

EU Recyclers' reaction to the proposed CRMA amendments

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Recycling Europe would like to express its concerns regarding the proposed amendments to the Critical Raw Materials Act (CRMA), which may risk undermining the circularity of critical raw materials (CRMs).

Ensuring a sufficient and reliable supply of CRMs is essential for the EU's clean and digital transitions. Today, the EU remains heavily dependent on highly concentrated supply sources from a small number of third countries for many of these materials, making the need to strengthen circularity and close material loops within the EU's critical raw materials value chain an urgent strategic priority.

Scaling up the production and availability of CRMs therefore requires policies that strengthen the recovery and reuse of these materials from end-of-life products, particularly in the case of rare earth permanent magnets. **Recycling Europe fully supports measures that improve transparency across value chains, such as the expansion of the scope of products covered by labelling requirements and the clarification of information obligations under Article 28 of the CRMA. However, we have serious concerns regarding the proposed inclusion of pre-consumer waste in the recycled content obligation for rare earth permanent magnets under Article 29.**

Recovering CRMs from end-of-life products remains technically complex and economically challenging. In many products, these materials are present only in very small quantities, limiting economies of scale for recycling operations. At the same time, recyclers often lack sufficient information on the location and composition of CRMs within products. As a result, recovering CRMs from waste electrical and electronic equipment (WEEE) remains costly and, in many cases, economically unviable.

To address these challenges and stimulate recycling, the EU must **first create strong demand for recycled CRMs** and ensure adequate profit margins for recyclers. This would enable economically viable operations and support investments aimed at improving recycling performance, both in terms of quality and volume.

Recycled content targets are the most efficient tools to achieve this and thus, reduce overexploitation of natural resources and contribute to carbon neutrality, by pulling demand for recycled materials in new products and helping level the playing field with primary raw materials.

However, for these targets to deliver real circularity across the value chain and unlock investments in CRM recovery, **only post-consumer waste should count towards recycled content obligations**. Pre-consumer waste is already more easily reintegrated into production processes and new products. **Recycled content targets should therefore address existing market failures** and incentivise investments in the collection, sorting, and recycling of end-of-life products.

Allowing production scrap to count towards recycled content targets would severely undermine the market for recycled permanent magnets. Because production scrap is typically cleaner, cheaper (*as it does not require collection and sorting systems*) and easier to incorporate into new products, producers would have little incentive to use recycled materials. As a result, when permanent magnets from products eventually reach their end-of-life stage, there may no longer be sufficient recycling capacity available to treat them, increasing the risk that they are incinerated instead of recycled.

We are also deeply concerned that the inclusion of pre-consumer waste towards the targets could set a precedent for other EU legislation, further weakening the economics of recycling at a time when the industry is already struggling to compete with fossil-based primary materials.

Finally, **Recycling Europe reiterates that the use of recycled materials sourced within the EU is essential to strengthening Europe's strategic autonomy**. When combined with strong incentives to increase the uptake of recycled materials in products, this approach could become a powerful lever to enhance Europe's industrial resilience.