CRITICAL MINERALS & OTHER CRITICAL MATERIALS

WHAT ARE THEY AND WHY SHOULD WE CARE?

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ORIGINS OF CRITICAL MINERAL POLICY

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Ties To National Security

- 1914 (WWI) - United States establishes first critical minerals list due to shortages of tin, nickel, platinum, nitrates, and potash
- 1939 (WWII) – Strategic Materials Act provided authority for strategic materials stockpile
- 1946 – Strategic and Critical Materials Stockpiling Act increased funding for the stockpile, so the United States would be prepared for national military emergencies
- 1950 (Korean War) – Defense Production Act provided additional funds for stockpiles and additional authorities to spur production and acquisition of strategic and critical minerals
- 1973 – Specialty Metals clause added to Berry Amendment (separately codified in FY 2007 National Defense Authorization Act)

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A New Focus

- DOD Strategic Management Plan FY 2022-2026
  - Defending the homeland, paced to the growing multi-domain threat posed by the People's Republic of China (PRC)
  - Deterring strategic attacks against the United States, Allies, and partners
  - Deterring aggression, while being prepared to prevail in conflict when necessary, prioritizing the PRC challenge in the IndoPacific, then the Russia challenge in Europe
  - Building a resilient Joint Force and defense ecosystem

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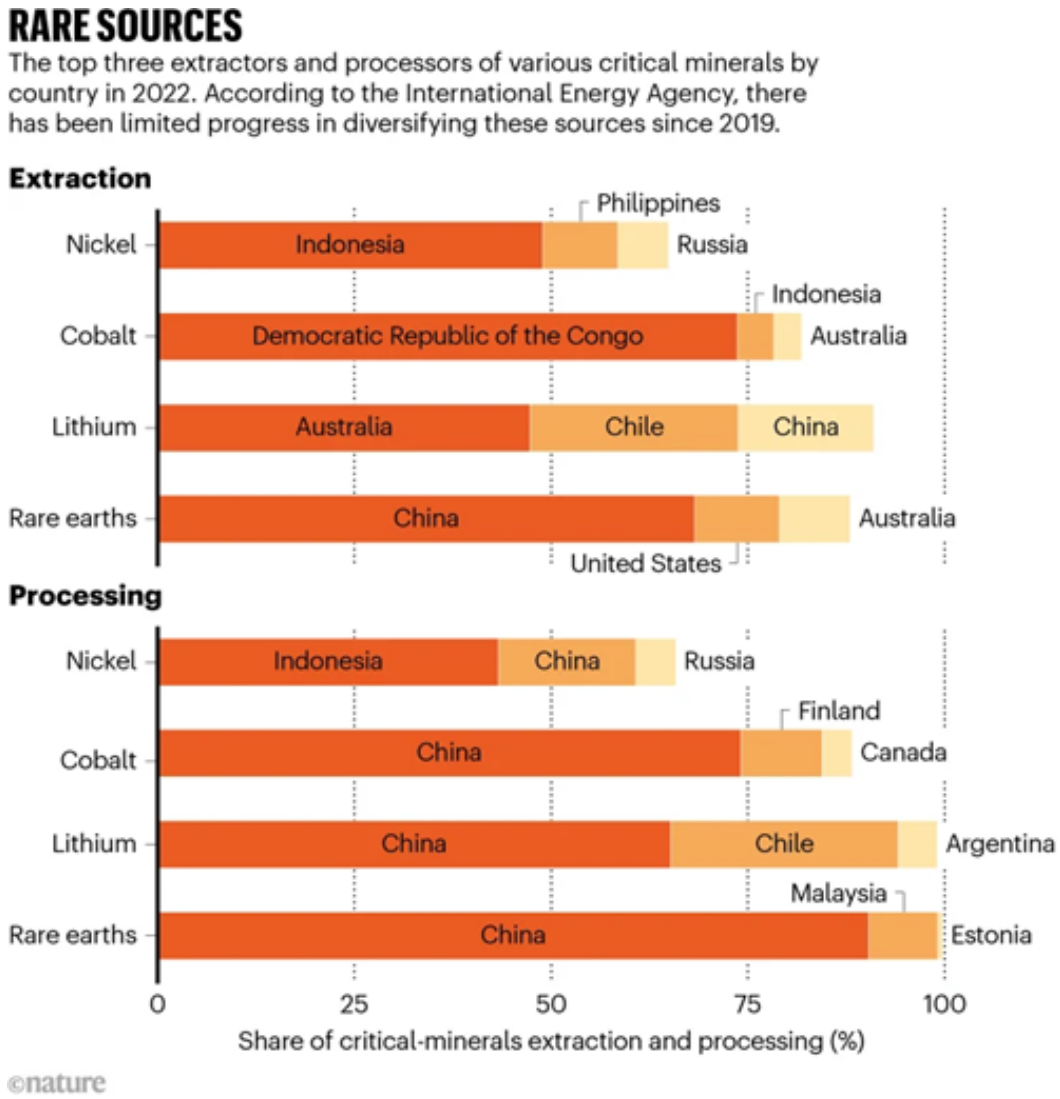
Location, Location, Location



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LISTS

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U.S. Geological Survey

- Executive Order 13817 (Dec. 20, 2017)
- Heavy reliance on imports of mineral commodities that are vital to the nation's security and economic prosperity
- First List Published 2018
- Updated 2022 (+15 commodities; -4 commodities)
- The list must be updated every three years (Energy Act of 2020)
- Methodology
  - Supply disruption exposure (i.e., concentration in unfriendly nations)
  - Net import reliance
  - Economic Vulnerability (% of cost of downstream articles)

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Department of Energy

- Energy Act 2020
- 2023 Critical Materials List
- Includes minerals/materials not on USGS's list including copper and electrical steel
- Methodology
  - Supply Risk
  - Importance to Clean Energy
  - Forward Looking

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Department of Defense

- National Defense Stockpile
- “Strategic and critical materials” are materials that:
  - would be needed to supply the military, industrial, and essential civilian needs of the United States during a national emergency, and
  - are not found or produced in the United States in sufficient quantities to meet such need.
- Essential Civilian Needs are the critical sectors identified by Department of Homeland Security

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COORDINATION WITH ALLIES AND PARTNERS

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The Rise of Critical Mineral Agreements

- Spurred by Provisions in the IRA
- Japan (March 2023)
- EU – Negotiations ongoing
- UK – Negotiations ongoing
- Other countries?

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Defense Production Act Expansion

- Authorities for expanding the supply of strategic and critical materials to promote the national defense
  - Purchasing power
  - Incentives for stimulating production
- "Domestic Source" is a business concern that performs in the **United States <u>or Canada</u>** substantially all of the research and development, engineering, manufacturing, and production activities required of such business concern under a contract with the United States relating to a critical component or a critical technology item.
- Expansion to UK and Australia

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CASE STUDIES

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Department of Interior

- June 2022 (BIL) - $74.6 million distributed to 30 states
  - Geoscience data collection
  - Mapping
  - Data preservation
  - Scientific interpretation of areas with potential for critical minerals

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DOE – Bipartisan Infrastructure Law / Inflation Reduction Act

- Aug. 2022 (BIL) - $125 million available to support recycling of consumer electronic batteries and battery containing devices
- Oct. 2022 (BIL) -- $2.8 billion to expand domestic manufacturing of batteries for Evs and electrical grid components
- Sept. 2023 (BIL) - $150 million available for producing and refining critical minerals in United Stater

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Department of Defense

- December 2022 (DPA) – $24.8 million for environmental and engineering studies related to antimony trisulfide
- July 2023 (IRA) - $37.5 million for graphite mine economic feasibility study
- September 2023 (DPA) - $90 million to support reopening of lithium mine
- September 2023 (DPA) - $20.6 million to support exploration of nickel mine

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THANK YOU!

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