

3.5 The Intervention Logic

The EU sources most of its mineral raw materials from non-EU countries, primarily China. Between 2012 and 2016, 44% of the thirty raw materials that the EU classifies as “critical” were imported from China. According to [the EU’s latest data](#), around 98% of the EU’s demand for rare earths is met by China¹⁴, either domestically or from resources located in the so-called Global South.

In the current geopolitical context, in-depth analysis and evidence is critical for policy makers to develop EU policies and tools to de-risk the trade and investment relationship with China.

This Action will support systematic monitoring of Chinese global investments and operations through an observatory (i.e. a pool of experts) focusing on critical raw materials (as defined in the proposed Critical Raw Materials Act (CRMA)), refining and downstream processing. IF comprehensive evidence-based information and analysis will be available, THEN the observatory will contribute to the development of EU policies to mitigate strategic dependencies of the Union and its Member States.

The main observatory outputs will include an up-to-date database of investment figures (spreadsheet, which will allow to filter for data on specific minerals, destination countries, etc); repository of existing papers, articles, studies by third parties on critical raw materials as defined in the Critical Raw Materials Act (CRMA); new analytical reports produced by the observatory experts drawing on the database information.

¹⁴ https://single-market-economy.ec.europa.eu/sectors/raw-materials/areas-specific-interest/rare-earth-elements-permanent-magnets-and-motors_en