



## American Critical Minerals Association

### *June 2024 Newsletter Update*

Welcome to the newest edition of the American Critical Minerals Association's newsletter, which highlights the latest news and policy developments around the continued efforts to strengthen and build out the U.S. critical minerals supply chain. We hope you find this to be an informative resource.

**Let us know what you think:** For general inquiries to learn more about ACMA or suggestions for future content, you may reach us at [info@critical-minerals.us](mailto:info@critical-minerals.us).

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### **WASHINGTON UPDATE**

Amid initial negotiations for FY25 funding and the reauthorization of the National Defense Authorization Act (NDAA), Congress is actively pursuing policy measures to address critical minerals. Through proposed amendments and language in appropriations bills, Capitol Hill is continuing to focus on ways to counter China's dominance in the sector and enhance domestic production.

### **ACMA IN THE NEWS**

**I. ACMA Leadership Sits on CRS Panel:** On Wednesday, May 29<sup>th</sup>, Sarah Venuto, Executive Director of ACMA, participated in a bicameral seminar hosted by the Congressional Research Service. The seminar, "Disruptive Technology Series: Critical Minerals for Energy: Recycling and Alternatives" also featured Ashley Zumwalt-Forbes of the Department of Energy's Manufacturing and Energy Supply Chains office, as well as Eric Schelter of the University of Pennsylvania. Sarah's comments focused on the importance of supporting policies to diversify the critical minerals supply chain, noting that while scaling recycling will not meet all our nation's critical minerals demands, it is an essential tool that will help us ensure global markets are diversified. She also focused on

the importance of scaling the use of alternative materials, highlighting leading companies in the sector.

**II. DOE MESC RFI Letter Submission:** On May 20th, ACMA [submitted](#) comments in response to the Department of Energy's Request for Information on Critical Materials Market Dynamics. In our comments, ACMA commended the leadership of the Department on the issue, and emphasized the importance of securing policy solutions focused on pricing certainty in the increasingly diverse critical materials and minerals market. We argue that comprehensive policies that enable greater certainty and market transparency will assist in de-risking U.S. investment in critical minerals projects. ACMA urged the Department to enhance public engagement and understanding of key federal agencies on supply chain issues and to establish a reporting resource within the Energy Information Administration (EIA) for critical materials linked to energy sector demand.

**III. ACMA Tracks FY25 NDAA Moves:** As the FY25 National Defense Authorization Act (NDAA) makes its way through Congress, several critical minerals-related provisions have been introduced in forms of bill language and amendments for consideration. During the House Armed Services Committee (HASC) markup in late May, 11 amendments were submitted and passed out of committee that focused on securing critical materials in the U.S. Specifically, members focused on refining the minerals supply chain, recycling minerals and metals to boost domestic sourcing, especially in production of batteries, and improving capabilities for refining polymetallic nodules as a resource. Now sitting in the House Rules Committee, there are currently six amendments focused on critical minerals out of 1100 total awaiting consideration. ACMA will continue to track movement on these amendments and will report updates to members.

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## **POLICY DEVELOPMENTS**

**I. President Biden Takes Action to Protect American Workers and Businesses from China's Unfair Trade Practices**

**II. DOE Releases Final Interpretive Guidance on the Definition of Foreign Entity of Concern**

**III. Manchin Leads Bipartisan, Bicameral Group to Introduce CRA Resolution of Disapproval to Overturn Administration's Final 30D EV Tax Credit Rule**

**IV. Biden's Final EV Tax Credit Rules Please Automakers, Anger China Hawks**

**V. House Oversight Committee Questions Granholm on Critical Minerals**

**VI. Mining Regulatory Clarity Act Passes House**

**VII. US military awards \$14.8M to Canadian critical minerals firms**

**VIII. DOD Awards \$20 Million to Enhance Domestic Manganese Supply Chain**

**I. President Biden Takes Action to Protect American Workers and Businesses from China's Unfair Trade Practices:** President Biden on May 14 [directed](#) U.S. Trade

Representative (USTR) Katherine Tai to increase tariffs under Section 301 of the Trade Act of 1974 on \$18 billion worth of imports from China to protect American workers and businesses. During a White House press conference, President Biden highlighted a number of increased tariff rates, including a 25% tariff on Chinese steel and aluminum products. He also highlighted a 100% tariff on electric vehicles (EVs) from China, plus an increase in tariff rates to 25% on electric vehicle batteries and critical minerals produced in China. Notably, Bloomberg recently [reported](#) that these new tariffs exclude critical minerals where China currently controls a large portion of the global supply, including gallium, germanium and rare earths, graphite, and tantalum.

## **II. DOE Releases Final Interpretive Guidance on the Definition of Foreign Entity of Concern:**

The Department of Energy (DOE) on May 3 [released](#) final guidance on the definition of "foreign entity of concern" (FEOC) in the Bipartisan Infrastructure Law (BIL). The guidance is intended to reduce the participation of FEOCs in domestic battery supply chains to boost domestic production. The DOE further defined a FEOC as if it is headquartered, incorporated or performing relevant activities in a "covered nation," which includes China, Russia, Iran, and North Korea. The DOE stated that it will prioritize applications for the 30D Clean Vehicle Tax Credit that will not use battery material supplied by a FEOC.

## **III. Manchin Leads Bipartisan, Bicameral Group to Introduce CRA Resolution of Disapproval to Overturn Administration's Final 30D EV Tax Credit Rule:**

Sen. Joe Manchin (D-WV) on May 16 [led](#) Senators Deb Fischer (R-NE), Sherrod Brown (D-OH), Marco Rubio (R-FL), Lisa Murkowski (R-AK), and Mike Braun (R-IN) in introducing a CRA resolution of disapproval to overturn the final ruling of the 30D Clean Vehicle Credit. The rule, recently issued by the U.S. Department of the Treasury, clarified certain battery component and critical minerals sourcing requirements that are eligible to receive the credit. The Senate resolution argues that the rule does not prioritize American manufacturing of critical minerals, and instead allows for more dependency on China for these minerals. U.S. Representatives Carol Miller (R-WV-01) and Jared Golden (D-ME-02) are introducing a companion resolution.

## **IV. Biden's Final EV Tax Credit Rules Please Automakers, Anger China**

**Hawks:** Politico on May 3 [reported](#) that the recently announced final rules for the 30D Clean Vehicle Tax Credit has loosened import regulations for his Administration's electric vehicle tax credit. These terms include grace periods for certain components to be sourced from American or allied suppliers, rather than Chinese alternatives, as well as delaying mandatory battery sourcing tests. Critics, including Senator Joe Manchin, argue that loosening those terms only benefit Chinese battery manufacturers, while automotive industry groups signaled approval and willingness to comply with the regulations after a period of adjustment.

**V. House Oversight Committee Questions Granholm on Critical Minerals:** The House Oversight and Accountability Committee on May 23 [questioned](#) U.S. Department of Energy Secretary Jennifer Granholm on the Department's recent policy decisions, including actions regarding U.S. production of critical minerals. Specifically, Rep. Gary Palmer (R-

AL) accused the DOE of still utilizing Chinese-manufactured materials to build electric vehicle (EV) batteries in the United States. He emphasized that the U.S. is overly dependent on China for critical minerals, and urged the Secretary to take action to permit more projects that would boost American mining companies in order to achieve national security and environmental goals.

**VI. Mining Regulatory Clarity Act Passes House:** In a 216-195, the U.S. House of Representatives on May 8 passed H.R. 2925 (The Mining Regulatory Clarity Act), with 9 Democrats voting in favor of the bill. The bill sets forth a process to allow mine operations to use, occupy, and conduct operations (e.g., construction of roads and other mining infrastructure activity) on public land regardless of whether a mineral deposit has been discovered on the land. Chairman of the House Committee on Natural Resources Bruce Westerman (R-AR) said that the bill is "codifying existing precedent and unlocking our rich domestic mineral resources." The bill is currently awaiting action in the Senate.

**VII. US Military Awards \$14.8M to Canadian Critical Minerals Firms:** Politico on May 16 [reported](#) that the Department of Defense (DOD) granted \$14.8 million to two Canadian companies that mine and process minerals critical to produce batteries. The Canadian government has also contributed \$770,000 to the grantees, with the possibility of \$9.2 million more in the future. These investments follow the Biden Administration's creation of a \$250 million funding reserve for American and Canadian critical mineral processing companies under the Defense Production Act. Canadian-American cooperation on this funding dates back to the creation of a joint energy transformation task force in 2023, and is expected to play a significant role during next year's G7 summit in Canada.

**VIII. DOD Awards \$20 Million to Enhance Domestic Manganese Supply Chain:** The Department of Defense (DOD) on May 17 [announced](#) that South32's Hermosa Project will receive \$20 million in federal funding through the Defense Production Act Investment (DPAI) Program. The Hermosa Project, based in Arizona, seeks to sustainably produce battery-grade manganese for military and civilian applications. This award would allow South32 to produce ore up to two years sooner than originally projected and be the first sustainable producer in the United States. While this is DPAI's first investment into sustainable manganese production, it is one of 16 awards allocated since the start of FY2024, equivalent to \$356 million.

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## **NEWS, ANALYSIS, AND OPINION**

**I. China Is Winning the Minerals War**

**II. Sharp Declines in Critical Mineral Prices Mask Risks of Future Supply Strains as Energy Transitions Advance**

**III. A New Breakthrough Could Deepen US Troops' Dependence on Chinese Batteries**

**IV. Driving Into the Deep-Sea Debate**

**V. Congo's \$7bn Infrastructure Deal with China Will Depend on Copper Prices**

**I. China Is Winning the Minerals War:** The Wall Street Journal on May 21 [reported](#) that

Chinese companies are dominant in the minerals critical for defense space and green technologies despite Western efforts to limit their influence. China has an overwhelming competitive advantage considering its highly effective and straightforward engineering capabilities, but companies like Talon Metal are trying to compete. Sean Werger, Talon Metal's president, states that "U.S. policymakers on both sides of the aisle ...cannot allow China to become a 'single-member OPEC' for critical minerals like nickel." Last Tuesday, the White House announced new tariffs on China hoping to drive demand for Western minerals and encourage Chinese companies to reduce production. According to Kent Masters, chief executive of Albemarle, there is not a "business case" for a complete Western lithium supply chain unless Chinese prices rise.

**II. Sharp Declines in Critical Mineral Prices Mask Risks of Future Supply Strains as Energy Transitions Advance:** The International Energy Agency (IEA) on May 17 [reported](#) that there was a drop in prices for key minerals, such as lithium and cobalt, utilized in clean energy technologies in 2023. The Global Critical Minerals Outlook 2024 determined that while current supplies have balanced the market, future demand for these minerals is expected to more than double by 2040. The report warns of potential supply risks, especially for lithium and copper, and underscores the importance of recycling, innovation, and substantial investment in mining to ensure a resilient and sustainable supply chain for the energy transition. The latest report also includes an updated risk assessment such as geopolitical risks, barriers to responding to supply disruptions, and exposure to ESG and climate risks.

**III. A New Breakthrough Could Deepen US Troops' Dependence on Chinese Batteries:** Defense One on May 28 [reported](#) that a newfound manufacturing technique from the Qingdao Institute of Bioenergy and Bioprocess Technology could increase China's control in the lithium market. Demand in the U.S. continues to skyrocket for batteries needed to produce military gear such as radios, night-vision goggles, small drones, and electric vehicles (EVs), and the new technique enables a battery to charge faster and age slower, which could be integrated into standard lithium-ion battery manufacturing in China. Given that battery performance in rough and extreme battlefield conditions is a key concern, the longer battery life could be essential for the U.S. military and may increase dependence on China for these materials.

**IV. Driving Into the Deep-Sea Debate:** Politico on May 21 [reported](#) that automakers are being pushed into a global debate around deep sea mining for critical minerals as they try to ensure access to raw materials needed to manufacture electric vehicles (EVs). Investors of Tesla and GM plan to vote on shareholder resolutions urging the companies to disclose their stance on the issue. The Tesla proposal also calls for a global moratorium on deep sea mining, however, both companies are pushing for shareholder opposition against the proposals. Tesla and GM, along with other companies, want more scientific information on the environmental impacts of seabed mining, but Duncan Wood, vice president of strategy and new initiatives at the Wilson Center, notes that it would be "very difficult if not impossible" for automakers to resist deep-sea minerals if they were to enter the supply chain.

**V. Congo's \$7bn Infrastructure Deal with China Will Depend on Copper Prices:** Mining Weekly on May 6 [reported](#) that the Democratic Republic of the Congo's state mining company and Chinese investors revised the 16 year-old agreement founding

the Sicomines mining company in March to add \$7 billion in financing for local infrastructure. \$324 million from the joint venture's annual profits will be invested into Congolese road infrastructure until 2040, but that funding can increase or cease altogether depending on the international price of copper. While more of Sicomines's profits are being kept in the country, using them to pay back Chinese loans remains a priority under the revised agreement. The financial changes did not affect Sicomines's tax exempt status, which has historically attracted domestic and global criticism for losing national revenue.

## **RECENT LEGISLATION**

### **House**

- [H.R.8450](#) - To direct the Secretary of the Interior to evaluate certain minerals for designation as critical minerals. *Introduced by Kat Cammack (R-FL)*
- [H.R.8446](#) - To amend the Energy Act of 2020 to include critical materials in the definition of critical mineral, and for other purposes. *Introduced by Juan Ciscomani (R-AZ)*
- [H.R. 8504](#): To amend the Internal Revenue Code of 1986 to establish the critical supply chains reshoring investment tax credit. *Introduced by Rep. Nicole Malliotakis (R-NY)*
- [H.R. 8491](#): To amend the Mineral Leasing Act to make certain improvements in the laws relating to coal royalties, and for other purposes. *Introduced by Rep. Matt Cartwright (D-PA)*
- [H.J.Res.148](#) - Providing for congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Department of the Treasury relating to "Clean Vehicle Credits Under Sections 25E and 30D; Transfer of Credits; Critical Minerals and Battery Components; Foreign Entities of Concern". *Introduced by Rep. Carol Miller (R-WV)*

### **Senate**

- [S. 4375](#): A bill to establish a critical supply chain resiliency and crisis response program in the Department of Commerce, and to secure American leadership in deploying emerging technologies, and for other purposes. *Introduced by Sen. Maria Cantwell (D-WA)*
- [S.J.Res.87](#): A joint resolution providing for congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Department of the Treasury relating to "Clean Vehicle Credits Under Sections 25E and 30D; Transfer of Credits; Critical Minerals and Battery Components; Foreign Entities of Concern". *Introduced by Sen. Joe Manchin (D-WV)*

## **UPCOMING EVENTS**

- ACMA will be hosting a Senate-focused event in the coming weeks in collaboration with the Bipartisan Policy Center. *Details to follow.*
  - ACMA is coordinating with DOE's LPO to schedule a 101 webinar. *Details to follow.*
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