

# EU's €2.5bn Critical Minerals Investment Seeks Private Sector Collaboration

written by InvestorNews | May 17, 2024

In a strategic move to secure critical raw materials essential for the energy transition, France, Germany, and Italy have collectively [announced](#) national investment plans amounting to €2.5 billion during the EIT Critical Raw Materials Summit 2024 held in Brussels. This substantial investment underscores the urgency and importance of developing a robust critical raw materials value chain within the European Union.

The Raw Materials Funds, initiated by these three major EU economies, aim to be operational before the summer break. The initiative seeks to attract private investment to match public funding, ensuring a balanced and well-funded approach to developing the critical raw materials sector. This collaborative effort is designed to finance domestic mining operations, processing, and recycling activities, thus securing a stable supply of essential minerals for the EU. A similar theme will be the topic at the upcoming [Critical Minerals Institute Summit III](#) in Toronto, on August 21-22, 2024, to register, [click here](#)

The focus of these investments will be on over 30 critical minerals identified under the EU's Critical Raw Materials Act (CRMA). Among these, lithium, copper, battery metals, and rare earths for the aerospace and defense industries are being prioritized. The objective is to ensure that Europe can sustain its industrial and technological advancements without relying excessively on external sources for these vital materials.

Benjamin Gallezot, an official within the French Prime

Minister's office, announced that the French government is providing €500 million to its national minerals fund. This fund is managed in collaboration with Infravia Capital Partners, a private investment firm, with the ultimate goal of raising €2 billion. Gallezot emphasized that the fund would cover the entire value chain—from mining and processing to recycling—and would take minority stakes in projects run by industry operators. The investment strategy and objectives will be defined jointly with the French government, ensuring alignment with national priorities.

Italy, through its Ministry of Enterprises and Made in Italy, has established the "Made in Italy" fund with an initial government investment of €1 billion. Alberto Castronovo highlighted that this fund, designed to support the national strategic supply chain in line with the CRMA, aims to double its value through private investments. The focus is on equity investments in projects that will advance the energy transition process and promote circular economy models. This initiative reflects Italy's commitment to accelerating its industrial transformation and reducing dependency on imported raw materials.

Germany has allocated €1 billion to be managed by the KfW Development Bank. Jan Klasen, KfW's director, stressed the importance of equity in developing a market strategy and ensuring a secure supply of raw materials into Europe, particularly Germany. The German approach involves setting up a government-led "raw materials committee" to negotiate and approve projects and commitments. This structured approach ensures that investments are strategically aligned and effectively managed.

Jack Lifton, Co-Chair of the Critical Minerals Institute (CMI), highlighted a significant gap in the government's approach,

stating, "The government lacks subject matter expertise and only consults with itself and friendly paid academics when seeking information. Experiential knowledge is never considered, as those who actually work in the field are often overlooked. Consequently, the government fails to understand that the mining supply chain begins with exploration, not with producing mines. The critical mineral supply chain starts with exploration."

CMI Board Member Peter Clausi echoed Lifton's concerns, adding, "Government investments in mining exploration have been far too conservative. In fact, I can't recall any significant investments in actual exploration. Governments are willing to invest in production, less so in development, and hardly at all in exploration. If governments are serious about supporting battery manufacturers, the math and laws of statistics demand investments in exploration."

When asked about the potential competition among the three national funds, representatives from France, Germany, and Italy unanimously rejected the notion. Gallezot from France stated, "The world of mining is very big, there are huge investments to do. We can co-invest, and we need all that kind of investment. It's a good thing to have all these governments developing investments." Castronovo from Italy echoed this sentiment, emphasizing the spirit of collaboration and alignment among the three nations. The collective efforts of France, Germany, and Italy to secure critical raw materials through significant public and private investments highlight a strategic and collaborative approach to achieving energy independence and industrial resilience. By focusing on the entire value chain and prioritizing essential minerals, these initiatives aim to position the EU as a leader in the sustainable and strategic use of raw materials, ensuring a competitive edge in the global market.