

Trump administration: "Critical Minerals" could spur U.S. mining activity

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Mining Newsletter

Recent actions by the Trump administration have focused on encouraging U.S. based development of identified "Critical Minerals," which could lead to significant policy changes designed to invigorate domestic mining activity.

On December 19 2017, the United States Geological Survey (USGS) issued a report entitled "Critical mineral resources of the United States—Economic and environmental geology and prospects for future supply." This comprehensive analysis, which began in 2013 under the Obama administration, updated a similar 1973 study that had identified and analyzed potential risks to U.S. national security and economy stability as a result of potential shortages or supply-chain disruptions with respect to certain critical minerals. In its December 2017 report, the USGS concluded that the United States is currently reliant on foreign sources for more than half of its supply of 21 of the 23 minerals identified as Critical Minerals; 20 of those 23 Critical Minerals are primarily supplied by China.

On the heels of the release of the USGS report, President Donald J. Trump issued Executive Order 13817 on December 20 2017. In the Executive Order, the President acknowledged that "[t]he United States is heavily reliant on imports of certain mineral commodities that are vital to the Nation's security and economic prosperity," which "creates a strategic vulnerability for both its economy and military to adverse foreign government action, natural disaster, and other events that can disrupt supply of these key minerals."

"Critical Minerals" are defined as minerals (other than fuels) that:

- (i) are "essential" to the United States' "economic and national security";
- (ii) are "vulnerable" to supply chain disruption; and
- (iii) "serve an essential function in the manufacturing of a product, the absence of which would have significant consequences for our economy or national security."
- The Executive Order references "the presence of significant deposits of some of these minerals across the United States," but blames the current foreign dependency on "[1] a lack of comprehensive, machine-readable data concerning topographical, geological, and geophysical surveys; [2] permitting delays; and [3] the potential for protracted litigation

regarding permits that are issued.”

To spur domestic development of these key resources—thus decreasing the country’s susceptibility to foreign supply fluctuations or intentional diversions—the Executive Order directs the implementation of four policy priorities: (1) “identifying new sources of critical minerals;” (2) increasing domestic production “at all levels of the supply chain;” (3) providing U.S. miners with “the most advanced topographic, geologic, and geophysical data within U.S. territory to the extent permitted by law;” and (4) “streamlining leasing and permitting processes.” A corollary secretarial order was issued by U.S. Secretary of the Interior Ryan Zinke to implement these priorities.

On February 16 2018, the Department of the Interior (DOI) issued an updated draft list of “Critical Minerals” for public comment. Among the minerals proposed for the final list are platinum group metals (identified for use for “[c]atalysts [and] superalloys for jet engines”), rare earth elements (“[a]erospace guidance, lasers, fiber optics”), titanium (“[j]et engines (superalloys) and airframes (titanium alloys), armor”), and uranium (“[n]uclear applications, medical applications”). Of the thirty-five minerals included in the draft list, the United States was identified as the current top producer of only two: beryllium and helium. By comparison, China was listed as the top producer of nineteen of the critical commodities.

These actions offer a blueprint of the Trump administration’s strategy to encourage domestic mining activity of these important resources, which appears designed to entice investment by reducing or eliminating impediments to projects. In addition to the DOI’s stated goal of providing better, more readily usable “topographic, geologic, and geophysical data,” it appears likely that in the coming months, industry participants will see attempts to roll back regulatory leasing and permitting hurdles and possibly also to make additional federal lands available for mineral development. Potential investors should follow these developments closely, as they may lead to an uptick in domestic mining activity.

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