

This is an automated translation from the original interview with Bernd Schaefer, CEO, Managing Director, EIT RawMaterials in the German Newspaper Handelsblatt, August 2025.

China has added several defense-relevant raw materials to its export control list. Some Western arms manufacturers report that China has not delivered any of these minerals for months. Isn't that already an indirect declaration of war by China?

China's cessation of exports to the West of raw materials critical to the defense industry — such as heavy rare earths, germanium, gallium, graphite, antimony, tungsten, and beryllium — can certainly be interpreted as an extension of the geopolitical conflict. But the truth is that we Europeans are not entirely innocent of China's powerful position.

In what way?

China built its monopoly on these raw materials over decades, while Europe failed to invest in its own value chain — even though it could have. Europe has its own deposits, for example of rare earths or tungsten, but these were abandoned or never developed into actual mines. The same applies to processing: the technology and expertise have been available — and still are.

If the potential existed, why wasn't it used?

What's the slogan? "Cheap is cool." That's the approach European industry followed. Chinese materials — often state-subsidized — were cheaper than those from the West. And for companies, every euro saved was more important than having a resilient supply chain.

Is there a shift in thinking happening now?

Yes — at least some companies have now realized the cost of their supposedly cheap procurement strategy. The cost of a production shutdown is higher than paying a slightly higher price for non-Chinese material.

The question is, how long will this lesson last. The U.S., at least, doesn't want to rely on that. The government there recently introduced a minimum price guarantee for rare earth oxides. Would that also be a solution for Europe?

That's just one of many possibilities — but at least the U.S. is taking action, unlike the EU at the moment. It's true that current rare earth prices have little to do with real fundamentals — they are dictated by the Chinese government. Prices are so low that they hinder market entry for Western competitors. Europe needs its own price mechanism, based on market economy principles. One option could be a European trading platform, similar to the London Metal Exchange.

But for that, there first needs to be enough Western material to trade.

Exactly — and here too the EU urgently needs to act. Mining projects have long lead times, but recycling capacity can be scaled up quickly. Currently, far too much scrap is being exported from Europe to the U.S. and Asia. That way, the EU will never meet its goal of covering at least 25 percent of its annual demand for strategic raw materials through recycling by 2030. Currently, the share for critical raw materials is only eight percent.

So there's a lot of room for improvement. You're referring to the EU's Critical Raw Materials Act (CRMA). One of its goals is that no more than 65% of annual raw material consumption should come from a single third country. How realistic is that?

Here too, the EU must speed up — especially when it comes to raw material partnerships with other countries. Declarations of intent have been signed, but that's not enough. They shouldn't just be proudly framed and hung in offices. What's missing are concrete offtake agreements with specific European partners, including volume commitments and timelines.

Another CRMA goal is to meet 10 percent of demand through domestic mining and 40 percent through domestic processing. How far along is the EU here?

Again, the EU has only set targets — nothing more. It hasn't even defined which of the raw materials considered critical and strategic should be prioritized. Nor has it determined how much money will be spent on implementing these goals. There is also no clear financing concept.

But there are several EU funding programs, aren't there?

Yes, but it's like a medicine cabinet with 200 drawers that you first have to rummage through to find the right one. EU funding is too fragmented and federalist. The application process is overly bureaucratic. I advocate for a central hub for grants and loans. The longer the EU remains inactive, the more vulnerable it becomes.

Especially with regard to its ability to rearm independently. Is the EU aware of this risk?

On the contrary. In July, the EU presented its Multiannual Financial Framework (MFF), allocating 131 billion euros for defense. But one topic is completely missing: raw materials. In my view, that's shocking and hard to explain. By now, it should be obvious that defense capabilities rise and fall with the availability of strategic raw materials.

Mr. Schäfer, thank you very much for the interview.