industry and/or contradictory decisions (e.g. overlapping of CMD, REACH, RoHS, OSH, etc).

The CRM Alliance invites the EU to develop policies to ensure the supply of CRMs and to establish an Ad Hoc Committee formed by Member States and Stakeholders to promote primary sourcing of CRMs in the EU, in addition to further developing secondary production of CRMs.
