

Mind the Gap: CRM Refining in Europe

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Europe has fallen behind both allies and adversaries in the global race for enhanced security of supply for critical raw materials (CRMs). In today's volatile geopolitical context, with the US seeking to take Greenland, with a resurgent Russia and China – Europe needs to wake up fast. Export controls on selected CRMs by China exposed this vulnerability.

The EU Critical Raw Materials Act (CRMA) has failed to address this. The RESourceEU Action Plan presents an important step towards strengthening Europe's position, but falls short of the coordinated, ambitious effort required to ensure long term security of supply and protect Europe's industrial competitiveness. To secure its industrial base, Europe must substantially improve the business case for extraction, refining, and recycling in Europe. Security of supply will only be achieved if there is a comprehensive view of the entire CRM value chain.

Rasmussen Global proposes that the EU takes concrete steps:



De-risking investments with EU funding: EU level equity financing coordinated national CRM funds, a dedicated EU CRM financing instrument, long term offtake contracts, and geopolitical/green price premiums are needed to strengthen domestic capabilities in all parts of the CRM value chain.



Investing in R&D and innovation: Investment in research and fostering innovation through competition.



Building a community of suppliers: Pairing strategic investments with guaranteed offtake, opening selected EU instruments to trusted partner countries, and adopting flexible local content rules that blend EU production with friendshoring.



Fast tracking permitting working closely with municipalities and regions.



Reducing investor uncertainties: Strengthening the European Critical Raw Materials Centre with mandates for joint purchasing, price stabilisation mechanisms, mandatory disruption notifications, and coordinated value chain audits.



Facilitating EU recycling: Creating a Single Market for Waste through harmonised customs codes, unified end of waste criteria, mandatory lifecycle planning for CRM rich products, and improved monitoring of scrap flows to secure predictable feedstocks for recyclers.

A European Critical Raw Materials Strategy 2.0

Critical raw materials (CRMs) are the foundation of European industrial value chains. They power the green and digital transitions and underpin defence capabilities. **Securing access to CRMs is not an industrial challenge, but a strategic imperative for protecting Europe's entire industrial base.** As the recent situation of Chinese export controls on certain raw materials exposed, Europe is now confronting the consequences of years of insufficient efforts to strengthen its CRM value chains.

THE BIG GAP: REFINING IN EUROPE

The most acute vulnerability lies in refining, where strategic dependencies have deepened and where China today exerts de facto control over almost the entire global processing landscape. A 2023 report from the European Commission assessing the EU's sources of supply of critical raw materials, concluded that China is the largest global supplier of several critical raw materials (see Figure 1).

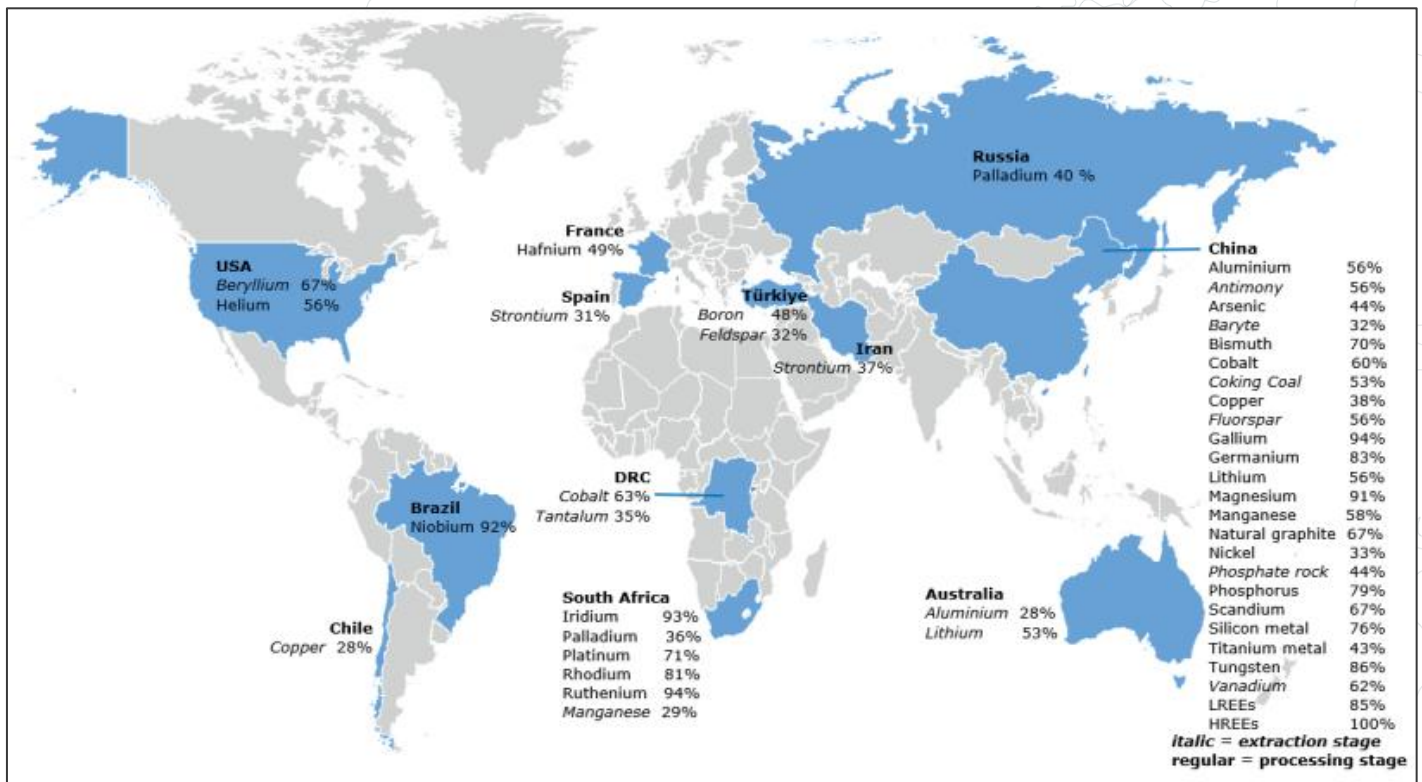

































Figure 1: Source: European Commission: Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, Study on the critical raw materials for the EU 2023 – Final report, Publications Office of the European Union, 2023, <https://data.europa.eu/doi/10.2873/725585>

This vulnerability becomes even more pronounced when considering how essential these critical raw materials are to key sectors such as **automotive, defence, and renewable energy** (see Figure 2).

Europe's Dependence on Chinese Refined Critical Raw Materials

Critical Raw Material	Chinese Share of Global Processing (2016-2020 Average)	Key Sector		
Graphite	95%			
Gallium	94%			
Tungsten	86%			
Germanium	83%			
Phosphorus	78%			
Silicon Metal	77%			
Rare Earth Elements	68%			
Cobalt	67%			
Manganese	58%			
Aluminium	56%			
Lithium	56%			
Titanium Metal	43%			
Copper	38%			
Nickel	33%			




Sectors:  Automotive  Defence  Renewable Energy

Figure 2: Europe's Dependence on Chinese Refined Critical Raw Materials, Sources: Hacek et al. (2025), [Critical Raw Materials and European Defence](#), International Institute for Strategic Studies; Eurostat (2025), [International trade in critical raw materials - Statistics Explained - Eurostat](#)

This imbalance has left the EU exposed at the most essential point in the value chain – the stage that turns raw inputs into strategic assets for defence, clean tech, and advanced manufacturing industries. Reversing this trajectory will require the EU to transform the business case for refining on European soil. Domestic extraction should be expanded where possible, but it will rarely cover Europe's full needs. What ultimately determines Europe's resilience is not the location of the ore, but **the ability to refine it at scale, with competitive technology and capacity**. Building this capability is the decisive strategic lever for restoring autonomy, strengthening supply-chain security, and ensuring Europe can compete.

In response to the Chinese export controls, the European Commission unveiled the **RESourceEU Action Plan** on 3 December 2025. RESourceEU is an important step forward, but it falls short of the leap that Europe needs.

The upcoming **Industrial Accelerator Act (IAA)** has the potential to be a decisive tool for decarbonising European industry while strengthening competitiveness and strategic autonomy. Given the central role of critical raw materials for Europe's green and digital transitions, as well as for its defence capabilities, the IAA should take decisive action to reinforce supply-chain resilience. This includes introducing **local content requirements** that do not restrict market access but clarify the conditions for access to public support, thereby accelerating the build-up of European refining capacity.

BRIDGING THE GAP

Rasmussen Global has identified **six critical gaps** in the current EU approach to strengthening security of supply of CRMs. Below is an overview of the gaps and recommended actions to address these.

GAPS	RECOMMENDATIONS
<p>EU-funding to de-risk CRM investments</p>	<ul style="list-style-type: none"> • Establish a Critical Raw Materials Fund – supporting investment not just with loans, but also equity stakes. • Use long-term offtake agreements at commercially viable prices for key materials – supported through contracts for difference, ensuring price stability and enabling companies to scale production. • Use targeted premiums in public procurement, such as geopolitical premiums for CRMs sourced within the EU or trusted partner countries, and green premiums for sustainably sourced materials.
<p>R&D capabilities</p>	<ul style="list-style-type: none"> • Foster industry innovation through competition, for instance by launching targeted competition challenges, modelled on the European Space Agency’s European Launcher Challenge.
<p>Implementation of fast-track permitting rules</p>	<ul style="list-style-type: none"> • Strengthen collaboration with local communities and regional governments in areas with CRM projects to build support. Introduce upskilling programs for national authorities dealing with permitting of CRM projects. • Introduce upskilling programs for national authorities dealing with permitting of CRM projects. • Introduce robust provisions in the Industrial Accelerator Act on speeding up permitting for CRMs projects.
<p>Making the EU an attractive partner for CRM collaboration with third countries</p>	<ul style="list-style-type: none"> • Open selected EU funding instruments to trusted partner countries. • Reinforce partnerships through modified local content requirements (LCRs). The term “local” should include FTA countries in the upstream value chain (friendshoring of raw minerals, homeshoring for high-value components like cells and modules).

<p>Overview of supply chain bottlenecks</p>	<ul style="list-style-type: none"> • Extend the mandate of the European Critical Raw Materials Centre beyond matchmaking to actively aggregating European demand through joint purchasing, facilitating the conclusion of long-term off-take agreements with strategic national buyers – including in the defence sector – and stabilising revenues with price-support tools such as price corridors. • Introduce notification framework for companies in the event of major supply disruptions, critical supplier failures, or geopolitical events affecting access to critical raw materials. • Develop stress-testing methodologies that map CRM value chains and simulate disruptions to identify vulnerable points and plan corrective measures.
<p>Regulatory framework to identify, separate, and direct waste streams containing CRMs</p>	<ul style="list-style-type: none"> • Harmonise EU end-of-waste criteria. By clearly defining when materials rich in critical raw materials cease to be waste, recovered resources could circulate freely within the EU without being exploited to bypass environmental safeguards. • Improve the understanding of metal scrap flows to retain more scrap in Europe. Introduce a more granular classification system that distinguishes between high- and lower-grade material. • For permanent magnets, require life-cycle planning for new green investments, ensuring that end-of-life materials are systematically recovered and returned to recycling streams. • Standardise the sizes of permanent magnets and prohibit the shredding of end-of-life vehicles.

The Case of Greenland – Unlocking Opportunities

Greenland holds the potential to become a central pillar of a resilient, EU-aligned critical raw materials supply chain. Several world-class deposits remain underexplored or stalled at pre-feasibility stages, due in part to the persistent absence of sufficient and predictable European financing – **a structural gap created by Greenland's status as an Overseas Country and Territory (OCT)**. As an OCT, Greenland does not have access to the EU's cohesion policy instruments such as the European Regional Development Fund (ERDF) and Cohesion Funds, which in the EU support energy infrastructure, industrial development, and transport networks.

While Greenland is eligible for horizontal EU programs such as Horizon Europe, LIFE and Erasmus+, Creative Europe, Digital Europe, these instruments finance research, innovation pilots, environmental projects, and capacity building – not the capital investments required for extraction or large-scale industrial development. **Accordingly, large-scale mineral projects must seek financing from domestic budgets, private investors, national partners, or non-EU foreign actors.** The EU's new **REsourceEU Action Plan** mobilizes €3 billion for critical raw materials and explicitly supports financial de-risking tools, but Greenland currently receives only project-specific support, not sustained, structural



To unlock the potential of Greenland, the EU could:

- Create an “Invest in Greenland” program – a dedicated vehicle combining EU-level equity, de-risking instruments, technical assistance, and early-stage project support. This would help stalled projects progress, crowd in private capital, and cement Greenland as a trusted upstream partner.
- **Guarantee full access for Greenlandic projects to EU CRM instruments**, including offtake agreements, joint purchasing mechanisms, and price stability tools, providing investors with long term certainty.
- **Expand Greenland’s eligibility to additional EU programs**, including those under the Industrial Accelerator Act (IAA) and wider CRM related funds, to bridge the current structural funding gap created by OCT status.

With these adjustments, the EU would demonstrate its willingness to match strategic rhetoric with concrete instruments, and turn Greenland’s geological strengths into a reliable, long term supply base while enabling Greenland to secure stable investment and strengthen its economy.

Call to Action

The RESourceEU Action Plan provides a blueprint, but Europe needs a comprehensive, coordinated strategy to secure its supply of CRMs. This requires closing the intelligence and coordination gap through a strong European Critical Raw Materials Centre, building a global coalition with trusted partners, accelerating domestic extraction, refining and recycling with real financial firepower, fast-tracking permitting processes, and creating a genuine Single Market for Waste and circularity.

Informed by industry input, the expertise of senior advisors at Rasmussen Global, and insights gathered through visits to key production sites, **we recommend the EU pursue the following actions:**

- **De-risking investments with EU funding:** EU-level equity financing, coordinated national CRM funds, a dedicated EU CRM financing instrument, long-term offtake contracts, and geopolitical/green premiums are needed to strengthen domestic capabilities in all parts of the CRM value chain.
- **Investing in R&D and innovation:** Investment in research and fostering innovation through competition.
- **Fast tracking permitting procedures** working closely with municipalities and regions.
- **Building a like-minded community of suppliers:** Pairing strategic investments with guaranteed offtake, opening selected EU instruments to trusted partner countries, and adopting flexible local-content rules that blend EU production with friendshoring.
- **Reducing investor uncertainties:** Strengthening the European Critical Raw Materials Centre with mandates for joint purchasing, price-stabilisation mechanisms, mandatory disruption notifications, and coordinated value-chain audits.
- **Facilitating EU recycling:** Creating a Single Market for Waste through harmonised customs codes, unified end-of-waste criteria, mandatory lifecycle planning for CRM-rich products, and improved monitoring of scrap flows to secure predictable feedstocks for recyclers.

About the authors



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Gilles brings 20 years of experience, in business and politics, with a clear focus on sustainability, energy transition, raw materials management and circular economy. He was previously Member of Parliament, and Party leader for the Greens, at the Belgian Federal Parliament.



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Having served in the Cabinet of EU Commission EVP Margrethe Vestager, and four years with trade in the Danish Ministry of Business, Helene is an expert on the European regulatory landscape and its strategic agenda. Helene recently led a project on lessons learned from Ukraine on energy resilience and preparedness.



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Mille manages our work on critical raw materials and our sovereign clients. She has substantive experience working on EU foreign policy and cooperation with partner countries. Her past includes work at the Danish Ministry of Foreign Affairs as well as the private sector within strategy consulting.



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About Rasmussen Global

Rasmussen Global is Europe's preeminent independent geopolitical advisory firm, founded in 2014 by former NATO Secretary General and Danish Prime Minister Anders Fogh Rasmussen. Since its inception, Rasmussen Global has supported the development of a sustainable and resilient CRM value chain in Europe. From engaging at the national level in Spain to build local support for a lithium extraction and processing project, to supporting the investments in Greenland for an extraction project, to engaging at the regulatory level in Brussels to improve the business case for investments in CRM projects, Rasmussen Global has been at the forefront of EU efforts to strengthen the security of supply of CRMs.

For more information on our work with Critical Raw Materials, contact Helene Bille Albrechtsen, Director for Energy and Resources at hba@rasmussenglobal.com.