

To:

President Von der Leyen
President Michel
President Metsola

Executive Vice-President Sefcovic
Commissioner Breton
DG Kurt Vandenberghe
DG Kerstin Jorna

21 December 2023

We write on behalf of companies from across the EU raw materials and battery value chain, in follow-up to our [September letter](#) calling for sufficient and dedicated EU-level funding aligned with the Critical Raw Materials Act's 2030 benchmarks¹ and specific battery value chain needs (e.g. raw and advanced materials for battery cathodes).

On the one hand, we strongly welcome the European Commission's recent announcement of a €3 billion Innovation Fund mechanism to be elaborated for the battery value chain. This is an important first step to build on the Critical Raw Materials Act and Net Zero Industry Act. We're ready to work with you next year to define a robust mechanism focussed on Europe's pressing investment needs across all different battery value chain stages, notably midstream processing, plus a link with other responsibly sourced strategic raw materials and recycling, and will put forward concrete proposals.

But we also express our real concern about the Council's proposal last week to cut the STEP fund from €10 billion to just €1.5 billion as well as cut Horizon Europe funding by €2.1 billion. We urge you to reconsider this proposal, which would be a catastrophic decision in Europe's attempt to catch-up in the global cleantech manufacturing race. Maintaining at least the initially committed levels is needed, with a redesigned focus on production or output-based financing (a key differentiator of the US Inflation Reduction Act).

Europe today faces an accelerating competitiveness gap, exacerbated by the ongoing energy crisis. China already controls large shares of clean tech manufacturing and critical minerals processing capacity, as well as many global resources. The US has taken a massive step forward with its mammoth investment package under the Inflation Reduction Act, and countries from Japan to Canada to Australia are launching their own critical minerals funds. The next two years will be make-or-break for our industrial goals.

¹ Europe aims to meet 10% of its 2030 strategic raw materials needs from domestic extraction, 40% from domestic processing, and supply 25% from recycling - at high environmental and social standards.

Today it is 2-3 times more expensive to build a lithium refinery in Europe than Asia, and 35% more expensive to build a battery plant here than in the US. Beyond resilience, local manufacturing also comes at a lower carbon cost where stronger ESG standards can be assured. To stop investment leakage, Europe urgently needs to create a more compelling domestic business case, and actively support its companies with production scale-up while maintaining high social and environmental stewardship. The STEP fund was a first step towards addressing this need, which needed following-up with a much stronger, simpler, and output-based EU finance mechanism in discussions on the next multiannual financial framework.

We understand the financial challenges facing the European Union and its Member States today. But the next two years are crucial to deciding where the world's clean technology manufacturing capacity and supply chains will be built. Europe cannot sacrifice its chance of establishing long-term climate leadership.

We, the undersigned to this letter, commit to working with you to utilise Europe's available finance in the best way for achieving our common raw material and batteries goals in a resilient and sustainable manner. We want Europe to be a global clean tech and supply chain leader. But we need you to keep climate finance as a top European priority at this critical period for investment

Signatories,

Eurometaux (European metals association)

RECHARGE (European advanced rechargeable and lithium batteries association)

Transport & Environment

Eurometaux: *Eurometaux, Europe's metals association, is the united voice of non-ferrous metals mining, processing, and recycling companies in Europe, covering the full scope of the Critical Raw Materials Act and providing 500,000 direct jobs today. It also directly represents industry associations for aluminium, cobalt, copper, nickel, lead, lithium, zinc, precious metals & silicon, among others.*

RECHARGE: *RECHARGE is the European industry association for advanced rechargeable and lithium batteries. Its unique membership covers all aspects of the advanced rechargeable battery value chain, from primary and secondary raw materials suppliers, to battery and original equipment manufacturers, to logistic partners and battery recyclers.*

Transport & Environment: *Transport & Environment is the leading European NGO tackling air pollution and climate change induced by transport. Created over 30 years ago, its vision is a zero-emission mobility system that is affordable and has minimal impacts on our health, climate, and environment.*