



# CLEPA Position Paper

Breaking dependency:  
Europe's strategy for permanent  
magnets and critical materials



## Executive summary

Recent export restrictions have highlighted structural dependencies that threaten the resilience of Europe's automotive supply industry and jeopardise its ability to deliver on its green and digital transition. CLEPA calls on the European Union to urgently address Europe's growing vulnerability to disruptions in the supply of permanent magnets and rare earth elements.

To ensure competitiveness and secure long-term industrial capacity, the EU must adopt a cohesive and forward-looking strategy that goes beyond domestic extraction targets, tackling both direct and indirect dependencies across the entire critical raw materials value chain. Alignment with related policies, including the Critical Raw Materials Act (CRMA) and the End-of-Life Vehicles Regulation (ELVR), will be essential for effective implementation.

This paper outlines CLEPA's priorities and recommendations for safeguarding access to permanent magnets and rare earths:

1. Create a competitive environment for raw materials projects
2. Implement short-term measures to prevent supply disruptions
3. Develop long-term European strategy for permanent magnets
4. Foster trade partnerships and strategic alliances
5. Advance coherent circularity strategies
6. De-risk indirect dependencies

## **Context**

### **Challenges**

Recent export control measures affecting heavy rare earth elements used in permanent magnets have exposed how vulnerable the European Union is to supply chain disruptions. Suppliers are now required export licenses to ship magnets abroad, but approvals are often denied or limited to small quantities. The result: unpredictable delivery times, administrative burden, mounting paperwork, and far fewer materials available than Europe needs for its e-mobility and industrial goals.

These developments highlight deeper structural dependencies in Europe's access to a wide range of critical raw materials essential to climate-neutral and digital technologies. Delays and uncertainty are already affecting Europe's industrial base, particularly the automotive sector, threatening production continuity and putting the EU's mobility transition at risk.

This is not just a short-term logistics problem; it is a long-term strategic risk. An electric vehicle requires over 200 kg of minerals, and permanent magnet-based motors remain among the most efficient technologies available. Yet, for many critical raw materials, Europe relies heavily on limited and concentrated supply sources. Such dependence is incompatible with Europe's ambitions for industrial resilience, strategic autonomy, and climate leadership.

### **The strategic risk**

The issue goes beyond specific materials or countries. Global demand for critical raw materials is rising quickly, while geopolitical tensions and state-driven industrial strategies are reinforcing monopolistic control over critical value chains.

The EU has yet to put in place a cohesive raw materials policy. Current approaches, such as international partnerships or stockpiling, remain fragmented and limited in scope. Europe cannot afford to respond with fragmented or reactive policies. A systemic, coordinated, and forward-looking strategy is urgently needed to safeguard long-term industrial capacity and sustainability.

### **Our industry at stake**

The European automotive supply industry employs 1.7 million people and is one of the EU's most innovation-driven sectors. It is at the heart of the mobility transition. Without secure and sustainable access to permanent magnets and other critical raw materials, the shift to zero-emission mobility will stall. Industrial competitiveness, jobs, and Europe's climate goals are on the line.

## Policy recommendations

CLEPA urges EU institutions to treat critical raw material security as a top strategic priority. Europe must go beyond domestic extraction targets and adopt a comprehensive de-risking strategy that addresses both direct and indirect dependencies across the full value chain.

### CLEPA calls on the EU to:

#### 1. Build a competitive environment for raw materials projects

- Address structural barriers such as high energy prices, lengthy permitting procedures, and overlapping regulatory burdens.
- Introduce fiscal incentives (e.g. tax breaks, risk-reducing instruments) to overcome the EU's cost disadvantage and create a viable business case for refining, processing, and recycling projects.
- Scale up recycling to reduce dependency on imports and create a robust European secondary market for rare earths.

#### 2. Act in the short term: Prevent supply disruptions

While long-term solutions are preferable, immediate measures are needed to maintain industrial continuity:

- Include measures to mitigate the impact of Chinese export licensing scheme, such as negotiating general licenses for the automotive sector or trusted partners, avoiding burdensome qualification barriers and extensive documentation.
- Push for broad project licenses with long duration and high volumes to meet industrial demand, while preserving intellectual property protections and data confidentiality.

#### 3. Invest in the long term: Build a European strategy for permanent magnets

A dedicated initiative must be launched to address both current and future challenges of permanent magnet security. This Action Plan should:

- Build on the Critical Raw Materials Act but go further in targeting rare earth magnets and fostering the development of rare-earth-free permanent magnet technologies.
- Align and mobilise EU instruments across research and innovation, permitting, trade, recycling, and public procurement.
- Ensure coordination between Member States and industry to accelerate deployment, secure investment, and maintain global competitiveness.

#### 4. Strengthen trade partnerships and alliances

- Prioritise raw materials partnerships under EU Free Trade Agreements, with a specific focus on securing diversified supplies of rare earth elements and permanent magnets.
- Support international cooperation frameworks for rare earth elements supply security.
- Promote joint midstream investments with like-minded partners to reduce reliance on single-source value chains.

#### 5. Establish coherent circularity strategies

- Align the Critical Raw Materials Act and End-of-Life Vehicles Regulation to avoid conflicting or duplicative requirements.
- Foster cross-sectoral innovation in collection, sorting, and recovery of rare earth elements from end-of-life products.
- Recognise that recycling is a long-term solution, as current EU capacity and scrap availability are insufficient to address short-term supply risks. The EU must urgently support the build-up of large-scale industrial and technological recycling solutions, while also securing sufficient feedstock through measures such as a scrap export ban. Without scale, recycling will remain niche while other countries consolidate their advantage.

#### 6. De-risk Tier 2 and component-level dependencies

- Map and monitor dependencies not just in raw material imports, but also in imported components (e.g., motors with embedded magnets) and contract manufacturing chains (e.g., cathodes sourced via Korea/Japan but originating in China).
- Develop traceability and transparency mechanisms throughout the value chain.

### Staying focused

Europe cannot afford fragmented or diluted policies. Efforts must concentrate on the most critical vulnerabilities—above all, heavy rare earths elements for permanent magnets. Only a cohesive, competitive, and targeted raw materials policy will safeguard industrial resilience and Europe's place as a global climate and technology leader.

## About CLEPA

CLEPA, the European Association of Automotive Suppliers based in Brussels, represents over 3,000 companies, from multi-nationals to SMEs, supplying state-of-the-art components and innovative technology for safe, smart and sustainable mobility, investing over €30 billion yearly in research and development. Automotive suppliers in Europe directly employ 1.7 million people in the EU.

## Interested in more information?

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