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**From:** European Commission

**To:** Delegations

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**Subject:** Presentation on the Interactions of the Critical Raw Materials Act with motor vehicle harmonisation

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# Interactions of the Critical Raw Materials Act with motor vehicle harmonisation

Presentation by GROW I1 and I2  
in the Council Motor Vehicle Harmonisation Working Party

*6 October 2023*

# Background

- Critical raw materials (CRMs) are required in most high-tech applications, notably for the green and digital transition
- The high level of supply concentration, combined with rapidly increasing demand and rising global tensions, make decisive action necessary
- The proposed Critical Raw Materials Act (CRMA) establishes a framework for ensuring a secure and sustainable supply of CRMs. Specifically, it provides:
  - **Benchmarks** for domestic capacity along the CRM value chain and diversification
  - A selection process and defined benefits (notably streamlined permitting) for **Strategic Projects**
  - A framework to support **risk monitoring and mitigation**
  - Provisions on **circularity and sustainability** of CRMs
  - A **governance** structure

# Background

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- The automotive sector is one of the largest buyers of CRMs and of products containing CRMs (batteries, electric vehicle motors) – it should thus play an active role in addressing the identified barriers
- With batteries addressed in the Batteries Regulation, the CRMA focuses on permanent magnets contained in electric vehicle motors
- A typical EV contains 1-2 kg of rare earth permanent magnets, which in turn are the most important and fastest-growing use of rare earth elements such as Nd, Pr, Dy, Tb
- Other CRM-relevant magnet alloys are SmCo and AlNiCo; Ferrite magnets contain much less CRMs

# Permanent magnet circularity provisions (Art. 27-28 CRMA)



- Rationale:
  - Permanent magnets are generally not collected separately and instead get mixed with the steel fraction in the waste treatment process
  - Recyclers lack information to extract the magnets and recycle them effectively
  - Magnet recycling is expensive and not yet developed at commercial scale
  - There are no established calculation and verification rules for recycled content in permanent magnets, nor a dedicated market demand for recycled magnet CRMs
- Despite technological feasibility and growing amounts of recyclable waste, recycling systems are not yet able to make use of this potential

# Permanent magnet circularity provisions (Art. 27-28 CRMA)

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- Art. 27: Recyclability of permanent magnets
  - For a list of products, *including motor vehicles and light means of transport*, a **label** and a **data carrier** should provide information on the type and location of permanent magnets (PMs) contained, as well as information enabling their access and removal
- Art. 28: Recycled content of permanent magnets
  - For a subset of the listed products, those with a PM weight above 200g, which would include *most motor vehicles but not most light means of transport*, market operators shall **publish information on the recycled content** of the most important magnet CRMs and present this to customers prior to them being bound by a sales contract
  - *Possibility* for the Commission to lay down **minimum requirements** for recycled content after an assessment of availability, impacts etc.

# Implementation



- Implementation timeline:
  - Article 27:
    - Adoption of the Implementing Act specifying the labelling format (by 30 months after entry into force according to Council General Approach)
    - 2 years after entry into force of the Implementing Act: Label and data carrier required on the product
      - Exception: 5 years after entry into force of the Regulation for type-approved L, M and N-type vehicles
  - Article 28:
    - Adoption of the Delegated/Implementing Act on calculation and verification rules (by 2 years after entry into force)
    - 3 years after entry into force of the Regulation or 2 years after entry into force of the DA/IA: Declaration of recycled content required
      - Exception: 5 years after entry into force of the DA/IA for type-approved L, M and N-type vehicles

# Implementation

- Implementation details:
  - Data carrier to be implemented following relevant ESPR provisions on Digital Product Passports (interoperability, technical standards, entry into DPP registry) – market operators can benefit from ongoing standards development under ESPR
  - Where relevant, the magnet circularity information can be integrated into existing DPPs
  - Where future legislation (e.g. ELV) covers the same aspects in a more concrete way, the CRMA provisions would be overridden
  - A list of customs codes of all covered products will be added to Annex VI to ensure proper implementation by customs authorities
- Confidentiality concerns:
  - No explicit confidentiality exemption foreseen in the COM proposal (nor in Council GA), but the rules are limited to what is at minimum necessary to promote recycling, and access to information through the data carrier (e.g. on chemical composition) is restricted to recyclers and public authorities

# Type approval specificities

- Product definitions:

(42) ‘motor vehicle’ means any type-approved vehicle of the M or N categories in the meaning of Regulation (EU) 2018/858;

- Note: Excludes any vehicles to which type approval does not apply (Art. 2(2) of Regulation (EU) 2018/858) or which obtain individual vehicle approval (Art. 2(3) and Art. 2(4) *idem*)

(43) ‘light means of transport’ means any wheeled vehicle that can be powered by the electric motor alone or by a combination of motor and human power, including electric scooters, electric bicycles and type-approved vehicles of category L in the meaning of Regulation (EU) No 168/2013;

- Note: L-category vehicles are included but also other wheeled vehicles, including explicitly any electric scooters and electric bicycles

# Type approval specificities

- Enforcement for motor vehicles and LMTs will be ensured through the type approval system (and, post-approval, by the market surveillance system)
  - “Permanent magnet circularity requirements” as laid out in the CRMA are added to the list of requirements in Regulation (EU) 2018/858 and Regulation (EU) 168/2013, which have to be checked by approval authorities prior to granting type approval

# Type approval specificities

- Implementation:
  - The type approval authorities will have to check compliance with the requirements
    - 1) The vehicle bears a label that complies with the IA format
    - 2) A data carrier (e.g. QR code) is present on or in the vehicle. It links to the required information and that information is complete, up-to-date and accurate and that there is a system in place ensuring its availability for the typical products lifetime plus 10 years
    - 3) The vehicle manufacturer provides a free access website on the recycled content, in compliance with the calculation and verification rules set out in the DA/IA
  - The Commission will update the information document and the type approval certificate to provide fields for these requirements.