



Time to RESTART rare earths supply chain

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Although you might not have heard of rare earths — the common name for 17 obscure but valuable chemical elements — you most likely own a consumer product that contains them. Rare earths are used in components for wind turbines, in rechargeable batteries for hybrid cars, in key weapons systems for our military, and in everyday consumer products like computers, cell phones and iPods.

The problem is that the United States is nearly 100 percent reliant on imports for these vital materials, and a disruption in supply could not only severely affect our nation's ability to manufacture high-tech products but could also jeopardize our national security.

For 25 years, uses for rare earths have grown exponentially in the automotive, defense, oil, electronics and renewable energy industries. Although the United States was once the world leader in rare earths production, through predatory tactics the Chinese government has undermined the world market and forced the U.S. rare earths industry out of business. More than 95 percent of available rare earth mining occurs in China or is controlled by Chinese-led interests.

Last year, the Chinese government imposed an unofficial rare earths embargo against Japan in retaliation for the detention of a Chinese fishing boat captain, and then extended the temporary de facto embargo against the U.S. These actions demonstrate that the Chinese government is fully aware of the power their control of the rare earths market gives them.

In essence, China has become the Saudi Arabia of rare earths. First, through artificially low prices and now through restricted export quotas — which most likely are illegal under World Trade Organization agreements — China has placed U.S. rare earths manufacturing at a competitive disadvantage and forced our producers overseas.

Even worse, experts worry that the Chinese have been hoarding its supply of rare earths to meet a domestic demand that could easily equal production capacity as early as 2012, further limiting material availability in the United States. In addition to the potential commercial impact this reliance on China has, the looming shortage of materials needed to support our defense industrial base has dangerous implications for national security.

In early 2009, I was alarmed to learn that many U.S. defense contractors rely heavily on Chinese exports of rare earth metals to make everything from our missile, weapons and guidance systems to radars, tanks, fighter aircraft, unmanned aerial vehicles, submarines and electric boat technologies. This reliance on China poses a key vulnerability, and we cannot depend on China as our sole source of critical materials for defense systems that keep us safe and free.

It is imperative that we foster a competitive, domestic rare earths supply chain in the United State in the next five years. We can't just mine and process the material into ore. We also need to turn that ore into alloys and manufacture those alloys into usable products for our manufacturers.

Today, the United States has ample rare earths deposits, including sizable holdings in Montana, Idaho, California and here in Colorado. But so far, only one domestic rare earths production facility, in Mountain Pass, Calif., has reopened.

To address this critical issue and to continue the fight to redevelop a domestic supply chain, I reintroduced my Rare Earth Supply-Chain Technology and Resource Transformation (RESTART) Act in early April. This legislation would help re-establish competitive domestic rare earths mineral production, processing, refining, purification and metals production industries to support the growth of renewable energy technology and manufacturing as well as the nation's defense industry.

The RESTART Act of 2011 takes a “whole-of-government” approach and would initiate a number of key activities including: expediting the permitting process without waiving environmental laws, setting up a rare earth inventory to source domestic needs, requiring the various cabinet secretaries to appoint executive agents for rare earths and establishing a rare earth program at the U.S. Geological Survey.

Although this legislation alone is not the answer, it is an important step in the right direction. I will also continue to urge U.S. trade officials to take action with the WTO regarding China’s trade policies. But it is vital that we change course and foster the development of a domestic rare earth supply chain. The United States must break away from our reliance on China for these critical materials. Our national security, economic security and thousands of American jobs are at stake.

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