Amending the Critical Raw Materials Act

DIGITALEUROPE calls for targeted changes to the proposed amendments to the Critical Raw Materials Act (CRMA) to ensure the new obligations are effective, proportionate and workable:

(1) New requirements mandating the mapping of supply chains for components should be clarified and limited, allowing companies to focus on key components containing meaningful quantities of Strategic Raw Materials (SRMs), rather than conducting unlimited supply chain risk assessments.

(2) Companies should be able to choose appropriate mitigation measures and be given realistic timelines for mitigation and verification. The Commission's power under Article 24(5b) to define risk-mitigation measures should remain indicative and linked to clearly identified vulnerabilities.

(3) The list of products subject to labelling requirements under Article 28 should not be expanded. The amendment lacks a clear scientific basis and is not an effective measure to increase recycling of critical raw materials. The digital provision of product information should be allowed.

Limit the requirement to map components containing raw materials

The new requirement in Article 24(2) to map the supply chain of components containing strategic raw materials is disproportionate. To ensure risk assessments are meaningful, the rule should encourage companies to focus on tracing components that are critical for their manufacturing, not conduct an unlimited assessment of their entire supply chain. DIGITALEUROPE recommends to:

- ▶▶ **Introduce an appropriate mass-based threshold:** Small amounts of strategic raw materials should not be in scope of the requirement. For example, a 10MW synchronous motor contains around 9.5 tons of copper, 200 kg of aluminium and two LEDs with an amount of around 25 μg of gallium per LED. Co-legislators should introduce a mass-based threshold at $X > 0.2kg$ to allow companies to focus on amounts that are economically meaningful and traceable.

- ▶▶ **Exclude at least copper and aluminium:** Copper and aluminium are present in many products and components. Supply of these raw materials is relatively diversified and recycling rates are high. Mapping the full supply chains of copper and aluminium is disproportionate. It would divert attention from strategic raw materials with higher dependencies, where policy efforts should be directed.

- ▶▶ **Limit the list of components in scope**: Another way to meaningfully focus the requirement on key components would be to align it with the list of products, components and waste streams with critical raw materials recovery potential specified by the Commission pursuant to Article 26(7) CRMA.

- ▶▶ **Clarify that risk assessment and preparedness only apply to steps leading up to and including manufacturing:** Article 24(1) should explicitly state that the requirements do not apply to companies' operations following manufacturing. This would reduce legal uncertainty around downstream economic activities, considering the expansion to components.

- ▶▶ **Set realistic deadlines for identified large companies to conduct risk assessments (Article 24(5a)):** DIGITALEUROPE recommends that the deadline for identified large companies is set at a minimum of 12 months, to allow for necessary information gathering from suppliers.

## Let companies choose mitigation measures with realistic timelines
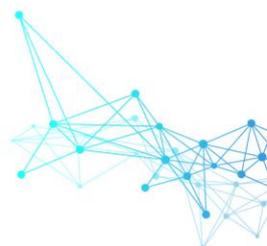
The new empowerment of the Commission to adopt a Delegated Regulation specifying risk mitigation measures that large companies 'are to take' requires clarification. DIGITALEUROPE recommends to:

▶▶ **Let companies choose the most appropriate mitigation measures:** The list of risk mitigation measures that the Commission can adopt should only be an indicative list from which large companies can voluntarily make use if they identify significant vulnerabilities. Given the diversity of SRM and the technologies that contain them, a prescriptive 'one-size-fits-all' approach would inevitably create significant regulatory burdens, without meeting the underlying policy objective.

▶▶ **Explicitly allow for 'reasonable time' to mitigate vulnerabilities**: The new requirement for designated large companies 'to take efforts to mitigate' identified vulnerabilities must make clear that companies have reasonable time to implement mitigation measures. This is necessary to ensure product safety, regulatory compliance and continuity of supply.

▶▶ **Expand deadlines for verification**: DIGITALEUROPE recommends that the proposed 30-day deadline to provide information on compliance is extended to a minimum of 90 working days, with flexibility for extension where the Commission's request requires exchanges with suppliers to gather or confirm data. There is also a need to clarify what information would be considered sufficient.

Clarify the scope of labelling requirements and make them digital

DIGITALEUROPE objects to the extension of labelling to new product categories because labelling is not an effective measure to increase the recycling of critical raw materials. The recycling infrastructure is currently not set up to screen products for labels or to remove permanent magnets from products like loudspeakers and hard disk drives. DIGITALEUROPE recommends to:

▶▶ **Avoid labelling without impact assessment (Art 28(1)):** The expansion of labelling requirements lacks any evidence about its effectiveness. The only information cited in the explanatory memorandum is a Joint Research Centre paper that fails to address critical raw materials content in the proposed product. We urge the co-legislators to uphold Better Regulation principles and refrain from extending requirements without a thorough assessment of their impact and proportionality.

▶▶ **Allow for digital product information (Art. 28(1))**: Physical labelling of consumer products like loudspeakers is not scalable. Electronic products contain many materials defined as critical and strategic, currently requiring individual labels for each material. Co-legislators should add the option to provide this information digitally via existing infrastructure like the Information for Recyclers (I4R) Platform and in anticipation of the introduction of Digital Product Passports. This would improve traceability, while reducing the burden on companies.

▶▶ **Add missing definitions for product categories (Articles 2, 24(1) and 28(1)):** The CRMA revision should add missing product definitions, including "equipment related to …" in Art. 24(1) and for the newly added product categories in Art. 28(1) should these be retained.

▶▶ **Address existing overlaps**: The Ecodesign for Sustainable Products Regulation (ESPR) and the Waste Electrical and Electronic Equipment (WEEE) Directive already cover CRM recovery. The CRMA revision should address known regulatory conflicts. The CRMA fails to recognise the exemptions in the WEEE Directive for labelling of products that cannot be safely dismantled. This is case for medical devices that are infectable and/or implantable and must be destroyed. DIGITALEUROPE recommends that Article 28(11) CRMA is amended to add the exemptions in Article 2 of the WEEE Directive to the list of grounds for exemption from Article 28 of the CRMA.
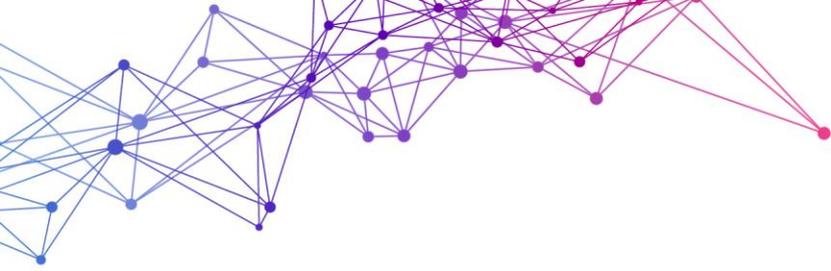
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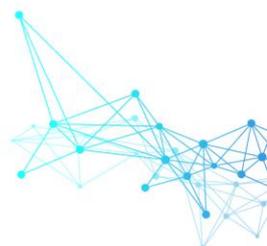
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About DIGITALEUROPE

DIGITALEUROPE is the leading trade association representing digitally transforming industries in Europe. We stand for a regulatory and investment environment that enables European digitalizing businesses across multiple sectors and citizens to prosper from digital technologies. We wish Europe to grow, attract and sustain the world's best digital talents, investment and technology companies. Together with our members, we shape the industry policy positions on all relevant policy matters and contribute to its development and implementation. Our membership represents over 56,000 businesses who operate and invest in Europe. It includes corporations and scale-ups which are global leaders in their field of activity, as well as national trade associations from across 30+ European countries.