

## Quick Takes

### European Court of Auditors Special report

#### Critical raw materials for the energy transition – Not a rock-solid policy

The **European Court of Auditors** (ECA) is the EU's external auditor, tasked with independent audit of EU initiatives and actions to improve governance, accountability, transparency and sound financial management. It's a collegiate body of 27 members, one from each Member State, across five audit chambers which coordinate and conduct the review and reporting work. The full Court of 27 Members meets around twice a month.

As indicated in its title "[Critical raw materials for the energy transition – Not a rock-solid policy](#)", the ECA report is critical of the Commission's work on minerals, concluding that *"the EU is having difficulties securing the supply of the raw materials it needs to meet its energy and climate goals. [...] EU action on import diversification is not producing tangible results, bottlenecks hinder domestic production, and recycling is still in its infancy. Against this backdrop, many EU-supported projects are unlikely to succeed in time."*

#### Two transversal concerns

First is the lack of accountability of the Commission on this agenda, whether due to non-binding targets, lack of methodology to assess progress and/or outcomes or the disconnect between strategic regulatory frameworks guiding EU action. This reflects the lack of institutional and political ownership of the minerals agenda in Brussels, evidenced in the confusion coming from the Commission, with various DGs defining their own approach with TRADE on free trade agreements, COMP on market design issues, INTPA on strategic partnerships and GROW supposedly coordinating these discordant efforts towards industrialisation and strategic autonomy in the Internal Market. It also reflects the limited oversight investment by the European Parliament : until recently only EPP had tasked an MEP with this portfolio, which does not feature in parliamentary priorities despite best efforts from this dedicated advocate; a wider coalition would be necessary to exert pressure for tangible outcomes.

Second is the lack of value chain understanding and vision of the Commission, stemming from a combination of the complexity of the issues, European disconnect with global mining and minerals (lacking a strong collective voice in the EU) and lack of commitment from European industry, as consumers minerals and mineral products, to invest in the resilience and responsibility of mineral value chains.

Generally, the ECA underlines the Commission is flying blind on minerals, constrained by outdated institutional mechanisms without sufficient political capital for this agenda and lacking the expertise to take effective action with the tools it currently holds.

## Next Steps

The ECA report is an accountability tool that cannot be ignored by the Commission- which to some extent, apparently attempted to anticipate the damning report through the [ReSourceEU Action Plan](#) in December 2025. The ECA consulted primarily the EU institutions, specialised agencies and two Member States: Sweden and Germany, which can now exert more ownership and expect clarity of purpose from Brussels.

Adroitly addressing issues within the competence of DG GROW for what can be resourced within the EU, the ECA report provides a time-sensitive roadmap for significant risks such as financing (Pillar 1) and ownership/accountability (Transversal Concern 1). It can be the foundation of robust engagement to address key weaknesses in the EU's minerals agenda: impact will depend on how stakeholders use it, including in their engagement with the Commission, the European Parliament and other EU and Member State institutions, to increase pressure for tangible outcomes.

Notably, the ECA will issue a Special Report on the Innovation Fund in March 2026, assessing actions of DG CLIMA and CINEA in Innovation Fund deployment and outcomes. The audit will focus on Germany, Denmark, Spain, France and Italy and aim to *"assess whether the Innovation Fund provides an adequate platform to promote innovative demonstration projects which contribute effectively to the EU decarbonization objectives"*. Considering the value of the Innovation Fund and its poor track record of addressing mineral stakes – even in calls which ostensibly expand to mineral value chains of key technologies – this could open further opportunity to advocate for reallocation of a portion of this capacity to a dedicated mineral funding instrument.

## Summary

This ECA report, reflecting the importance of minerals to European energy transition and economic security, focuses on the role of the Commission, including CRM-related funding in the 2014-2020 and 2021-2027 programming periods, up to October 2025. The [Commission's replies to the ECA report](#), published along with the report itself, although entirely stated as acceptance of the recommendations focus on procedural or, again, non-quantifiable or verifiable commitments, maintaining the lack of accountability identified by the ECA.

Among the five pillars of improvement, the ECA starts with those where the Commission has had the least outputs (and no outcomes at all) to date – correctly identifying where the focus of improvement should be for short and medium-term impact on mineral supply security: the missing financial foundation and the weakness of external action. The three other pillars focus on low investment attractiveness in the Internal Market, lack of commitment to resource efficiency and the high risk attaching to the Commission's debatable Strategic Project selection.

### **Pillar 1 - EU's raw materials policy sets a strategic course, but rests on incomplete foundations**

- ▶ EU lists identify key raw materials, but underlying data, projections and methodology have shortcomings : *"Current demand projections do not allow a distinction between EU demand for raw materials and CRMs already incorporated into components which are imported to the EU."*
- ▶ Strategic raw material targets provide direction, but lack justification

- ▶ **The effect of EU funding on critical raw materials' supply is unclear:** *"The information about the EU-financed CRM initiatives and projects is scattered across multiple Commission directorates-general. We found that there is no proper tracking of results and that the Commission did not analyse the initiatives' effects on EU supply, as the multiannual financial framework 2021-2027 does not define critical raw materials as a priority. For example, EU funding has been used for projects covering the sustainable use of raw materials – including waste processing, advanced materials and substitution. The Commission cannot, however, demonstrate the effects of this funding. [...] The 2020 action plan recommended that the Commission, member states and other stakeholders develop a funding mechanism for critical raw material projects outside the EU. However, in June 2025, the Commission acknowledged that the use of EU funding to support such projects remains "relatively limited", and does not know the extent to which these sources will effectively mobilise private investment."*

This assessment could be used by parts of the EU infrastructure adverse to EU funding of mineral priorities to maintain or even bolster their resistance; but it also allows the minerals sector to demonstrate that lack of outcomes for *"more than €1.8 billion [...] allocated for CRM initiatives across the 2014-2020 and 2021-2027 periods"* is due to mistargeting and ineffective structuring. EU funding instruments have yielded no tangible derisking of mineral sourcing because they consistently overlook the specificity of financing minerals to shoehorn them into innovation, industrialisation, defence or development goals. This weakness connects to the two transversal issues and carries across to current proposals for the next long-term budget ([multi-annual financial framework 2028-2034](#)).

## **Pillar 2 - Efforts to diversify imports have yet to produce tangible results**

- ▶ **Trade distortions restrict access to critical raw materials, while the effect of EU external activities on supply cannot be determined:** *"The EU's demand for critical raw materials will continue to be largely met by imports in the short, medium and long term. Free trade agreements and other EU external activities, which allow access to these materials from resource-rich countries outside the EU, are hence key for the EU's supply."*

Primarily focused on Internal Market measures (which per the CRM Act would address 10% of raw materials and 40% of processing needs), European initiatives overlook the short-term imperative to secure supplies of priority materials from existing operations, by bolstering relationships with responsible operators in established mining and processing regions. The EU and Member States must connect more efficiently with the global mining and minerals sector. Stepping away from the multiplication of ineffective MOUs ([Strategic Partnerships](#), [Clean Trade and Investment Partnerships](#)) which have no bearing on mineral investment drivers and derisking, the EU must align with mineral investment and operations leaders (e.g. Canadian companies and investors) in the countries that would provide rapid diversification of supply of raw and processed minerals.

- ▶ **Strategic partnerships improve cooperation, but contribute little to the secure supply of materials:** *"available trade data for raw materials relevant for the energy transition from all 14 strategic partnership countries demonstrates that imports from these countries actually decreased between 2020 and 2024 for 13 raw materials examined, while increasing for another 13 raw materials and remaining stable for one."*

### **Pillar 3 - Financial, legal and administrative bottlenecks hamper progress in domestic production**

This section generally echoes the positions and demands of European mineral sector associations. Whilst important for the credibility of European positions in the global competition for minerals, this is, per geological as well as market realities, only a part of the solution – and perhaps the smallest. Of note is the reminder of the failed attempt to feature minerals under the European framework for sustainable finance (taxonomy); although this file has been shelved, it could be revived with better scoping and more effective understanding of the specificities of mineral finance, to unlock European capital currently disconnected from mineral priorities.

- ▶ Exploration activities are underdeveloped and risky
- ▶ Processing is affected by a lack of technology and by a shrinking number of facilities in the EU
- ▶ Financing the exploration, mining and processing of critical raw materials in the EU is just beginning
- ▶ Lengthy and complex permitting creates a bottleneck for mining in the EU

### **Pillar 4 - The potential of sustainable resource management is not fully used**

This point has been largely absent from the EU's minerals agenda despite the European Parliament's efforts to feature it in the framework; of major significance to civil society, its absence reflects the complacency and lack of commitment of European industry as mineral users to responsibility as well as resilience in mineral stakes – driving diluted regulatory accountability in this case, and a missed opportunity for the minerals sector to align with civil society and create a unique platform towards societal acceptance of mineral priorities and operations across the EU and even globally.

Of note is the stark assessment of recycling as a pillar of European minerals strategies: *"While recycling systems for critical raw materials work well for materials used in large volumes such as aluminium and copper, they are still underdeveloped for those used in small quantities or which are embedded in complex products, because recycling is often not economically justifiable."*

- ▶ Substitution of critical raw materials is not sufficiently covered by the EU legislation and national circularity plans are likely to be delayed
- ▶ No EU targets exist to incentivise the recycling of all critical raw materials
- ▶ Market barriers to recycling critical raw materials and regulatory obstacles hinder industry competitiveness

### **Pillar 5 - EU strategic project label can bring benefits but many projects will struggle to secure supply for the EU by 2030**

- ▶ The strategic project label can bring benefits, but challenges in permitting and financing persist
- ▶ Many strategic projects will struggle to secure supply for the EU by 2030

*"The Act does not provide for any EU funding for strategic projects. In July 2025, the Commission proposed a regulation to establish a European competitiveness fund which would include funding opportunities specifically for strategic projects. [...] Sixty percent of the selected strategic projects were applying for EIB financing and advisory assistance. Financial viability is not a condition to be selected as a strategic project under the CRMA."*