



## WEEKLY ONLINE NEWS STORY

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### Lawmakers urge DoD to access REE needs, take action

U.S. Sens. Mark Begich, D-Alaska, and Lisa Murkowski, R-Alaska, and Rep. Mike Coffman, R-Colo. are up in arms over the U.S. Department of Defense's apparent lack of concern about the availability of rare earth elements critical to many of the weapons systems in the U.S. military's arsenal.

"Clearly, rare earth supply limitations present a serious vulnerability to our national security. Yet early indications are the DoD has dismissed the severity of the situation to date," the lawmakers wrote in a Jan. 28 letter to Secretary of Defense Robert Gates.

Citing China's near total monopoly of these vital metals, the lawmakers urged the Department of Defense to take inventory of the U.S. military's anticipated REE demand and establish policies to ensure an uninterrupted supply of the critical materials.

"In our view, it is a fundamental responsibility of DoD Industrial Policy to have a comprehensive understanding of the security of our defense supply chain, which requires understanding detailed knowledge of the sources and types of components and materials found in our weapon systems," the trio wrote.

The Department of Defense Office of Industrial Policy is charged with sustaining an environment that ensures the industrial base on which the Department of Defense depends is reliable, cost-effective, and sufficient to meet DoD requirements.

Begich, Murkowski and Coffman told Gates that DoD should require its weapons contractors "to provide a detailed accounting of the various rare earth-containing components within their weapons system." This information could then be used to create policies that would ascertain that the military would have these vital minerals on-hand.


"For example, one policy may be for the DoD to establish a limited stockpile of rare earth alloys that are in danger of supply interruption to ensure security of supply of both metals and magnets," the policymakers suggested.

Critical of DoD Industrial Policy Director Brett Lambert's apparent attitude




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that the rare earth markets will fix themselves and supplies outside of China will become available, the policymakers pointed out that the Defense Department has not yet inventoried its usage of the technological metals and therefore is not certain of its REE needs. The legislators also said near-term domestic REE production will supply primarily light rare earths, leaving the more vital heavy rare earths in short supply.

“Therefore, the new sources may not alleviate the supply shortages faced by DoD. Additionally, manufacturing capabilities required to convert materials into the components needed for our defense systems are virtually nonexistent in the United States today and to our knowledge, no prime contractor has long-term supply agreements to ensure access in a fully secure supply chain. Given the dwindling domestic supply chain and the struggle to accurately identify DoD consumption of rare earth elements, we respectfully disagree with Director Lambert’s initial assessment,” the lawmakers wrote.

Begich, Murkowski and Coffman also cited the effect green energy and hi-tech devices will have on demand for rare earth elements.

“Our modern technological economy, from hybrid cars to direct drive windmills to consumer electronics, requires rare earth dependent components and will impact product availability,” they wrote. “Fully understanding the aggregate demand for rare earth materials and necessity of the demand will be essential to understanding the supply limits, the future market and formulating U.S. policy on these materials.”

The lawmakers have requested DoD provide Congress with a written report on its REE demand and “propose real solutions on rare earth availability.”

Commenting on the legislators’ letter to Gates, Ucore Rare Metals President and CEO Jim McKenzie said, “This high-profile communication will elevate public awareness of a matter that directly impacts U.S. competitive capability at a world level in technology applications. It also draws a pointed reference to a rapidly evolving gap in procurement for critical military and defense systems. The U.S. has a window of opportunity to move toward self-sufficiency in heavy rare earth metals, but needs decisive action to counter the threat posed by the lack of a secure domestic supply chain.”

Ucore owns the Bokan Mountain Project in Southeast Alaska, which, according to the United States Geological Survey, is among the top three REE projects in the United States. Of the three – Molycorp Inc.’s Mountain Pass Project in California, Rare Element Resources Ltd.’s Bear Lodge project in Wyoming and Ucore’s Bokan Mountain project in Alaska, Bokan has been documented as having the highest relative skew of the heavy rare earth elements.

