



# Strategic Projects under the Critical Raw Materials Act:

## The Socio-Environmental Risks of Fast-Tracking Mining Projects

**This position paper is accompanied by a series of factsheet on contested mining projects, developed by civil society organisations. The series illustrates the structural problems associated with mining projects in Europe and beyond, with a view to integrate the experiences of front line communities in EU policies.**

**Published:** December 2024

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# 1. SUMMARY

The Critical Raw Materials Act (CRMA) aims to secure the supply of Critical Raw Materials (CRMs) for EU industries. Its approach is largely based on extractivism,<sup>1</sup> thus exacerbating the depletion of mineral resources, while putting corporate profits over communities' well-being and the environment.

In May 2024, the European Commission opened the first call for Strategic Projects under the CRMA. We - Amigos de la Tierra, Iberian Mining Observatory - MINOB, MiningWatch Portugal, Friends of the Earth Europe and the European Environmental Bureau - as a collective of civil society organisations (CSOs), express our serious concerns regarding the selection and implementation of Strategic Projects.

Accompanying this position paper are factsheets about contested mining projects that are opposed by local populations and CSOs. They contain evidence on structural problems associated with mining: from social engineering to human rights violations; from excessive water use to biodiversity loss; from negative effects on livelihoods to destroying local cultures. Furthermore, all of the projects have grave problems with the permitting process, Environmental Impact Assessments (EIAs) as well as technical and financial feasibility. We therefore urge the Critical Raw Materials Board to exclude these from the list of Strategic Projects, as well as other controversial mining projects taking place in nature areas, or companies that:

- Have been involved in human rights violations and breaching of international resolutions/conventions (e.g. UN Declaration on the Rights of Indigenous Peoples and ILO169);
- Have a track record of environmental pollution and breaching of EU/national regulations (e.g. regarding soil/water/air quality and nature conservation);
- Have committed market abuse and/or tax evasion in the past or have been involved in cases of corruption and other unlawful activities;
- Engage in social engineering (i.e. unethical methods to gain social acceptability) and/or intimidation of opponents.

The overexploitation of resources from sacrifice zones<sup>2</sup> both inside and outside the EU, for the benefit of industrial competitiveness, has to end. To achieve this, the CRM Board should prioritise demand reduction of CRMs and put global resource justice at the centre of its decisions.

## Resource Justice:

the fair distribution of natural resources at a global scale in order to meet human needs (current and future) in a sustainable and equitable manner, ensuring that total resource extraction and consumption do not exceed planetary boundaries and contribute to the well-being of all.

[1] Extractivism is the appropriation of natural resources in large volumes and/or high intensity, mostly to be exported as raw materials, producing a drain that damages or depletes its source in a potentially irreversible way.

[2] Areas in rural, urban or global peripheries that are exploited in terms of resources and/or people while being exposed to high levels of socio-environmental hazards.

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## 2. STRATEGIC PROJECTS: LACK OF TRANSPARENCY AND STAKEHOLDER PARTICIPATION

Although the status of ‘strategic project’ is more of a label and not a permit, it will have far-reaching societal implications. Since the Strategic Projects will be considered of “overriding public interest”, they will likely get political and possibly financial support. Unfortunately, there has been no critical debate on the concept of Strategic Projects. Almost half a year after the launch, there has been little transparency on the decision-making process. Both the European Commission and Member States have so far refused<sup>3</sup> access to documents regarding the applications, withholding important environmental information from civil society, which is in breach of the Aarhus Convention to which the EU is a party.

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## 3. EUROPE’S MINING REGULATIONS ARE DANGEROUSLY OUTDATED

EU institutions claim that mining in the EU is subject to the highest environmental and social standards worldwide. This notion is unfounded for several reasons. Firstly, mining regulations at national level are outdated in many cases, while EU-wide mining legislation is limited to the nearly 20 year old Extractive Waste Directive, which has recently been criticised because of its weak provisions.

Industry influence, in combination with the limited technical knowledge of policymakers, has led to outdated and inadequate regulations. For example, Brazil and Ecuador prohibit tailing dams less than 10 km upstream from potentially affected communities and China prohibits them at a distance of less than 1 km. EU legislation, however, imposes no restrictions to the locations of tailing dams. In fact, tailing dam constructions that would be illegal in Brazil, Chile, China, Ecuador or Peru are even considered as ‘best available techniques’ in Spain and Portugal.<sup>4</sup> In Spain, 99% of tailings dams are built following upstream design, the most dangerous construction method, which is banned in Brazil, Chile, Ecuador and Peru.

Another problem is the lack of enforcement of the EU ‘Best Available Technologies’ (BAT), thus allowing mining companies to opt for the cheapest available technologies. This is extremely dangerous, even more so as companies seek to develop large ‘low-cost’ mines in deposits with lower ore grades.<sup>5</sup> This will create waste facilities of unprecedented dimensions with significant risks. Moreover, the fast-tracking and reversal of evidence in permitting procedures, exacerbates corporate misconduct.

[3] Requests for information submitted by FoEE: [https://www.asktheeu.org/en/request/crma\\_strategic\\_projects\\_mining\\_i](https://www.asktheeu.org/en/request/crma_strategic_projects_mining_i) , <https://www.asktheeu.org/en/request/15094/followups/new/55686>

[4] For example, the Touro copper proposal in Spain plans an 81-meter-high dam just 200 meters upstream from the village of Arinteiro. While Brazil and Ecuador prohibit tailing dams less than 10 km upstream from potentially affected communities and China prohibits them at a distance of less than 1 km, EU legislation imposes no restrictions.

[5] Mining lower ore grades doubled the last decade, while costs and quantities of mining waste increased exponentially: <https://www.mdpi.com/2079-9276/5/4/36>



When pushing through the adoption of the CRMA, there was hardly any effort by the European Commission to evaluate the compatibility, or rather, conflicts between the CRMA and other EU legislation, such as the Biodiversity Strategy, the Birds and Habitats Directive (including the Natura2000 network of protected areas), the Water Framework Directive and the Soil Directive. The EEA already stated in 2020 that Europe will not achieve its 2030 goals without urgent action to address the alarming rate of biodiversity loss and the overconsumption of natural resources. The current rush for minerals and new mining plans will worsen the situation and close the narrow window of opportunity to achieve sustainable development goals.

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## 4. ADVERSE IMPACTS ON PEOPLE AND THE ENVIRONMENT

Accompanying this document are a number of factsheets<sup>6</sup> that provide evidence on the structural problems associated with mining projects in Europe and beyond. For now, this is only a selection of case studies, while there are many more contested mining projects worldwide that are resisted by environmental defenders and human rights activists. More factsheets will be published on a rolling basis with a view to provide input for the decision-making process of the Commission and the CRM Board.

Depending on the type of mining and location, all stages of the mining process will have significant socio-environmental impacts, although to different degrees. The key concerns that characterise nearly all cases:

### *A. From social engineering to human rights violations*

- Lack of access to information
- Lack of meaningful stakeholder participation
- Manipulation of public opinion through misleading information
- Intimidation of activists and human rights violations

### *B. From biodiversity loss to dam failures*

- Excessive water use and pollution due to chemical use
- Habitat and biodiversity loss
- Soil degradation and contamination
- Waste generation, tailings and dam failure
- Energy consumption and GHG emissions

[6] Covas de Barroso, Mina Doade, Jadar, Kringlerne, Kvanefjeld, Rovina, Salar de Atacama, Zinnwald etc.

## C. From negative effects on livelihoods to destroying local cultures

- Negative effects on the livelihood of local populations
- Undermining local cultures and social fabric
- Encroachment on communal and indigenous lands (landgrabbing)

## D. From market abuse to corruption

- Market abuse (infringements EU market rules)
- Tax evasion and money laundering
- Corruption and undue political influence

These impacts will be briefly described below, partly based on the factsheets as well as experiences of CSOs and variety of research reports and articles.

## A. From social engineering to human rights violations

The CRMA urges states and mining companies to manage social opposition against mining projects by “facilitat[ing] public acceptance”. One of the key problems that arise in all case studies is the lack of meaningful stakeholder engagement by the mining companies. Not only do companies and governments tend to ignore the rights of local populations, they also engage in social engineering<sup>7</sup> efforts to obtain a so-called “social license to operate” (a term often misused by the industry), through manipulation and even corporate counter-insurgency.<sup>8</sup> These strategies aim to discredit legitimate critique from civil society actors. The economic drive to secure the supply of CRMs is thus leading to the delegitimisation and stigmatisation of organizations and activists acting in the public interest.

In countries with an authoritarian regime, mining projects are already leading to severe repression of civil rights, and the undermining of the rule of law. For instance, in the case of lithium mining in Serbia, Rio Tinto, with support from the Serbian government, is trying to force the project on the population by stifling dissent, controlling public narratives and even manipulating legal processes, thus undermining democratic principles. In these contexts, civil society organisations and human rights/environmental activists are faced with aggressive intimidation and oppression.

[7] Projects using unethical or illegal methods to gain social acceptability. Social engineering efforts violate democratic regulations, inclusive processes and research ethics, by generating misinformation, dividing communities, obstructing transparency and hindering the possibility of legal action against non-compliance with environmental regulations.

[8] The set of tactics to minimise, demobilise or destroy social opposition, ranging from ‘lawful’ tactics such as interventions in educational centres, guided tours or ‘charity’ performances, to direct attacks and threats, strategic lawsuits (SLAPPs), lawfare or the use of security forces to criminalise or intimidate opposition.

Worldwide, it has been documented that mining is often linked to allegations of human rights abuses and global social unrest. The Commission's goal of "[c]hanging public opposition to passive tolerance or active support" runs against European ideals of democratic participation. By pushing for passive tolerance, the CRMA and the Strategic Projects erode the principle of meaningful engagement of stakeholders and risks going down a slippery slope - further undermining citizens' trust in public institutions.

## ***B. From biodiversity loss to dam failures***

Mining areas (incl. waste facilities) generally have large dimensions and severe impacts on local/regional ecosystems, by destroying natural habitats and landscapes (e.g. through deforestation and deviating waterways). The use of toxic chemicals often contaminate soils and water bodies, posing risks to flora and fauna as well as human health. Despite all promises of landscape restoration and impact mitigation, most impacts are irreversible and lead to a permanent decline of biodiversity, including protected and endangered species. All these impacts are described in more detail in the factsheets as well as many external sources, such as as the threats by mining projects on the 'Outstanding Universal Value' of the nearby Kujataa World Heritage Site in Greenland. In 2021, 141 NGOs already expressed their concerns about mining in Greenland's unique and fragile subarctic ecosystem.

Mining requires large amounts of water, which can severely disrupt the regional water balance that is already under pressure due to the climate crisis. Given that mining projects often take place in regions that are/will experience water stress (e.g. Portugal and Spain), they are likely to diminish people's access to clean water. In 2023, the German environmental agency published a report stating that an overriding public interest of strategic projects may contradict the priority of public water supply established in German law.

By nature, mining produces large quantities of waste materials (incl. tailings), in some cases contributing significantly to a nation's total waste output. Storing/disposing of such large quantities of waste poses significant environmental risks due to sedimentation, acid drainage, metals deposition and pollution of water bodies. It is standard practice for tailings to be stored in isolated impoundments under water and behind dams. However, these dams frequently fail, releasing enormous quantities of tailings into river catchments.

In the past, mining has caused many devastating accidents.<sup>9</sup> "Never again," said Margot Wallström, then EU Commissioner for the Environment, after the Baia Mare tailing dam failure in Romania in 2000. However, it seems EU politicians have yet to learn from past mistakes. The increasing scope and pace of newly planned mines (in combination with changing weather patterns), will probably lead to a higher risk of mining accidents. The recently approved extension of the Rio Tinto tailings dam in western Andalusia, Spain, allows the storage of over 360 million tons of highly toxic sludge. Damage from a possible leak would be even greater than during the 1998 Aznalcóllar disaster in Spain, when 6 million tons of sludge were released to the environment.

[9] Certej 1971; Aznalcóllar, 1998; Baia Mare and Baia Borşa, 2000; Aitik, 2000; Sasa, 2003; Malvési, 2004; Ajka, 2010; Talvivaara, 2012; Kostajnik, 2014; Kittilä/Suurikuusikko, 2015; Borba, 2018; Cobre Las Cruces, 2019; Kevitsa, 2023.

Lastly, mining is an energy-intensive sector and an important source of GHG emissions. It is estimated that GHG emissions associated with primary metal and mineral production accounted for approximately 10% of total global energy-related emissions in 2018.<sup>10</sup> Energy consumption increases as mining ore grades get lower.<sup>11</sup>

The environmental impacts described above are seldom analysed thoroughly and comprehensively in EIAs. Many irregularities have been observed in all of the cases, leading to EIAs being rejected by public authorities<sup>12</sup> as well as independent experts. Furthermore, new extractive projects are rarely subjected to strategic impact assessments, even when there may be cumulative effects by various mining projects (since impacts persist through air, water and living organisms, accumulating over time, and spanning long distances).

### C. From negative effects on livelihoods to destroying local culture

Companies always promise that mining operations will create jobs and economic opportunities, but fail to mention that these are of temporary nature. In reality, the degradation of arable land and impacts on the landscape, negatively effect the livelihoods of rural populations dependent on agriculture and/or tourism. Moreover, the extractivist model has locked many producing countries in the Global South into a resource trap with few benefits for local communities and little respect for international labour laws.

Many of the regions that would be impacted by mining are agro-ecosystems, inhabited by communities that live in an intricate relationship with their territory. They are characterised by rich biodiversity, invaluable cultures and landscapes, often sustainably managed by small-scale farmers. Barroso for instance is recognised by the UN-FAO as a Globally Important Agricultural Heritage Systems Site. The land, soil and water quality are vital for the rural agricultural economy. Mining in these areas would not only cause irreversible damage to the local ecosystem, but also to the cultural heritage and traditional way of living.

Eventually, the intrusion of a large corporation and economic interests undermine the social fabric of local communities, thereby disrupting social ties. In Portugal and Spain, communal lands have been part of local culture for centuries and represent a unique form of land governance. In order to obtain access, companies do not shy away from encroaching on communal lands and creating division within the community.

[10] This excludes emissions associated with mineral aggregates, energy carriers, transport and manufacturing. Azadi, M., Northey, S.A., Ali, S.H. et al. Transparency on greenhouse gas emissions from mining to enable climate change mitigation. *Nat. Geosci.* 13, 100–104 (2020). <https://doi.org/10.1038/s41561-020-0531-3>

[11] Elshkaki, A. et al. (2016). "Copper demand, supply, and associated energy use to 2050," *Global Environmental Change*, 39: 305-315. Disponible en: <https://doi.org/10.1016/j.gloenvcha.2016.06.006>

[12] E.g. ETM failed to comply with requests and instructions to correct and supplement its EIA draft reports for the mining project Kvanefjeld.



While the majority of Strategic Projects is expected to be located in Europe, the list also includes projects in resource-rich countries outside of Europe. The socio-cultural impacts of mining are even more pronounced in the Global South. Raw materials extraction has been offshored to third countries over the past decades, leading to social and environmental dumping in the Global South. Worldwide, over 80% of lithium projects and more than half of nickel, copper and zinc projects are located in the territories of indigenous peoples. Thus, 'green growth' plans requiring the large-scale extraction of minerals from the Global South is leading to new environmental injustices and green colonialism.

## D. From Market Abuse to Corruption

In the past, the owner of the Wolfsberg Lithium project, European Lithium, has been criticized for market abuse and manipulation. The management team of European Lithium is, in fact, almost identical to Critical Metals Corp, which is in the process of taking over the Kringlerne mining project in Greenland. In 2020, 2021 and 2022, European Lithium was fined by The Austrian Financial Market Authority.<sup>13</sup> This means that, based on Greenland's Mining Law,<sup>14</sup> Critical Metals Corp should not be eligible for a permit for mining in Greenland.

However, the unethical practices of the mining sector go beyond only market abuse. The mining sector is characterised by corruption, tax evasion and undue political influence. This is for instance illustrated by the company Energy Transition Minerals (behind the Kvanefjeld mining project in Greenland), which has made various illicit attempts to influence politicians and civil servants in Greenland.<sup>15</sup>

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## 5. OUR DEMANDS

The EU aims to secure raw materials for its industries, but at what cost? The reality of extractivism is that local populations, the environment and sustainability goals often end up being sacrificed for corporate profits. Contested mining projects can therefore not be treated as matters of 'overriding public interest'. EU policies are not serving their people if they fail to consider the socio-environmental harm caused by mining and resource-intensive supply chains. Mining cannot be "greened" through social engineering and marketing campaigns.

[13] In 2020, the fine was EUR 60,000 for a breach against the Austrian Market Abuse Regulation, in 2021, it was EUR 160,000 for a breach against the ban on market manipulation, and in 2022, it was EUR 122,850 for a breach of ad hoc reporting obligations.

[14] According to section 67 of Greenland's Act on Mineral Activities, a licensee, individuals owning or exerting decisive influence over the licensee and members of the licensee's management (including a board of directors, an executive board, a supervisory board or similar governing body), must not have been convicted of or accepted a fine or other penalty or sanction in the last four years for, among other things, bribery, fraud or cartel operation.

[15] According to the Greenlandic newspaper Sermitsiaq, one of these former Deputy Ministers was provided with stock options potentially worth 3 billion DKK (400 million EUR) by ETM, corresponding to 3% of the company's share value. According to Greenland's then Prime Minister, Kim Kielsen, ETM had systematically undermi

To begin with, the CRM Board should communicate transparently, not just by sharing meeting minutes, but the whole list of applicants, AND actively involve civil society and trade unions in the selection of Strategic Projects. To stop ongoing - and prevent new - human rights violations and environmental harm, we urge the European Commission and Critical Raw Materials Board to meet the following demands:

### Reject the status of Strategic Projects for:

- Companies involved in human rights violations and repression of environmental activists;
- Projects taking place in/near valuable nature areas (see no-go zones below);
- Companies with a track record of environmental infringements;
- Companies with a track record of market abuse, tax evasion, corruption and/or linked to individuals with a criminal record.

### Exclude projects that do not engage populations in a meaningful way

Local populations should be given the Right To Say No in case mining projects could undermine their well-being or irreversibly harm local ecosystems. No mining project should be considered Strategic without the meaningful engagement of local populations/affected parties or the Free, Prior and Informed Consent (FPIC)<sup>16</sup> of Indigenous Peoples and other rights holders. Furthermore, companies should not be allowed to pursue social engineering and other unethical methods to gain acceptability. This must be guaranteed through effective grievance mechanisms, including access to courts if rights of citizens or the environment have been damaged by corporations.

[16] Free Prior Informed Consent is laid down in the ILO Indigenous and Tribal Peoples Convention (ILO 169) and in the UN Declaration on the Rights of Indigenous Peoples (UNDRIP).

## *Favour demand reduction and circular economy projects over the extraction of primary raw materials*

Regrettably, the CRMA did not set any concrete benchmarks for the absolute reduction of raw material demand. To improve strategic autonomy, the consumption of CRMs should be reduced by at least 20% in 2030, compared to 2020 levels. To achieve this, the Strategic Projects should focus on substitution, reuse, repair and remanufacturing of CRM components/equipment as well as recycling of post-consumer waste or extractive waste. Demand reduction should not only be a priority of the CRMA but also other EU policies (e.g. new Circular Economy Act), incorporating a binding EU target to achieve sustainable resources management.

## *Establish No-Go Zones where mining is explicitly prohibited*

Strategic Projects should not be allowed to take place in areas with ecological or cultural value, such as Natura2000 (current status or eligible in the future) and UNESCO World Heritage sites; indigenous lands; biodiversity hotspots and sensitive ecosystems such as the (sub)arctic and deep seas; otherwise protected areas (e.g. RAMSAR). In other areas, mining may not deteriorate the quality of air, water or soil. Compliance with European environmental laws and international conventions must be guaranteed and demonstrated by a comprehensive and reliable EIA, validated by independent experts. Ecological regeneration must be included in project proposals from the very start.

## *Align Strategic Partnerships with a global justice approach*

Strategic Partnerships must comply with the highest social standards to guarantee human and labour rights. The EU should not continue or enter in strategic partnerships with countries in flagrant violation of international humanitarian law and involved in war crimes. Partnerships should be aligned with economic justice principles, supporting knowledge-sharing and local value creation.



Finally, we call on the EU and Member States to strive for system change beyond the growth paradigm: halting the overconsumption of raw materials and ending unjust global extraction and distribution patterns. Instead, the EU should adopt sustainable resources management and prioritise sufficiency and equity principles. This way, the EU will strengthen the resilience and sustainability of its supply chains and redirect its course towards a green and just transition — one that protects people and the planet.







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