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Research Report

Strategic autonomy meets global dependency: Instruments and implications of the EU's raw materials policy with third countries

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Strategic Autonomy meets Global Dependency

Instruments and Implications of the EU's Raw Materials Policy with Third Countries

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Vienna, May 2025

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List of Abbreviations

BIT	Bilateral Investment Treaty
Ce	Cerium
CRM	Critical Raw Material
CRMA	Critical Raw Materials Act
DRC	Democratic Republic of the Congo
Dy	Dysprosium
EC	European Commission
EFSD+	European Fund for Sustainable Development Plus
EoL-RIR	End-of-Life Recycling input rate
ERM	Energy and Raw Materials
ESG	Environmental, social, and governance
EU	European Union
FTA	Free Trade Agreement
Gd	Gadolinium
ILO	International Labour Organization
Ir	Iridium
ISDS	Investor-State Dispute Settlement
MoU	Memorandum of Understanding
MSP	Minerals Security Partnership
Nd	Neodymium
OECD	Organisation for Economic Co-operation and Development
Pd	Palladium
Pr	Praseodymium
Pt	Platinum
REEs	Rare Earth Elements
RMI	Raw Material Initiative
Ru	Ruthenium
SIFA	Sustainable Investment Facilitation Agreement
Sm	Samarium
SRM	Strategic Raw Material
Tb	Terbium
TSD	Trade and Sustainable Development
UK	United Kingdom
UN	United Nations
US	United States of America

Abstract

Global demand for specific mineral raw materials is increasing, driven largely by the energy and digital transition. Although the EU is making efforts to boost domestic supply, it will remain highly dependent on imports of those minerals from third countries to achieve strategic autonomy in manufacturing capacities for both transition-related and military sectors in Europe. As global competition over access to raw materials intensifies, the EU is adapting its policy approaches in response.

This briefing paper examines how geopolitical dynamics and evolving EU priorities are shaping EU's external raw materials policies. It assesses the use of different trade policy instruments and raw materials diplomacy, including new approaches such as the introduction of Strategic Projects, Raw Materials Club or Strategic Partnerships on raw materials. These partnerships reflect the EU's broader goal of strengthening manufacturing in Europe by integrating raw materials sectors from partner countries into these new value chains.

However, we find that the incentives offered by the EU – such as more sustainable mining, increased investment, and mutual economic gains – remain non-binding and challenging to implement in practice. This is largely due to the lack of enforceable sustainability provisions and the absence of a coherent strategy to support investment and value-added processing in the raw materials sector. At the same time, traditional tools such as free trade agreements and regulatory cooperation remain central. These instruments must balance EU interests with the development needs of partner countries, particularly by allowing policy space for industrialization strategies and ensuring that environmental and social standards are effectively implemented.

Keywords: EU raw materials policy, Critical Raw Materials, Critical Raw Materials Act (CRMA), Strategic Partnerships, Energy and Raw Materials Chapters in Free Trade Agreements

1. Introduction

The Critical Raw Materials Act (CRMA) marks the European Union's first legislative effort to secure its supply of critical raw materials (CRMs). It is part of a broader shift towards industrial policies in the European Union (EU), aiming to build-up key sectors at the forefront of the green and digital transformation as well as military production based on 'strategic autonomy'. The Act (2024/1252/EU) responds to the challenge of reducing external dependencies focusing on European domestic supplies by promoting and speeding up extraction, processing and recycling within EU borders. The accompanying Communication (COM(2023) 165) delineates measures to secure and diversify access to CRMs from non-EU countries.

Even if one assumes that the CRMA's measures related to the domestic market will successfully increase internal supply in the EU, sourcing CRMs from non-EU countries will remain essential. Given the increasing geopolitical tensions and rising competition for access to critical raw materials, the Communication introduces novel policy instruments that aim to strengthen the EU's relationships with raw material-exporting nations. In addition, it introduces a stronger focus on raw materials in pre-existing instruments in relation to these countries.

In contrast to previous policies targeting third countries, which primarily focused on creating legal frameworks for market activity through instruments such as Free Trade and Investment Agreements, the current approach adds a more active stance, incorporating objectives such as promoting value addition in third countries. However, traditional 'market-creating' instruments remain essential for EU raw materials policy, as they continue to be the only ones that can be legally enforced.

In this briefing paper, we examine recent shifts in the EU's raw materials policies in the context of its evolving industrial policies and geopolitical challenges. We first outline the background of these policy changes, followed by an analysis of the EU's import dependency on CRMs. We then present the characteristics of the key instruments the EU employs to secure the supply of CRMs from third countries and analyze the different approaches applied. Finally, we discuss implications of these policies for raw material-exporting countries.

2. EU policies in the light of changing geopolitical dynamics

The global geopolitical landscape has undergone significant shifts in recent years, exposing the EU's vulnerabilities to the production patterns of global value chains. Disruptions caused by the COVID-19 pandemic, the war in Ukraine, and geopolitical tensions have underscored the EU's risks of reliance on external suppliers, particularly for critical raw material inputs to industry and technology. In response, the EU has initiated a turn toward a more active industrial policy aimed at strengthening its "strategic autonomy" (Raza 2025). This shift involves not only enhancing domestic industrial capacities but also reconfiguring external economic relations.

Industrial policies can be defined as those government policies that "explicitly target the transformation of the structure of economic activity in pursuit of some public goal" (Juhász et al. 2024: 4). In the past years, the EU's industrial policies have undergone a shift that Van Apeldoorn and De Graaff (2022) describe as a change in state-capital relations from market-creating to a more market-directing role.

Market creation can be defined as the state's role to impose the regulatory framework for making the market allocation of goods possible. Market direction refers to the strategic and long-term involvement of the state in guiding capital accumulation, rather than leaving the investment decisions solely to the market forces and private companies. Both include an

external dimension where the state is acting beyond its borders. On the one hand this is achieved by expanding global markets through promoting market-enabling regulations, and on the other hand, by targeted state interventions, to support and allocate private investments and the use of international diplomacy to shape foreign economic activities (Van Apeldoorn/De Graaff 2022).

Since the 1980s, the consensus in most OECD countries including the EU was that well-functioning markets will maximize economic growth and allocate goods in the best possible way. Industrial policy in this sense referred to improving economic framework conditions, e.g., by introducing competition laws or trade liberalization (Di Carlo/Schmitz 2023). With the global financial crisis in 2008 and the following Euro-crisis, a new discussion around the necessity for protecting the EU's internal markets and loosening state aid rules as well as establishing common European industrial policies emerged (Di Carlo/Schmitz 2023). Furthermore, market-creating tools were seen as insufficient to respond to the growing challenges such as rapid technological change, and the necessity to decarbonize industry in this competitive context.

The growing dependence on China in combination with China's interventionist industrial policy (see e.g. in the raw materials field Barteková/Kemp 2016) were regarded as evidence of a European need for more interventionism (Di Carlo/Schmitz 2023). Within the last years, the EU has therefore put forward a number of policies such as the EU Green Deal (COM(2019)640) and the Net Zero Industry Act (Regulation 2024/1735/EU, OJEU L 2024/1735) to develop production capacities in Europe for key products of the green and digital transformation, thus ensuring the EU's 'strategic autonomy' in these sectors. A central element of this strategy is its focus on securing access to raw materials that are indispensable for the green and digital transitions. At the same time, most raw materials have dual-use applications and are also essential for military and space technologies.

3. The Union's import dependency

In the past decades, Europe has seen a significant decrease in mining on the one hand, and an increase in minerals and metals demand on the other. Despite the decline of Europe's raw materials industries, raw materials policies remained a low priority until the early 2000s thanks to consistent supply. However, China's rapid economic growth in the early 2000s, its increasing dominance in resource extraction and processing, as well as rising commodity prices challenged the EU's raw material access from third countries and exposed its high import dependency (Küblböck et al. 2019). Consequently, resource politics was put on the European agenda (Küblböck 2023).

A central element of the EU's raw material policy is the identification of certain materials as critical – based on their high economic importance and significant supply risks. The number of raw materials assessed as critical by the EU has more than doubled since its first publication, from 14 in 2011 to 34 in 2023, reflecting growing concerns over resource dependencies. As part of the list of CRMs, the CRMA introduces a new sub-group of 17 so-called Strategic Raw Materials (SRMs) which serve as inputs to the crucial twin transformation and to military sectors (see Tröster et al. 2024).

While the EU adopted various raw materials policies in the 2000s (for an overview see Küblböck 2023), it was only in 2024 that with the CRMA it introduced a legal act to secure access to raw materials within the EU.¹ The CRMA introduces several benchmarks related to domestic extraction, processing and recycling of SRMs, namely, to extract 10 %, process 40 % and recycle 25 % of the SRMs consumed in the EU by 2030. Additionally, not more than

¹ For details on the content of the CRMA itself, please refer to Tröster et al. (2024).

65 % of imports of a single SRM should come from one country only. While those benchmarks are not legally binding, they have a policy-guiding function.

However, even in the case that all benchmarks were met, the high dependence on CRM supply from non-EU countries would remain. If 10 % of SRMs consumed in Europe were extracted in Europe, 90 % of mining for European consumption would still happen in third countries. Similarly, even if 40 % of processing occurred in Europe, 60 % must be done elsewhere. Therefore, imports will remain the primary source of SRMs for Europe, regardless of its efforts to increase domestic extraction and processing.

Table 1 provides an overview of the materials currently classified as SRMs, detailing their main end uses in the EU, the extent of the EU's reliance on imports and key supplier countries, as well as their end-of-life recycle-input-rate (EoL-RIR).²

Table 1 shows that the EU is heavily dependent on imports. An exception is copper, where primary as well as refined copper are mainly sourced from within the EU.³ This has to do with the fact that copper recycling is already well-developed, as the EoL-RIR shows. In addition, several copper-mining countries have concluded Strategic Partnerships with the EU (Jütten 2024). However, copper is classified as an SRM due to expected growth in future demand. For most other SRMs, import dependency remains high. For example, in the case of Rare Earth Elements (REEs), China mines 70 %, refines 91 % of REEs, and produces 94 % of the permanent magnets that include REEs (Johnston et al. 2023).

As the use of SRMs increases, the amount of available recyclable materials will grow, eventually making up a significant share of the EU's SRM consumption. However, currently Europe still is far from achieving this goal and many SRMs have low recycling rates, which underscores the need for improved recycling technologies, better collection systems, and stronger policies to boost circularity in the EU's resource use (see Tröster et al. 2024 on the recycling development prospects of select SRMs).

Table 1 also highlights that many SRMs are currently used for purposes unrelated to the green and digital transition, aerospace or defense technologies. However, forecasts predict that the demand for SRMs for these uses will rise significantly. For example, manganese is currently used in the EU mostly in building & construction, transportation as well as industrial and machinery engineering. However, it also has a wide range of applications in lithium-ion batteries, fuel cells, electrolyzers, wind turbines, heat pumps, hydrogen direct reduced iron and electric arc furnaces (H2-DRI), data transmission networks, data storage and servers, drones, space launchers and satellites, robotics, smartphones, tablets and laptops (Carrara et al. 2023).

Nonetheless, the projected increase in certain applications of SRMs does not imply a corresponding reduction in other areas of use. The CRMA treats rising EU demand for CRM as a given. Instead of outlining a coherent strategy to reduce overall CRM consumption or to reallocate the SRMs from less essential uses toward the twin transition, it focusses narrowly on measures to enhance circularity through technical efficiency and recycling (Art. 26 ff). In doing so, the EU's raw material policies fail to address the deeper structural imbalance: Despite accounting for just 6 % of the world's population, the EU consumes 25 % of the world's CRM supply (Mardell 2024).

² Shortcomings in the available data to be taken into account are the following: The data available on boron, lithium, manganese, graphite and nickel about extraction, processing, imports and recycling, do not differentiate between different grades of those raw materials, but only specific grades of these materials that are included on the SRM list. In the case of boron, only metallurgy grade boron is defined as SRM, in the cases of lithium, manganese, graphite and nickel only battery-grade is classified as SRM. Yet, there are no statistics on the relevant metrics, which isolate the raw materials by grades. The materials which are only considered as strategic in a specific grade, but for which the relevant metrics can only be found irrespective of grade are marked with an asterisk (*) in the table.

³ For details on which types of copper see SCREEN (2024).

Table 1: Strategic Raw Materials, their uses, and sources

SRM	Main uses in the EU	Import reliance ⁴	Biggest share of sourcing ³	End-of-Life Recycling Rate ⁵
Bauxite	Mobility, construction, packaging	89 % (primary)	63 % (Guinea)	21%
Aluminum		58 % (refined)	19 % (Russia)	
Bismuth	Chemicals (pharmaceutical & animal-feed)	71 %	50 % (China)	0%
Boron*	Glass, fruits & ceramics, fertilizers	99 % (primary)	99 % (Türkiye)	<1%
		70 % (refined)	47 % (Türkiye)	
Cobalt	Superalloys, catalysts, magnets, batteries	81 %	25 % (Russia)	22%
Copper	Electrical power, plumbing, power utility, industry, electrical automotive	48 % (primary)	20 % (Poland)	32%
		17 % (refined)	18 % (Germany)	
Gallium	Integrated circuits, lighting, CIGS solar cells	98 %	71 % (China)	<1%
Germanium	Infrared optics, optical fibers, solar satellites	42 %	45 % (China)	2%
Lithium*	Batteries, ceramics & glass, lubricating greases	81 % (primary)	79 % (Chile)	<1%
		100 % (refined)		
Magnesium metal	Transport (automotive, air, marine), packaging, construction, desulfurization agent	100 %	97 % (China)	12-13%
Manganese*	Building & construction, transportation, engineering (industrial, machinery)	97 % (primary)	42 % (S. Africa)	9%
		66 % (refined)	32 % (Norway)	
Graphite*	Refractories, batteries, foundries, lubricants	99 %	40 % (China)	3%
Nickel*	Engineering, transport, building & construction, metal goods, electrical & electronics	31 % (primary)	59 % (Canada)	16%
		75 % (refined)	38 % (Russia)	
Platinum Group Metals ⁶	Autocatalysts, jewelry, chemicals, electronics	100 %	71-94 % (South Africa) ⁷	9-28% ⁸
REEs for magnets ⁹	Magnets, autocatalysts, batteries, lighting	100 %	98 % (China)	<1%
Silicon metal	Chemicals, aluminum alloys, solar applications	64%	35 % (Norway)	0%
Titanium metal	Aerospace, industrial equipment, military	100 %	36 % (Kazakhst.)	19%
Tungsten	Mill, cutting, mining & construction tools	21 % (primary)	25 % (Austria)	42%
		80 % (refined)	32 % (China)	

Sources: Screen Factsheets for each SRM, accessible via the EC's Raw Materials Information System; Grohol/Veeh 2023; Spherical Insights 2024; Gauß et al. 2021

⁴ Data is shown separately for imports of the primary material and of the refined material, where possible

⁵ End-of-Life Recycling Input Rate, i.e. how much of the material's input into the production system comes from recycled products

⁶ Ir, Pt, Rh, Ru, Pd

⁷ Except for Pd, where the biggest source for the EU is Russia (40%)

⁸ depending on which metal

⁹ Nd, Pr, Tb, Dy, Gd, Sm, Ce

4. Securing raw material supply from third countries

The continuous import dependency is reflected in the Communication accompanying the CRMA (COM(2023) 165). In this document, the EU emphasizes the need for diversification of its supply from third countries and for partnerships in support of the global production of CRMs. Notably, a change in wording has taken place in comparison to the Raw Material Initiative (RMI) of 2008. While the RMI aimed for “access to raw materials on world markets at undistorted conditions” (Küblböck 2013), the new Communication speaks of “fair and sustainable access to raw materials on global markets” based on “raw materials diplomacy focused on reaching out to third countries through strategic partnerships and policy dialogues”, and emphasizes cooperation (European Commission 2023).

This new focus on cooperating with specific countries rather than just advocating for better overall access has to be seen against the background of the virtual “raw materials rush” (Müller et al. 2024) that has broken out and does not only encompass the EU, but major industrial countries from the US to Japan, South Korea and Australia, all of whom are trying to maximize their access to raw materials. In recent years, the US and China are in a trade war in order to gain the upper hand in this raw materials rush, applying tariffs and export bans on CRMs and technologies (Bastian 2025). The recent controversies about a commodity deal between the Ukraine and the US can be seen as an example of an ever-fiercer competition for the raw materials of the future (Peternel 2025; Strehammer 2025).

The Communication introduces Strategic Projects outside the EU and the Raw Materials Club as new instruments and presents reformed, existing instruments such as Strategic Partnerships on Raw Materials, Sustainable Investment Facilitation Agreements (SIFAs), and Energy and Raw Material Chapters in Free Trade Agreements (FTAs). An overview of the instruments is given in Table 2.

Table 2: EU instruments of raw material diplomacy

Instrument	Newly introduced in the CRMA-Communication	Existing Raw Material-Focused Instruments	Existing Instruments with Raw Material Elements
Strategic Projects	x		
Raw Materials Club	x		
Strategic Partnerships		x	
SIFAs			x
Energy and Raw Materials Chapters in FTAs			x

Source: own elaboration based on EC, COM(2023) 165 final.

These instruments – some following a hard law and others a soft law approach, some being multilateral, others bilateral – are intended to complement each other. FTAs, for example, focus on undistorted access to raw materials and contain legally binding provisions, thus following a market creating approach. Strategic partnerships, which are non-binding, seek to facilitate extraction of minerals in partner countries and their export to the EU, but with the declared objective of upgrading perspectives for partner countries through deeper value chain participation and sustainability initiatives, thus following a market directing approach.

While multiple parallel approaches already exist, as shown above, the EU recently announced another new type of partnership: the “Clean Trade and Investment Partnerships”. These are intended to cover trade and investment rules, Global Gateway investments and regulatory cooperation. However, little can be said at this stage about their exact content. For now, they

appear to be the latest evolution in the EU's trade and raw materials policies, as they seem to integrate strategic partnerships and free trade and investment agreements into a single agreement (COM(2025) 30 final: 13). They are not envisioned to replace existing instruments, but rather as an additional instrument the EU can make use of (COM(2025) 30 final). So far, the EU has entered into negotiations about a Clean Trade and Investment Partnership with South Africa. While the content is not yet publicly available, cooperation on CRMs is envisioned in the new partnership (Jütten 2025).

4.1. Strategic Projects outside the EU

According to the provisions of the CRMA, the European Commission can designate mining, processing and recycling projects inside the EU, and in third countries as "Strategic Projects". In the latter case, this needs the host country's consent. Strategic Projects must have the objective to strengthen the security of the EU's supply of SRMs. In addition, the projects have to be technically feasible, sustainable and "add value" to the host countries, if those are emerging markets or developing economies.

However, the terms employed in the CRMA related to sustainability and to "added value" as prerequisites for Strategic Projects remain vague, creating risks to bypass meaningful commitments. In addition, there are concerns about insufficient safeguards to prevent environmental harm and human rights violations, particularly in Global South countries (González 2023; Kampourakis 2024). While there is an extensive list of international standards that need to be respected (including the ILO Tripartite Declaration, multiple OECD Due Diligence Guidances and Guidelines and the UN Guiding Principles on Business and Human Rights), some notable international instruments on wildlife conservation and biodiversity are excluded (Marin et al. 2024). The Commission has reserved the right to recognize industry certification schemes as sufficient for proving compliance with the sustainability criteria needed for Strategic Projects at a later stage. However, existing industry certification schemes are under critique for lacking measures to ensure compliance, inclusion of civil society, affected communities and for issues with the credibility of audits (Marin et al. 2024).

The EU Commission has promised some support to Strategic Projects outside the EU. It has stated that it will assist the implementation of the projects and seek to create synergies with existing international initiatives, such as the Global Gateway strategy and the European Fund for Sustainable Development plus (EFSD+) (European Commission 2024b). In the Strategic Partnership MoU between the EU and Rwanda (see Chapter 4.3.), Strategic Projects are also explicitly mentioned, alongside various forms of funding and investment opportunities that the parties to the agreement want to implement.

While for Strategic Projects within the EU, streamlined permitting processes apply, directly changing the member states national laws, this is not the case in third countries. However, these countries may choose to adopt similar legislation, including faster permitting procedures for Strategic Projects, with the aim to attract more investments. Most MoUs on Strategic Partnerships include regulatory alignment as an explicit objective.

As of April 2025, little can be said about the actual impact. The EC initiated a first call of applications; from 171 applications received by August 2024, 49 were for Strategic Projects outside the EU (European Commission 2024a). In the first round of decisions announced however, no projects in third countries were recognized as being strategic by the Commission (European Commission, C(2025)1904 Annex; European Commission 2025b).

4.2. Raw Materials Club

The Communication envisions the establishment of a Critical Raw Materials Club as a new international forum for cooperation between raw materials consuming and exporting countries (European Commission 2023). The idea is that resource-importing countries would agree on fair prices for raw materials and support resource-exporting countries in “enabling them to retain a larger share of the raw materials value chain” in exchange for the raw materials in question (Jütten 2024: 8).

According to Findeisen (2023), the potential of this idea lies in creating a forum where ultimately resource-importing countries would make “joint pledges to equip and co-design investments in resource-rich countries, including for allowing every new raw material project to be complemented with a commensurate level of renewable energy capacity” and “commit their companies to purchasing raw materials at a fair price” in exchange for resource-exporting countries to “pledge to provide raw materials to Club members and refrain from interfering with free trade with them” (ibid.: 8).

Binding pledges of all involved parties could address the issue of resource-importing countries withholding investments due to the concern that others would benefit without making similar contributions. However, Findeisen (2023) also points out that this effect could only be achieved if many countries joined the Club, which in turn necessitates starting out without binding pledges.

In practice, the idea of a Raw Materials Club has materialized into the Minerals Security Partnership (MSP) Forum, founded in April 2024 (European Commission 2024d). The newly established forum is co-led by the US and the EU. The other members are six individual EU member states (Estonia, Finland, France, Germany, Italy, and Sweden) and other resource-importing countries (Japan, South Korea, UK) as well as resource-rich countries (Argentina, Australia, Canada, DRC, Dominican Republic, Ecuador, Greenland, India, Kazakhstan, Mexico, Namibia, Norway, Peru, the Philippines, Serbia, Türkiye, Ukraine, Uzbekistan, and Zambia). The focus areas of the Forum appear to be advancing concrete minerals projects and cooperating on ESG criteria (European Commission 2024d). In September 2024, the governments of MSP member states, their Export Credit Agencies and Investment Banks founded the MSP Finance Network to jointly finance minerals projects (United States Department of State 2024, incl. a list of co-financed projects).

The current configuration of the MSP notably excludes China, as the world’s largest mineral buyer. The importing member countries view the forum as a platform to signal their preference for deepening engagement with resource-exporting countries – positioning themselves as alternative buyers to China. Further, investors from the importing countries should be attracted by the cooperation on stable regulatory frameworks (see Pyatt 2025).

4.3. Bilateral Strategic Partnerships on Raw Materials

Strategic Raw Material Partnerships are non-binding agreements between the EU and third countries on CRM extraction and processing, consisting of a general Memorandum of Understanding (MoU) and a detailed roadmap developed by the EU and the partner governments.¹⁰ According to the Communication by the EC accompanying the CRMA, these agreements aim to integrate EU’s raw materials value chains with that of the partner country, improve regulatory frameworks, ensure environmental and social protection, mobilize infrastructure funding, cooperate on resilient and sustainable CRM supply chains, and advancing skills development (European Commission 2023). Thus, the Strategic Partnerships

¹⁰ Note that in parallel, other countries including EU Member States also conduct raw material MoUs with third countries (e.g. on German partnerships see Carry et al. 2023).

are regarded as direct pathways for European manufacturing companies to enter into supply agreements with existing and potential raw material projects in third countries. The supporting measures such as exploration initiatives, sustainability measures or infrastructure financing through the Global Gateway initiative are incentives for third countries governments and mining companies to enter in supply contracts with European buyers. In the mid- to long-term, value chain links could also translate to value chain upgrading, for instance into processing steps instead of pure raw materials extraction and exports.

As of April 2025, the EU has signed 14 Strategic Partnerships. MoUs exist with Canada and Ukraine (both 2021), Kazakhstan and Namibia (both 2022), Argentina, Chile, Zambia, the Democratic Republic of Congo (DRC) and Greenland (all in 2023), as well as Rwanda, Norway, Uzbekistan, Australia and Serbia (all 2024) (European Commission 2024c).

An analysis of the different MoUs shows that the overall structures of the partnerships are very similar. Typically, the four pillars of the agreement are:

- the development and integration of raw material value chains,
- cooperation in the fields of research and development,
- promotion of environmental, social and governance criteria and standards,
- financial and investment instruments for raw material projects.

However, the scopes and targeted raw materials of the agreements vary (as shown below in Table 3). The MoUs differ substantially in their extent, with some memorandums having only one (Canada) or three pages (Australia, DRC), while others have up to 13 pages (Serbia). Differences exist therefore in the level of details across these thematic pillars. Some include issues such as infrastructure or regulatory alignment, others do not. Certain partnerships contain specific steps envisioned e.g. in research & innovation cooperation, while others merely state general goals in this area.

Table 3: Scope of the Strategic Raw Material Partnerships

Partner Country	Scope of the MoU ¹¹
Canada	'Minerals and metals critical to the transition to a climate-neutral and digitalized economy'
Ukraine	Raw materials, focus on CRMs & batteries
Namibia	Raw materials, focus on CRMs & renewable hydrogen
Kazakhstan	Raw materials, focus on CRMs, batteries & renewable hydrogen
Argentina	CRMs
Chile	CRMs
DRC	CRMs
Zambia	CRMs
Greenland	Raw materials, focus on CRMs
Rwanda	'non-energy and non-agriculture raw materials for the green and digital transition as well as other minerals of strategic relevance to the twin transition'
Norway	Raw materials, focus CRMs & batteries
Uzbekistan	non-energy and non-agriculture raw materials, focus on CRMs
Australia	CRMs
Serbia	Raw materials, focus on CRMs for EV supply chains, EVs & batteries

Source: own elaboration based on the existing MoUs¹²

¹¹ Where CRMs are mentioned as such, it is a reference to the CRMs as defined in the CRMA. Oftentimes, CRMs and SRMs are both mentioned in the scope of agreements. As all SRMs are considered CRMs, SRMs are not mentioned specifically.

¹² Texts of all MoUs are available via European Commission (2024c).

The aim to generate mutual benefits for both partners is prominently stated in all MoUs, but also shows substantial differences in details. Several MoUs state concretely the aim to promote local added value (Argentina, Kazakhstan, Chile), industrialization (Argentina) and upgrading (Kazakhstan), others speak only of commitments to the policy goal of more local value added and local transformation capacities (Zambia). In the case of Serbia, e.g., the goal of value chain integration is specified to include off-take agreements and has materialized into commitments by public and private sector actors to invest into a lithium battery factory linked to the planned and still controversial Jadar lithium mine (DW 2024). In other cases, the term “value chain integration” remains vague and ambiguous.

Thus, it remains unclear what and how mutual benefits should be achieved. This is problematic, given that the development of extractive projects potentially increases commodity-dependence of resource-rich countries, which often goes hand in hand with depressed economic and human development (Tröster/Küblböck 2020). Furthermore, upgrading in mining global value chains remains highly challenging (Pietrobelli et al. 2024).

Funding for the development of raw materials projects and related infrastructure remains crucial. All MoUs include at least some provisions on the deployment of financial and investment de-risking instruments for raw material projects. The Partnerships with the DRC, Zambia, Greenland, and Rwanda also take-up the facilitation of financing for infrastructure projects.

European raw materials policy employs a web of different financial actors and instruments, such as the European Fund for Sustainable Development Plus (EFSD+), the Global Gateway Strategy, as well as export credit agencies and development banks of EU Member States (COM(2023) 165). The EU consequently uses the well-known de-risking approach which relies on providing public money to mobilize private capital, i.e. blended finance (Küblböck/Grohs 2019). Political economists stress that the success of de-risking instruments depends on the alignment with the goals of private investors (Gabor 2023; Kampourakis 2024). So far, there is only minor expertise to finance raw material projects in third countries via these European financial instruments.

Critics point to further issues in these partnerships: They generally fail to address illegal and irresponsible mining practices, neglect anti-corruption measures, and offer minimal transparency obligations (Fern et al. 2023). MoUs with countries like Zambia, the DRC, and Rwanda include traceability and transparency standards due to concerns over smuggling and artisanal mining, whereas other partnerships remain unclear about this issue.

Further, roadmaps containing the details of the agreements and ideally also concrete projects, were envisioned to be finalized within a maximum of six months after the conclusion of the MoUs. Yet, in most cases, they have not been published, which is adding to the frustration of civil society actors, who claim that the MoUs’ promises of “transparency” and “cooperation with civil society” have not been adhered to (Lobacheva/Sedova 2024).

With the Strategic Partnerships, the EU extends its active, market-directing approach towards the twin transformation and increasingly towards militarization to the external sphere of raw materials supply from third countries. The development of new production capacities in the EU is actively supported by arrangements with resource-rich countries that foster the integration of EU buyer relations with extracting projects in those countries. However, the challenges of mobilizing the necessary investments and the creation of mutual benefits beyond the extractive stage of the value chain remain unresolved.

4.4. Sustainable Investment Facilitation Agreements (SIFAs)

The CRMA Communication also contains references to investment agreements like SIFAs, a new EU instrument, which has only been employed once so far. The EU-Angola SIFA, signed in 2023, aims to promote transparency, streamline authorization processes, and provide technical assistance while explicitly prohibiting the dilution of labour and environmental protections as means to attract investment (COM(2023) 313 final). Central provisions include the obligation to allow investors to comment on proposed laws and regulations related to investment and the requirement to publish all relevant laws online. While the current SIFA does not contain specific provisions on raw materials, the Commission's CRMA Communication announces that future agreements may address this gap (COM(2023) 165).

Compared to traditional Bilateral Investment Treaties (BITs) between developed and developing countries (in detail see Bas 2022), the SIFA model represents a notable shift in emphasis. Rather than focusing on strong investor protection often enshrined in BIT provisions, SIFAs prioritize – at least on paper – cooperation, transparency, and sustainable development. Notably, the EU-Angola SIFA does not contain investor-state dispute settlement (ISDS), but only a state-to-state arbitration procedure for resolving disagreements (Andreotti 2024). The SIFA does also not contain expropriation protection clauses and does not foresee the principle of domestic treatment of foreign investors¹³ (Andreotti 2024). Therefore, this approach emphasizes facilitation of investment rather than protection of investors, preserving greater regulatory autonomy of host countries, including for measures related to public health, climate, labour, and environmental policy.

While no other SIFA has been signed yet, some of the key features of the EU-Angola SIFA, such as the absence of investor-state dispute settlement provisions and of explicit protection clauses against unlawful expropriation can also be found in other EU trade agreements. For instance, the FTA between the EU and India, which was signed in 2024, incorporates several elements of SIFAs, suggesting that the EU is gradually integrating this new model into broader trade and investment frameworks (Vaz Pinto/Granadeiro 2024).

4.5. Energy and Raw Materials Chapters in Free Trade Agreements (FTAs)

Free Trade Agreements (FTAs) are a key instrument used by the EU to secure access to raw materials. The EU's 2015 "Trade for All" strategy called for the introduction of energy and raw materials (ERM) chapters in new FTAs (European Commission 2015). However, not all FTAs concluded since then include ERM chapters. In the case of the EU-Mercosur FTA, the EU and Mercosur could not agree on such a chapter, but did include some of the provisions typically found in such a chapter in other parts of the FTA (New EU-Mercosur trade agreement, 2019).

In the Communication to the CRMA, FTAs and ERM chapters are described as an important framework "providing better access to sustainable investment in critical raw materials" (European Commission 2023: 9). ERM chapters are included in FTAs with Mexico (2018), Chile (2022), and New Zealand (2023). Furthermore, such chapters are included in the draft FTAs with Tunisia, Australia, Indonesia and India. These chapters typically prohibit trade restrictions, export monopolies, and regulated pricing while mandating third-party access to infrastructure. Critics argue however that this could undermine local energy security and transition plans (Müller et al. 2024).

All three FTAs with ERM chapters in force prohibit import and export monopolies and higher export prices compared to the prices for usage of the same commodity domestically (with some exceptions in the case of the FTA with Chile). They all include restrictions on regulating the supply of energy and raw materials (with the strictest restrictions being used in the FTA

¹³ That is, the principle that foreign investors must be treated no less favorably than domestic ones.

with Mexico, while the FTA with Chile allows for more exceptions and the FTA with New Zealand leaves the most leeway to the parties), rules pertaining to the permits for explorations and production of raw materials, guarantees of access to the energy infrastructure, as well as provisions relating to cooperation in research, development and cooperation.

Social and environmental issues are not included in the binding ERM chapters but instead addressed in non-binding "Trade and Sustainable Development" (TSD) chapters, which cannot trigger the dispute settlement mechanism of EU FTAs and whose provisions cannot be enforced with sanctions (Ankersmit/Partiti 2020). This limits their effectiveness in ensuring sustainability and protecting local communities from mining-related conflicts. In 2022, the EU declared its willingness to strengthen the implementation and enforcement of TSD chapters (Jütten 2023). The changes suggested included extending the state-to-state dispute settlement mechanism to the TSD chapters and allowing sanctions for serious violations of the TSD chapters (ibid.). Since then, three FTAs were concluded. Of those, only one (the EU-New Zealand FTA) contains the "fully-fledged revised TSD approach" (ibid.: 7). The EU-Chile FTA and the EU-Kenya Economic Partnership Agreement both include TSD chapters under the dispute settlement mechanism, but no possibility for sanctions.

Some FTAs also include investment protection clauses, allowing investors to sue governments if domestic regulations infringe on their rights under the agreement. Of the above listed FTAs, this concerns the FTA with Chile and Mexico. While this mechanism ensures investor confidence, there is an ongoing debate about its potential to deter governments from implementing progressive policies due to the fear of litigation, a phenomenon referred to as "regulatory chill" (Berge/Berger 2019; Tienhaara 2011). Moreover, FTAs lack binding provisions for granting policy space to support local industrial development (Ghiotto et al. 2024). This approach often fails to address critical public infrastructure needs, limiting resource-exporting countries' ability to benefit fully from raw materials trade (Findeisen 2023).

The contents of ERM chapters reflect varying levels of unequal power relations between the partners as well as different interests among partners. For instance, environmental transparency requirements are more robust in agreements with New Zealand compared to those with Chile or Mexico, likely reflecting a higher willingness of New Zealand to include such provisions. Similarly, provisions on domestic supply pricing offer more flexibility in agreements with New Zealand, highlighting the EU's selective application of free trade principles depending on the counterpart.

5. Discussion and Conclusions

Despite efforts to scale up domestic mining, processing, and recycling, the EU will remain heavily dependent on imports of CRMs, particularly as demand continues to grow. The EU faces a particularly demanding situation as it pursues strategic autonomy in manufacturing for the green, digital, and military sectors. The necessary link between minerals extraction in third countries and manufacturing in Europe has led to new policy approaches. In particular, the strategic partnerships on raw materials seek to actively promote opportunities for European manufacturing sectors to enter into supply arrangements.

As a first incentive for third country governments and European manufacturing companies, the EU aims to support sustainable mining. For extractive projects to be responsible, sustainable, and not harmful to the local population, detailed agreements and strong monitoring mechanism are essential. Currently, the non-binding nature of most provisions in all instruments outlined above weakens the EU's commitments. However, neglecting strict social and environmental standards can erode public acceptance for mining projects and spur resistance by the local population against investors and governments (see the example of Jadar: DW 2024).

If the EU wishes to increase the acceptance of CRM extraction as part of the twin transition, it needs to translate its commitments towards sustainability into concrete, enforceable measures. More specifically, this means to designate projects as Strategic Projects only when they demonstrably comply with ESG standards, and to enter Strategic Partnerships only with countries committed to these standards. Agreements between the EU and other countries should include binding and enforceable commitments on human rights and environmental protection and provide affected communities with access to effective remedies for harms.

As a second incentive for resource-rich countries, the EU emphasizes the potential for mutual benefits and value addition in those countries. However, commodity dependence is a major reason for persistently low levels of human and economic development and upgrading in the mining sector remains highly challenging. Furthermore, a longstanding policy tension remains: While resource-rich countries seek to upgrade their position in mineral value chains as a basis for their own industrialisation (Jütten 2024), this ambition often clashes with the EU's pursuit of 'strategic autonomy' and the 'relocation' of manufacturing back to Europe as part of its transition plans (Hool et al. 2023; Höra 2024; Leali 2020; Wolf 2023).

If the EU is serious about its commitment to mutually beneficial partnerships, its trade agreements and strategic partnerships must support – not constrain – efforts by resource-rich countries to retain more value from their raw materials. This includes preserving policy space to adopt temporary export restrictions, promote technology transfer, set local content requirements, establish joint ventures, and encourage domestic employment and research and development. As competition around CRMs intensifies, exporting countries already are asserting their demands more forcefully – including through the use of export restrictions (Mardell 2024; Palaon/Walker 2024; Carry et al. 2023).

A third incentive by the EU is the financing of extractive projects and infrastructure around them. For this purpose, the EU also builds on existing de-risking approaches, such as the Global Gateway Initiative in the case of infrastructure projects. Thus, the EU's raw material strategy relies heavily on private sector investments. These should be mobilized by existing de-risking measures by European public finance institutions and funds. While China and the Arab Gulf states are welcome partner countries, given that their investments are aligned with the partner countries' raw material sector development and industrialization goals through state-owned companies and financial institutions, the EU's currently lacks similar tools and expertise to support partner countries to generate significant value addition in a partnership with the EU (Schulze 2025).

Overall, the EU's raw material policies vis-à-vis third countries are closely aligned with its industrial policies, aiming primarily to secure raw materials supplies for sectors essential for the twin transition and military purposes. However, the EU's incentives for sustainable mining, mutual benefits and financing opportunities remain vague and their implementation faces considerable challenges. The new Commission has signalled a significant shift from the priorities of the green transition and global sustainability, focusing instead on EU competitiveness and increased militarization (see e.g. the recently published ReArm Europe Plan (EC 2025c) and the Omnibus I Package: EC, COM (2025) 80; COM (2025) 81; COM (2025) 87). This shift further complicates the implementation of Strategic Partnerships established in recent years, likely necessitating the alignment of existing partnerships with new EU priorities. At the same time, traditional tools rooted in a market-creating approach – such as free trade agreements and regulatory cooperation – remain central to foreign raw materials policies. This logic is embedded across all existing instruments and is also central to the recently announced new instrument of "Clean Trade and Investment Partnerships".

In the long term, aligning EU policy with the development goals of producer countries is both a strategic and normative necessity. It would strengthen relationships, ensure more stable and balanced global value chains, and reinforce the EU's credibility as a global actor.

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