

EU seeks quick critical minerals deal with US: official

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European Union trade commissioner Valdis Dombrovskis said the bloc is willing to work 'as fast as possible' to seal a deal with the US on critical minerals.

The European Union is willing to proceed "as fast as possible" on a critical minerals deal with the United States, a top bloc official said

Thursday, as both sides work to end a spat over Washington's ambitious green incentive plan.

European leaders have been worried that EU-based energy and [auto companies](#) will be shut out or move to the United States due to the country's ambitious Inflation Reduction Act (IRA).

Signed into law by President Joe Biden last August, the IRA funnels some \$370 billion into subsidies for America's energy transition, including tax breaks for US-made [electric vehicles](#) (EVs) and batteries.

"On the critical raw materials agreement, from the EU side, we are willing to move forward as fast as possible," said European Commissioner for Trade Valdis Dombrovskis on Thursday.

Such a [deal](#) is important in the context of "addressing discriminatory elements" in the IRA, he added, after a meeting with top US trade negotiator Katherine Tai in Washington.

"We already see the US has an agreement with Japan, which shows it is possible to make progress," Dombrovskis added.

Under the IRA, companies must source a certain percentage of [critical minerals](#) for EV batteries from the United States or its free trade partners to be eligible for incentives.

That initially left Japan and the EU in the cold, but a recent announcement signals room for maneuver.

US officials last month proposed guidelines widening access to electric vehicles subsidies, bringing potential relief to trade partners.

The United States and Japan have also unveiled a deal on critical

minerals trade to reinforce supply chains in a sector dominated by China, and the EU is in talks for a similar pact.

Rare earth elements and minerals such as lithium are increasingly important given their use in clean energy technologies.

On Wednesday, Canadian Finance Minister Chrystia Freeland highlighted "anxiety" over the IRA and what it means for countries' economic ties with America.

Speaking in Washington, where global economy officials are gathered this week for the IMF and World Bank spring meetings, Freeland recognized the IRA's benefits in helping to build a clean economy, but warned about the risks of a subsidy war.

"It would be all too easy for us to get drawn into a race to the bottom," she said, adding that this threatens cutting into tax bases.

Asked about the comments, Tai said the US legislation is "forward-looking" and close trade partners like Canada are key to these efforts.

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