

Coffman RESTART Act Creates Rare Earths Supply Chain
Seeks to Curtail Dangerous Reliance on China for Critical Materials

(WASHINGTON) - U.S. Rep. Mike Coffman (R-CO) today introduced legislation to avert a U.S. rare earth supply crisis by restoring our nation's production of rare earth metals. Coffman's bipartisan bill, H.R. 1388, the Rare Earths Supply-Chain Technology and Resources Transformation Act of 2011 (RESTART Act), would achieve this by reestablishing a domestic rare earth industry in the United States.

"Currently, the world is nearly 100 percent reliant on Chinese exports for these critical materials and China's trade policies of restricting rare earth exports pose a serious threat to both the economic and national security of the United States," Coffman said.

China supplies about 95 percent of the world's rare earth metals, used in everything from wind turbines, electric car batteries, television sets, smart phones, and advanced weapons systems. Chinese officials have announced a decision to cut exports of rare earth metals by 35 percent in the first half of 2011.

"The Chinese government-ordered reduction in rare earth metals exports demonstrates the urgent need for us to act to correct our rare earth supply chain vulnerability," Coffman said.

Coffman, who sits on the House Armed Services Committee, became alarmed in early 2009 when he learned that many U.S. defense contractors rely heavily on Chinese exports of rare earth metals to make everything from night vision goggles, tanks, and fighter aircraft, to precision guided munitions. This reliance on China poses a key vulnerability according to Coffman.

Coffman's comprehensive, bipartisan legislation will put in place mechanisms to assist U.S. companies with meeting their needs for rare earth metals and ensures our national security needs are met in the near term.

Key provisions of the legislation include:

- Directing appropriate federal agencies to expedite the permitting process in order to increase the exploration and development of domestic rare earth elements, without waiving environmental laws, and establishing a multi-agency Task Force to carry out this process;
- Setting up a Defense Logistics Agency (DLA) rare earth inventory -- where DLA enters into long-term supply contracts and then makes the supplies available for purchase to federal government contractors -- to generate a domestic market and facilitate the domestic sourcing of rare earth alloys and magnets;
 - Making loans, backed by the federal government, available to start production should lending from the capital markets not be available;
 - Requiring the various cabinet Secretaries to appoint Executive Agents for rare earths;
 - Establishing a rare earth program at the U.S. Geological Survey.

"Our nation must act to protect our security interests with regard to rare earth elements," Coffman said. "China is neither an ally of the United States nor is it a reliable trade partner when it comes to these strategic metals."

Coffman's legislation has the support of the Coalition for a Prosperous America (CPA) and the United States Magnet Materials Association (USMMA) and their members who are most affected by the disruption in the rare earth metals market.

"The manufacturing, agriculture and worker members of CPA are pleased to support Rep. Coffman's RESTART Act," said Michael Stumo, CEO of the CPA. "America needs a national strategy to address the unfair trade tactics of other countries which harm our economic growth and our workers. The RESTART Act will provide a strategy to help jump start American innovation and neutralize the Chinese government's attempts to freeze our country out of the many new technologies for which rare earth materials are needed."

The USMMA, a coalition of companies representing domestic high performance magnet producers and suppliers, "applauded Colorado Congressman Mike Coffman for introducing legislation to address the impending rare earths crisis" in a statement.