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EU Stockpiling Strategy

Eurometaux comments

As Eurometaux, the European non-ferrous metals industry association, we support the goal to strengthen EU preparedness and resilience to better anticipate and cope with unexpected events. This is even more important in the current tense and uncertain geopolitical context, especially for critical goods, including critical raw materials.

Our sector provides many of the critical raw materials that enable our green and digital transitions and are also important for strengthening our security and defence. While an EU Stockpiling Strategy might be beneficial in some cases, we would also like to stress the necessity to consider sector-specificities and material characteristics to ensure that it really delivers on its objectives. The EU non-ferrous metals industry is concerned about the impacts of such an initiative on the market, and in particular market distortions and price fluctuations. As an example, the Platinum Group Metals (PGMs) market is relatively small, highly specialized, and globally integrated. Sudden public-sector interventions, such as the creation of large strategic reserves, would severely distort market dynamics. Historically, even modest shifts in purchasing patterns have caused significant price volatility.

In our answer, we will comment on the following aspects: i) Risk and impact assessment and targeted approach; ii) Stockpiling as a part of a broader raw materials strategy; iii) Value chain public and private cooperation.

Our **key recommendation**: While an EU Stockpiling Strategy might be beneficial in some cases, it is necessary to consider sector-specificities and material characteristics to ensure that it really delivers on its objectives.

1. Risk and impact assessment and targeted approach

a. Risk and impact assessment

The Annex to the Joint Communication of the EU Commission and the High Representative of the Union for Foreign Affairs and Security Policy on the European Preparedness Union Strategy lists the groups of activities necessary for preparing and implementation of the EU Preparedness Strategy as well as the approximate timing for enactment of the relevant acts. Therein, the development of an EU comprehensive risks and threats assessment is planned for 2026 while the proposal for an EU Stockpiling Strategy is already foreseen in 2025. We believe that **it would be safer and more practical to assess the risks and threats before developing the EU Stockpiling Strategy**.

Critical raw materials include a series of heterogenous materials with specific characteristics that are also commercialised with different specifications and qualities, based on customers' requests and depending on the sectors and applications. Therefore, **our industry would like to warn against a one-fits-all approach and would rather support a dedicated impact assessment** analysing the risks and opportunities of such mechanisms helping to identify where it would bring added value.

Finally, the impact assessment should analyse practical aspects, such as, where and how the stocks would be sourced from – as stockpiling should mainly support EU domestic production - the ownership of the stock, who will cover the related

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costs, the quantities to be kept in stock, the location, the timeline and by whom the stocks will be accessed and at which price in case of crisis, and subsequently also foresee a roadmap of the necessary regulatory amendments for the implementation of the strategy.

b. Value chain and targeted approach

A full **value chain approach** must be considered to better identify the needs of the EU downstream industry, the capacities and potential of EU primary production, and how to adequately and effectively address them. In some cases, depending also on the nature of a potential threat, there may be no value in stockpiling certain qualities of materials for sectors that at present have no production in the EU, which might make the stockpiled materials less relevant. This aspect should also be considered on the long-term basis, and look at which parts of the value chain would develop in response to geopolitical pressures. As an example – a fabricator who used to import gallium arsenide (GaAs) wafers today would require GaAs wafers and not Gallium metal. Stockpiling Gallium metal would be less useful for this fabricator that cannot process it himself, unless the processing value chain step for that specific metal is also developed. In addition, innovation and fast evolution of the market, including potential substitution of some raw materials, might also make predictions on stockpiling quite challenging.

In addition, given the varying characteristics and qualities that a single critical raw material might have, it is essential to focus on **which quality of material is necessary for which use**. Moreover, some materials might not be fit to this purpose, e.g. lithium hydroxide tends to agglomerate/compact over time leading to logistical and operational challenges. To remain relevant, the Stockpiling Strategy must be periodically reviewed, while the industry should be invited to actively participate in the preparation of such strategies.

Reserve size and duration should be tailored to the needs of different use cases and reviewed through real-time risk assessments. Companies and affected sectors should be consulted regularly.

Material selection must be based on transparent criteria, e.g. criticality to strategic sectors (e.g., defence, aerospace, energy, infrastructure); dependency on imports from limited or unstable regions; market stability (e.g., price volatility or disruption risk).

A targeted approach might be more beneficial than broader horizontal measures. Looking outside the EU, an example can be found in the US that has a dedicated stockpiling of Germanium to be used in defence applications.

Our recommendation: Conduct an EU risk assessment and a targeted (per CRM) impact assessment and apply a full value chain approach to ensure stockpiling strategies align with the specific needs and capabilities of the EU downstream industries and primary production capacities and potential, avoiding a one-size-fits-all approach.

2. Stockpiling as a part of a broader EU raw materials strategy

EU non-ferrous metals production has been severely suffering in these last years due to, among others, higher energy costs compared to global competitors, leading to curtailment and shutdowns of production. Meanwhile, other regions have

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taken measures to support and reinforce their raw materials industrial base, e.g. in US through the Inflation Reduction Act (IRA), while Europe is lagging behind, as also recognised by Mario Draghi in his report.¹

In the EU, the Critical Raw Materials Act (CRMA) has been a first step forward setting 2030 benchmarks for the three stages of raw materials production across the value chains. However, additional measures are needed to support a strong business case for raw materials extraction, processing and recycling in the EU and ensure that these benchmarks are reached.

Effective stockpiling depends on strategic collaboration between public institutions and the private sector, using market-driven principles to deliver flexible and cost-effective solutions that address supply disruption risks and incentivise a diversified supply base. Defining clear objectives at an early stage is essential and should include distinguishing between pure security aims (e.g., focused on the defence sector), industrial competitiveness objectives, short-term resilience (e.g., 1–6 months), and long-term resource security. Japan's JOGMEC² model, which combines stockpiling with targeted investment and strategic partnerships, offers a valuable precedent.

a. Additional measures for consideration

While stockpiling might be seen as part of the solution, after a careful impact assessment, **additional accompanying actions are necessary to de-risk projects and create a business case for raw materials production in the EU**. Given the tough economic context faced by the EU non-ferrous metals industry, careful consideration is necessary to ensure that such an initiative benefit our high-quality and ESG-compliant metals production, while avoiding that preference is given to materials produced outside the EU, typically under lower environmental and social standards. Stockpiling should be carefully considered when certain CRMs can only be sourced from regions which already have a dominant position in certain CRMs to avoid negative consequences making their position stronger.

For some CRMs that are for any reason unsuitable for stockpiling, but not only, strengthening supply is key. It entails facilitating and supporting production within the EU. Thus, the EU CRM Stockpiling Strategy could particularly for those CRMs operate on two levels: (a) long-term, high-priority measures and (b) ad hoc measures for swift production response/increase when needed.

- a) The high priority long-term measures should be coordinated and developed together with the EU Industrial Strategy, aiming to enhance the global competitiveness of the EU producers, which would further enable switching the economic interest from import to production. The measures should include earmarked financial support to the Member States (MSs) or directly to CRM industry entities, removing the obstacles, and supporting the re-use of the CRMs. The measures should be in coordination with the MSs national strategies.
- b) Ad hoc measures for swift response should involve procedures and ready funding for immediate actions to address surges in CRM demand. The measures would be flexible, without the need to pre-select materials, and adaptable to the circumstances.

The impact assessment should evaluate the financial resources necessary for stockpiling and assess whether these funds might be better allocated towards a **Sovereignty Fund** for manufacturing, including a strong raw materials focus, and a **Raw Materials Bank**, supporting companies in both their operating and capital costs, as mentioned in our Metals Action Plan³.

¹ The future of European competitiveness, September 2024, [97e481fd-2dc3-412d-be4c-f152a8232961_en](#)

² Japanese Organization for Metals and Energy Security

³ Eurometaux Metals Action Plan, January 2025, [a_european_metals_plan_em_2025.pdf](#)

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In addition, based on the model of Japan's JOGMEC, an integrated European CRM-dedicated body could unify Europe's approach by providing scale, coordination, and the tools (funding and stockpiles) to shield strategic industries from raw material shocks and ensure reliable supply for the green and digital transitions, while also facilitating progresses towards reaching the objectives of the CRMA.

Our recommendations:

- Consider stockpiling as part of a broader EU raw materials strategy, which includes measures for de-risking projects and dedicated sectoral financial support.
- Consider additional strategic measures for quick responses in case of crisis, as well on a long-term perspective to enhance the global competitiveness of the EU producers.

3. Value chain public and private cooperation

For the initiative to be successful, knowledge and capacity building horizontally among public and the private actors, as well as vertically across the value chains is necessary to facilitate understanding, pinpointing potential supply risks and brainstorming on the best means to address them.

A **dedicated forum for exchange** should be established where all actors involved can come together and maintain a regular dialogue on the topic. Downstream users would then share their concerns on potential risks to be addressed, suppliers could hear their customers' fears and together with policymakers, find targeted solutions.

CRM rights are usually publicly owned and explored, often leading to the lack of adequate mining research efforts while the number and extent of related projects remains limited (compared to the untapped potential and the demand for such materials). The Strategy should encourage the public-private cooperation in the research projects.

Our recommendations:

- Establish a dedicated forum for regular dialogue among public and private actors across the value chains to build knowledge and ensure that the initiative effectively delivers on its main aim.
- Possibly encourage the public-private cooperation through guidance to Member States.

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About Eurometaux: Eurometaux is the voice of non-ferrous metals producers and recyclers in Europe. We are an umbrella association representing the interests of the combined non-ferrous metals industry towards EU policy makers.

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