



Time to capitalize on rare earth abundance in the United States

Stephen Moore and Nicolas Loris

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The Chinese government's recent threat to stop shipments of strategically vital minerals to the United States has exposed the dangerous folly of years of America's anti-mining policies. Rare earth minerals are essential in the production of numerous 21st century technologies, from cell phones and solar panels, to electric batteries and military weapons systems.

The good news is that these minerals are actually quite abundant, especially here in America. (The “rare” refers to their physical properties). The two of us have warned for years that because of America's heavy reliance on China and to a lesser extent Russia, Beijing might try to weaponize their market power in these resources. That is the card President Xi is threatening to play to gain leverage in the ongoing trade dispute.

China is not nearly as indispensable as it thinks it is, and if President Xi goes forward with this threat, it will likely backfire. China's decision to limit rare earth supplies a few years ago caused prices to rise. Japan and Australia responded by finding more cost-effective, reliable substitutes, depressing demand for China's metals. The Japanese announced last year that they found minerals off their coast that are so large, they described the supply as “semi-infinite.”

The bad news is the U.S. has mostly stopped producing these strategic minerals here at home. According to a report by geologist Ned Mamula of the Cato Institute, back in 1990, “the U.S. was number one in the world in mining output. But according to the latest data from the U.S. Geological Survey, the U.S. is 100 percent import dependent for at least 20 critical and strategic minerals (not including each of the “rare earths”), and between 50 percent and 99 percent reliant for another group of 30 key minerals.”

This is an infuriating development, because America has an abundance of these metal resources and probably more than China has. The United Mining Association estimates that America can lay claim to some \$6 trillion of mineral resources. Year after year this treasure chest of vital minerals remains in the ground due to extreme environmental rules. The permitting rules for opening a mine are so draconian that it can take 5 to 10 years for the federal government to give a green light. That's double the time it takes in most other nations.

There has been some slow progress in reversing our negligent withdrawal from these markets. President Trump has issued pro-mining executive actions and some promising new

excavation activities have started in the resource-rich western States. The once prolific Mountain Pass mine in California, mothballed since 2002, will bring a processing plant online next year. Australian-based Lynas is investing in a rare earth separation facility in the United States with Blue Line Corporation. And Texas Mineral Resources Corporation wants to develop a mineral deposit and add a processing facility.

But environmental activists remain committed to blocking new mining projects. Ironically, these restrictive rules merely shift mining to nations, like China and countries in Africa, with far worse environmental safeguards on air pollution and drinking water. We also wonder whether the extreme environmental groups which block American mining realize that the “green energy” technologies, like solar panels, that they so ardently champion rely on a reliable supply of these rare earth minerals.

Other nations seem primed to take on Chinese dominance in rare earth minerals. Why not the United States? Granted, it’s going to take time to get the minerals out of the ground and build out the infrastructure to get them to market. But China’s recent threats should be a wakeup call that we need to get going now. With the right policy reforms we can become the planet’s resource superpower, in much the same way that shale oil and gas have made America an overnight dominant energy producer.

A smart American mining commitment will create tens of thousands of new jobs and over time tens of billions of dollars of added output. It will also eliminate any future threat of China becoming the new OPEC-type cartel of strategic minerals.