

NATIONAL REVIEW

Real Pushback on Chinese Mineral Imports = More Mining in America

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Critical minerals, including rare earth elements and metals, are the new oil. The modern world has become accustomed to and dependent on technologies that require rare earth parts. Yet for decades, as the U.S. fought and won battles against its dependence on foreign oil, it ceded complete control to China for rare earths and most of our other critical-minerals needs. The result has been a vast shift of advanced technology, manufacturing jobs, and intellectual property to our largest rival — China.

Where U.S.–China trade and tariff issues are concerned, China now holds a powerful trump card. Many of the advanced-technology and strategic-defense systems upon which our nation depends will not function without Chinese rare earth parts — and alternative parts makers are not in place to fill our needs. Therefore, it might be a bad day at the bargaining table for the U.S. if and when China decides to play its rare earth card.

This problem began 30 years ago with almost no one paying any attention. China fashioned a “minerals dominance” policy decades before the Trump administration’s current “energy dominance” policy for the U.S. Their mineral-industry successes were paved by America’s retreat as the world’s top minerals producer and exporter in the 1990s. Instead, now America is the world’s top importer of Chinese minerals.

Today minerals dominance is a key element of China’s 100-year plan for global economic and military superiority, and for the strategic geopolitical challenge they pose to U.S. manufacturing. In stark contrast, the U.S., even with its vast, untapped mineral and rare earth resources, has not challenged China’s monopoly on mining and rare earth manufacturing. To his credit, President Trump has called on his administration to begin constructing such a plan.

For decades many U.S. policymakers have downplayed or ignored American mineral wealth as a major driver of economic growth, military effectiveness, or geopolitical influence. This is the complete opposite of their Chinese counterparts’ approach. While it is alarming to contrast

Chinese mineral dominance with the results of past U.S. minerals policies and sentiment about mining — ranging from apathy about critical minerals to open hostility toward their domestic production — a point-by-point comparison is extremely instructive.

* The Chinese perfected a geopolitical strategy to ensure critical mineral-import needs from across the globe for their domestic industries despite global supply-chain uncertainties. The U.S. has no such strategy. Instead, the U.S. imports most of its critical minerals from China and the rest from other trading partners — many of which are themselves politically unstable, hostile to the U.S., and/or vulnerable to Chinese restrictions or embargos.

* The Chinese have robust stockpiles of rare earth elements, cobalt, bauxite, and other minerals. Much of the U.S. stockpiled minerals were sold off after the Cold War and are at their lowest inventory levels ever. There appear to be only minor amounts of one or two rare earths in the stockpile, and unfortunately, the U.S. lacks the supply chain to turn those materials into usable parts.

* The Chinese Bureau of Mines, likely modeled after its former U.S. counterpart, plays a central role in China's Ministry of Economic Affairs. Meanwhile, the venerable U.S. Bureau of Mines, formed in the Interior Department in 1910, was suddenly abolished in 1996, ostensibly for budgetary reasons. The U.S. is now the only industrial country in the world without a bureau of mines.

* The U.S. Geological Survey (USGS) reports that the Chinese invested over \$18 billion in non-fuel mineral exploration in 2014, the latest year for which these data are available. Investment in U.S. mineral exploration in 2014, albeit by private sector, was less than \$1 billion, or less than 6 percent of China's total investment. Domestic investment remained flat until turning up in 2017, probably as a result of regulatory changes by the Trump administration.

* China's government-sponsored investment in mining of fuel and non-fuel minerals for 2014 totaled a staggering \$239 billion, their lowest annual rate of growth in the past 12 years, according to the USGS. During the same period, U.S. mining investment totaled roughly \$85 billion, or about 35 percent of China's investment total.

* Finally, China is ranked as the top mining jurisdiction in Asia for foreign investment, and near the top for all mining jurisdictions worldwide. This is the result of streamlined permitting for foreign companies creating a joint venture with Chinese companies in China. Meanwhile, the U.S. has struggled with arduous permitting processes, overzealous land withdrawals, and politicization of any mining proposal — all significant drags on domestic mining investment and the nation's economy.

While media headlines remind us of the need to increase reliance on green technology — fully expecting Americans to purchase electric vehicles, shop and bank online, invest in the newest iPhone, and rely on medical devices and convenient electronic records to maintain their health — little attention is paid to how all that can be accomplished without ceding America's future to China's shrewd critical-mineral ascendancy.

Perhaps that may be some globalists' dream. It certainly is par for the course for many of Silicon Valley's tech elite, those who shrug off national security in the quest for profitability and constant product turnover — not necessarily ethical, security-oriented solutions that are good for Americans. Just-in-time supply chains of components fashioned from critical minerals that allow our whiz-bang products to exist represent the true Achilles heel for our 21st century, technology-reliant economy, as Japan learned in 2010 when a Chinese rare earths embargo brought Japanese electronics and manufacturing to its knees.

While leveraging economic strength for political gain is nothing new, America has rarely been in such a vulnerable position. The 1973 OPEC oil embargo motivated us to become energy-reliant, yet it has taken decades to get here. Our dependence on China for our every advanced product is a sobering situation that needs to be faced and dealt with head-on, not shunted aside as another inconvenient truth. The U.S. is completely out of touch regarding minerals and mining compared with China, Canada, Australia, or other industrial economies that embrace their mineral wealth instead of shunning it, as we do.

How can we get out of this mineral-dependency mess? For starters, the Trump administration is committed to improved mineral-policy stewardship, shorter permitting times for domestic mining, forming U.S. supply chains of technology metals, and increasing mining-related GDP, taxes, and jobs.

For the first time in American history, a presidential executive order (EO 13817) specifically defines “critical minerals” and directs several federal agencies to ensure secure supplies by conducting more geologic mapping and data gathering, increasing domestic exploration, and shortening the permitting process for mining — all of which will guarantee a more investor-friendly outlook.

As informed citizens, we should embrace and not shrink from U.S. mineral wealth. It is an important part of our American resource endowment. Like the Canadians, Australians, and other resource-rich nations, we should insist on and applaud a vibrant mining industry. Investment in the technology and energy sectors now needs to include mining, too, as it supplies us with so much and can also contribute mightily to the GDP.

The math is simple: More American mining = less Chinese mineral imports.

The only real, sustainable pushback against the Chinese mineral-industry juggernaut, which is burying the U.S. with critical mineral imports, is more domestic mining. There really is no other way.

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