

2 October 2026

Open letter to IAA co-decision makers

Boost demand for diversified battery supply chains

Adding primary and recycled battery grade materials and pCAM to local content rules under the Industrial Accelerator Act

Dear co-decision makers,

As Europe races to build its clean tech leadership in key technologies like EVs and batteries, the resilience of the supply chains underpinning these technologies - eg. Critical Raw Materials (CRMs) and precursor active materials (pCAM) - remains a central challenge.

The [International Energy Agency \(IEA\)](#) shows that concentration of CRMs has worsened over the past years with China controlling the processing for 19 out of 20 critical minerals. Similarly, China maintains a near monopoly of 95% of precursor cathode active materials.

In the past years, the EU has launched numerous initiatives to accelerate access to a secure and sustainable supply of critical raw materials both reinforcing domestic production and increasing diversification. These actions are reflected in the adoption of the Critical Raw Materials Act and the RESourceEU Action Plan but also through Raw Materials Diplomacy actions, such as the signing of Strategic Partnerships with third countries such as Chile.

Whilst there is potential for increased battery mineral extraction, refining, processing, and recycling in Europe, [analysis](#) shows that many of the projects in the pipeline are currently at risk. For lithium chemicals for instance, many projects are still in the scoping phase or lack the necessary financial and legal commitment: 96% of the total production capacity is classified as either medium or high risk. A similar picture emerges for cobalt¹ and manganese, as well as pCAM. Low- and medium-risk projects would merely be able to supply 9.4% of EU pCAM demand by 2030. A recent report from the [European Court of Auditors](#) confirms that European players remain largely off-track in meeting 2030 objectives.

The **Industrial Accelerator Act (IAA)**, with its ambition to boost the EU's manufacturing sector and long-term economic resilience, can be one of the tools to support the necessary demand for critical raw materials.

The undersigned civil society organisations and industry associations **welcome the IAA as a strong first step towards strengthening Europe's industrial competitiveness and strategic resilience**. Introducing criteria for battery cells and Cathode Active Materials is a first

¹ only 7.4 kt of cobalt sulphate output is feasible for 2030, reaching 16% of the demand

important step. However, without a full value chain approach, the IAA risks ignoring areas where the EU is massively dependent, at the expense of our strategic autonomy.

To ensure a wider impact across the battery value chain, the IAA should serve as an effective demand side instrument by creating predictable demand for responsibly sourced, refined battery materials from Europe and strategic trusted partner countries and key midstream components. Adding thresholds for battery-grade CRMs produced or refined in the EU and partner countries helps provide greater demand certainty and investment confidence for European and trusted partner countries.

Therefore, we call on co-decision makers to add additional criteria to the Union content incentives listed in Annex III of the IAA. These additional criteria should include:

- A minimum threshold for refined battery grade critical raw materials – including lithium, nickel, cobalt and natural graphite originating from Europe and strategic trusted partner countries².
- A minimum threshold for precursors (pCAM), as well as anode active materials (AAM) from Europe (EU27, EFTA, UK) and selected trusted strategic partners under strict opt-in conditions
- Recycled materials **originating from recycling and refining operations located in** Europe, in accordance with the requirements on minimum levels of recycled content laid down in the EU Batteries Regulation.

To ensure that Union content incentives effectively strengthen Europe's strategic autonomy without creating unintended constraints we support a full impact assessment regarding the inclusion of and phasing-in of all these requirements. These additional criteria to the Union content incentives should be subject to a positive assessment of European production capacity and market readiness.

As full supply chain traceability will be required for key battery minerals under the EU Batteries Regulation, from 2027, manufacturers could build on the existing traceability tools to implement these requirements.

We call on Europe to use the IAA as a prime opportunity to create predictable demand, leverage public procurement and public support schemes and unlock investment across the battery value chain. This will be essential to building resilient, diversified and competitive supply chains and strengthening Europe's strategic autonomy.

² Production within the European Union, the European Economic Area, EFTA countries and the UK, plus a narrower list of trusted trading partners defined in an Annex. Strategic and critical materials produced in projects established in third countries and recognized as 'Strategic Projects' under Article 6 of Regulation (EU) 2024/1252 should also qualify as Made in the EU.

Yours sincerely,

