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Vice President,
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May 16, 2025

The Honorable Howard Lutnick
Secretary of Commerce
U.S. Department of Commerce
14th and Constitution Avenue, NW
Washington, DC 20230

Re: Docket numbers 250422-0070 and XRIN 0694-XC124; Request for Public Comments by the Department of Commerce on the Section 232 National Security Investigation of Imports of Processed Critical Minerals and Derivative Products

Dear Secretary Lutnick:

The National Association of Manufacturers is the largest manufacturing association in the United States, representing manufacturers of all sizes, in every industrial sector and in all 50 states. Manufacturing drives American prosperity—the industry employs 13 million people in the U.S., contributes $2.94 trillion annually to the U.S. economy and accounts for nearly 53% of all private sector research and development in the nation.[1]

The NAM appreciates the opportunity to comment on the Department of Commerce's investigation opened on April 22, 2025, under Section 232 of the Trade Expansion Act to determine the effects on national security of imports of processed critical minerals and derivative products.

Manufacturers in America utilize critical minerals extensively, deploying them in a wide array of manufactured products throughout the U.S. economy—including in aircraft and defense systems, in automotive parts and vehicles, in electric grid components, in robotics and industrial automation, in personal electronics, and much more. The NAM believes it is vital for global economic leadership and for U.S. national security to safeguard stable and diversified supply chains of critical minerals. However, immediate and broad-based tariffs on imports of critical minerals and their derivatives could jeopardize these vital supply chain networks.

The Trump administration should focus on policies that facilitate more domestic investments through permitting reforms and strategic incentives to produce durable, long-term manufacturing outcomes. Trade policy should focus on working with international allies to secure favorable trade and investment terms. This approach leverages the collective advantages of global supply networks, thereby diversify sourcing to rebalance and counter China's dominance in this sector as domestic production ramps up. In this submission, the NAM provides recommendations for each of these strategies in lieu of Section 232 tariffs.

[1] National Association of Manufacturers (May 2025), *Manufacturing in the United States*, https://nam.org/mfgdata/#KeyFacts

Critical Minerals are Essential to Modern Manufacturing in America and to U.S. National Security

Manufacturers rely on a sustainable and reliable supply chain of critical minerals to make things in America. Critical minerals are used in defense systems, energy transmission, transportation systems and a wide variety of advanced industrial and consumer products. Take rare earth elements – they can discharge and accept electrons and mix well with other elements to convey magnetism, luminescence, and add strength to metals. They are used to power magnets in hard drives, strengthen metals for aircraft engines, and play a key role in advanced defense systems from stealth technologies to guidance systems and armored vehicles.

Under the Energy Act of 2020, a critical mineral is defined as a non-fuel mineral or mineral material **essential to the economic or national security** of the U.S. and which has a supply chain vulnerable to disruption.[2] They also serve an **essential function in the manufacturing of a product**, the absence of which would have significant consequences for the economy or national security. The Department of the Interior (DOI), through the U.S. Geological Survey (USGS), maintains a list of 50 critical minerals, including several commonly recognized elements such as aluminum, graphite, lithium, magnesium, manganese, and nickel.

Separately, the Department of Energy (DOE) maintains a list of 18 critical materials needed for future clean energy technologies, including four not on the USGS list—copper, silicon, silicon carbide, and electrical steel. DOE defines critical materials as substances that the U.S. government has identified as essential to energy technologies, economic and national security, and the manufacture of key products.[3] The Department of Defense (DOD) also maintains a list of Critical and Strategic Materials for defense supply chains, which include more minerals, metals, and materials compared to the DOE and USGS lists, due to the essential nature of these materials for national defense and essential civilian needs, but not readily available in sufficient quantities domestically.[4]

While each of the minerals and materials that appear on the lists managed by USGS and DOE are critical inputs to manufacturing, the following are some examples of inputs that play a role in America's energy dominance, defense, and commercial applications. **Tariffs would increase costs and risk decreased access to these critical inputs necessary to achieve U.S. goals in each of these areas.**

Critical Minerals are Pivotal to America's Energy Dominance: Lithium, Cobalt and Copper

Maintaining access to lithium is critical to energy and national security in the U.S. In 2018, the U.S. was reliant on imports for 50% of apparent consumption of lithium.[5] While the U.S. has sought to expand and incentivize domestic production of lithium, the U.S. continues to lag other international trading partners. Currently, the commodity is mainly imported from Chile and Argentina to meet consumer demand.

[2] Burton, Jason, US Geological Survey Releases 2022 List of Critical Minerals (February 2022), https://tinyurl.com/mr37nbh4
[3] US Department of Energy, DOE Explains...Critical Materials, https://www.energy.gov/science/doe-explainscritical-materials.
[4] Defense Logistics Agency, Materials of Interest, https://www.dla.mil/Strategic-Materials/Materials/
[5] U.S. Geological Survey, Lithium Deposits in the U.S. (June 2020), https://www.usgs.gov/data/lithium-deposits-united-states.

Lithium is used in air treatment technologies, batteries, metallurgy and polymers.[6] It is a key material in the global supply chain for battery metals used in vehicles, smartphones, storage, and other applications essential to electrification. For the U.S. to achieve full energy dominance and modernize the electric grid, it will need an uninterrupted supply of lithium.

Lithium is also a critical component of the energy systems that power artificial intelligence data centers. AI has become integral to modern manufacturing as it increasingly transforms and supports a multitude of aspects of manufacturing, from product design to shop floor operations to supply chain management. These facilities require uninterrupted access to energy, which can come under threat from power outages or fluctuations. By having lithium-ion battery storage in place, operators can engage this backup power source in the event of disruption. Tariffs, and global suppliers' reactions to them, could impact access to this key input.

Cobalt is among what DOE has deemed the "electric 18" materials essential to ensuring American energy dominance. Cobalt is a key component of the lithium-ion batteries that power Americans' personal electronics including smart phones and laptops, as well as their vehicles, and is a required input for aircraft gas turbine engines, including military aircraft. Today, there is only one primary cobalt mine in operation in the U.S. The U.S. has no commercial-scale cobalt refineries. The global market for cobalt is dependent on mines in the Democratic Republic of the Congo for 75% of mineral extraction and relies on China for at least 70% of global cobalt refining[7]. **While exploration is underway for additional sources of cobalt, establishing new mining, refining, and processing operations for cobalt at a scale that meets U.S. domestic demand will take years.**

The NAM commends the Export-Import Bank of the United States (EXIM) for providing a letter of interest for a loan of up to $200 million to support construction and operation of a planned cobalt processing plant in Yuma, Arizona. While this is one example of the federal government utilizing available financial tools to help boost the production of critical minerals in the U.S., more needs to be done to ensure a reliable supply of cobalt for our energy and national security needs.

Copper is a critical material for manufacturing as a raw material input to products and industrial machinery, but it is also critical to the manufacturing, generation and delivery of the energy that manufacturers rely upon for their operations. Copper is especially vital as the U.S. continues to work to outcompete China to achieve energy dominance.

In a typical electric transformer, for instance, approximately 20% of the components by weight are copper. S&P Global research shows that "copper use in power transmission and distribution application represents close to 20% of current copper demand."[8] Additionally, copper is a critical input in many forms of energy production and distribution, including copper pipes for home gas distribution and potable water distribution, as well as copper-nickel alloys in gas and nuclear power generation[9] and additional applications in advanced batteries.[10]

A strong, affordable, and reliable energy generation mix is a key to manufacturing success, especially as the administration works to greatly expand manufacturing in the U.S., including advanced manufacturing in semiconductors and AI data centers. A study of just one data center facility in Chicago

[6] Bradley Stillings, U.S. Geological Survey, Critical mineral resources of the United States—Economic and environmental geology and prospects for future supply: U.S. Geological Survey Professional Paper 1802, p. K1–K21, https://doi.org/10.3133/pp1802K
[7] International Energy Agency, Clean Energy Supply Chain Vulnerabilities (2023), https://tinyurl.com/3r6kc8k3
[8] S&P Global, "The Future of Copper: Will the looming supply gap short-circuit the energy transition," July 2022, https://tinyurl.com/yc486mnp
[9] Copper Development Association Inc., "Power Generation," Accessed Mar. 26, 2025, https://tinyurl.com/uf3a3jmv
[10] ElectraMet, "Unlocking Copper Recovery: How Much Copper is in Lithium-Ion Batteries?," Accessed Mar. 26, 2025, https://tinyurl.com/58knvxwb

showed that the facility used the equivalent of 27 tonnes of copper for every megawatt of applied power, meaning it required a total of 2,177 tonnes of copper for construction of just this one facility. And one global mining company estimates that copper used in data centers globally will grow six-fold by 2050 from half a million tonnes in 2025 to approximately 2 million tonnes in 2050.

Without a robust copper supply chain in the short- and medium-terms, manufacturing in America will not be able to reach its potential. According to the Copper Development Association, the U.S. copper industry's vertical supply chain is only capable of meeting 53% of domestic demand for refined copper cathode. As such, manufacturers in the U.S. are currently heavily reliant on imports of copper. Manufacturers support the administration's goal of expanding domestic copper production and capacity, as well as ensuring a reliable, secure and resilient domestic supply chain but this will take time, access to capital, and investment in the industry. **Avoiding tariffs on such industrial inputs would mitigate unnecessary scarcity and shortages as manufacturers in the U.S. take steps to ramp up domestic production and refineries.**

Critical Minerals are Essential to the U.S. Defense Industrial Base: Antimony, Titanium and Alloying Elements

Antimony has been a key material in defense production for years. Antimony is critical to produce tungsten steel and harden lead bullets.[11] It is also used in modern warfare technologies from night vision goggles to infrared sensors and precision optics. Antimony is also used to manufacture flame retardants as well as glass and rubber products.[12] The U.S. does not have a large-scale domestic source of antimony to meet its current level of demand. When China, which accounted for 63% of U.S. antimony imports, enacted export restrictions on antimony last year, prices increased sharply, reducing access to supplies.[13] Losing access to antimony on a large scale without a plan to replace this supply poses serious risks to manufacturing in America.

Lacking a marketable source of domestic antimony mining, and with limited smelting capacity to process imported feedstock, **the NAM encourages the administration to focus on supporting domestic production of antimony as part of a strategy to build up the U.S. Defense Industrial Base, rather than impose Section 232 tariffs.**

Titanium is a key component of military and commercial aircraft frames, jet engines, helicopters, missiles, naval vessels, satellites, artillery, tanks and munitions. Titanium sponge is the raw material for titanium metals and alloys, a critical component of military fighter aircraft, submarines, satellites, and many other defense technologies. One of the last U.S.-based producers of titanium sponge shut down its Nevada titanium sponge melting facility in 2020. Another producer with a plant in Salt Lake City, Utah, was the only active domestic producer of titanium sponge. The Salt Lake City operations primarily supported the production of electronic-grade materials. A third facility, in Rowley, Utah, with an estimated capacity of 10,900 tons per year, has remained idle since 2016. Consequently, U.S. producers of titanium ingot and downstream products are reliant on imports of titanium sponge and scrap. Japan (67%), Saudi Arabia (23%), and Kazakhstan (7%) were the leading import sources for titanium sponge in 2024 through September.[14] **Manufacturers are already paying a 15% tariff on these**

[11] Baskaran, Gracelin and Meredith Schwartz, China's Antimony Export Restrictions: The Impact on U.S. National Security (August 2024), https://www.csis.org/analysis/chinas-antimony-export-restrictions-impact-us-national-security.
[12] U.S. Geological Survey, Mineral Commodity Summaries, January 2024, https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-antimony.pdf.
[13] Baskaran, Gracelin and Meredith Schwartz, China's Antimony Export Restrictions: The Impact on U.S. National Security (August 2024), https://www.csis.org/analysis/chinas-antimony-export-restrictions-impact-us-national-security.
[14] USGS Mineral Commodity Survey 2025, https://tinyurl.com/yfh8jfzj

imports. Additional tariffs would negatively impact U.S. titanium manufacturers and workers who are already struggling to compete in the global titanium marketplace.

Titanium along with magnesium, manganese, chromium, silicon, nickel, and zinc are essential alloying elements for domestic aluminum production. Aluminum production requires these critical alloying elements to make aluminum inputs for key domestic sectors including automotive, defense, healthcare, infrastructure, construction, and more. Domestic aluminum scrap also contains critical mineral alloying agents. Aluminum and critical minerals contained in scrap are themselves a valuable domestic critical mineral resource and support the growth of scrap supplies for domestic remelting facilities.

Critical Minerals Underlie U.S. Telecommunications Networks and the U.S. Ability to Develop AI Capabilities: Germanium

Germanium is used to help make fiber optics, semiconductors, and other electronic components. Specifically, germanium tetrachloride is a necessary component to produce that optical fiber that underlies all U.S. telecommunications networks. Optical fiber provides the bandwidth and performance to support the voice, data, and video services that have become critical to our daily lives and U.S. military applications, and that will propel U.S. AI capabilities. China currently controls 60% of the world's supply and imposed export controls in August 2023 in response to U.S. export controls on semiconductor equipment. China's National Food and Strategic Reserves Administration is buying significant quantities of germanium for domestic usage in semiconductor and satellite deployments. **Trade policy should endeavor to diversify U.S. sourcing of germanium among other critical minerals.**

Critical Minerals are a Vital Input to a Wide Variety of "Derivative" Manufactured Products: Magnets, Bismuth, and Critical Mineral-Derived Cancer Therapies

Magnets are used in a variety of applications from robotics to autos. For example, both commercial and personal vehicles use magnets to enable a wide range of functions and systems, including engine control, safety systems, infotainment, navigation and autonomy. Semiconductor wafer fabrication equipment uses approximately 45 critical minerals in specialized processes to produce the nanoscale circuits on microchips. Rare earths are used to manufacture permanent magnets that are especially critical to these machines' performance.

Bismuth is used in cosmetic, industrial, laboratory, pharmaceutical, and water infrastructure applications. Bismuth is best known for providing the active ingredient in over-the-counter stomach remedies and other compounds used to treat burns, intestinal disorders, and stomach ulcers.[15] The Safe Drinking Water Act requires critical water infrastructure materials including pipe fittings, water meters, and fixtures to be free of lead. Bismuth serves as the alternative to lead in water infrastructure systems. The U.S. has not produced primary refined bismuth for 28 years and is highly dependent on imports. Importantly, the U.S. does not have the smelting capacity to easily replace the bismuth that is imported as the last domestic primary lead smelter closed in 2013.[16] Until policymakers address the

[15]U.S. Geological Survey, Mineral Commodity Summaries, January 2024, https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-bismuth.pdf.
[16] Ibid

permitting and regulatory barriers that prevent the building of new smelters, **any additional tariffs on critical minerals like bismuth would lead to a rise in consumer prices for health products and may negatively impact U.S. water infrastructure.**

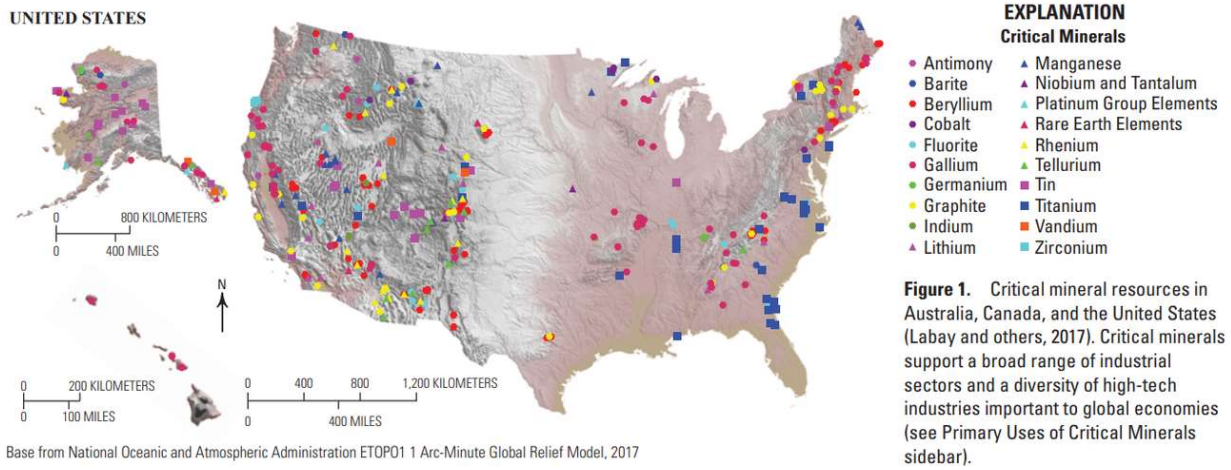
A variety of critical minerals are a key ingredient in the most advanced, highly targeted cancer radiation therapies. For example, radioactive isotopes of Lutetium and Ytterbium are deployed in radioligand therapies that destroy cancer cells with significantly reduced damage to healthy cells. Many other critical minerals are used in medicines, such as Lanthanum for end stage kidney disease, Samarium for bone pain, and Lithium for bipolar disorder. Further, critical minerals such as Gadolinium and Barite are used as contrast agents to enhance the quality of MRI and X-Ray images. Neodymium magnets are used in MRI machines, and critical mineral-based lasers are used in surgery procedures.

Magnets, bismuth and many other critical minerals used in medicines and medical treatments are examples of how these inputs feature in a wide variety of derivative products potentially covered by this Section 232 investigation, including applications that are critical to basic health and well-being. As such, **the NAM urges the administration to work closely with industry to discuss the scope of this investigation as it potentially includes an extremely wide array of manufactured products.**

Domestic Reforms and Key Incentives are Needed to Build Critical Minerals Capacity in the U.S.

Expanded manufacturing in the U.S. requires access to natural resources, including critical minerals and rare earth elements essential to manufacture modern day industrial and consumer products, to rebuild the nation's defense industrial base, and to ensure energy security. Capitalizing on U.S. natural resource potential is critical to increase productivity, lower costs, deliver more domestic value-addition, drive new product development, and strengthen global competitiveness. In fact, the U.S. has critical mineral deposits across the country, but domestic reforms – most significantly to address permitting – and strategic incentives are needed to build critical minerals supply chains in the U.S.

Critical Mineral Deposits in the U.S.



Base from National Oceanic and Atmospheric Administration ETOPO1 1 Arc-Minute Global Relief Model, 2017

Figure 1. Critical mineral resources in Australia, Canada, and the United States (Labay and others, 2017). Critical minerals support a broad range of industrial sectors and a diversity of high-tech industries important to global economies (see Primary Uses of Critical Minerals sidebar).

Permitting Reform

Outdated permitting laws and procedures are restricting the U.S. ability to mine and process domestic resources, modernize infrastructure, support research and development, shore up supply chains and increase American competitiveness. **To expand mine development and production in the U.S., manufacturers respectfully encourage the administration to pursue the following, non-exhaustive, policy remedies:**

- Address unreasonably long timeframes for the consideration of land and water use permits under the Mining Law of 1872, the Federal Land Policy and Management Act and the Clean Water Act, among others;
- Ensure that permitting deadlines, designating a lead federal agency, page counts, and the use of categorical exclusions as required by the Fiscal Responsibility Act of 2023 are followed across agencies; and
- Work with Congress to address and enact critically needed reforms to judicial review under the National Environmental Policy Act.

Current permitting timelines and regulatory requirements have created significant challenges for establishing new smelting and refining operations in the U.S. While some progress has been made in restarting existing facilities, addressing regulatory and financial barriers remains essential to developing domestic processing capacity in a timeframe that meets supply chain needs. The administration should take additional steps to drive down costs associated with long, uncertain permitting timelines in the U.S. so that manufacturers in America can more efficiently compete with Chinese smelters. America doesn't need to choose between competing on cost and maintaining environmental standards for the communities we operate in – we can do both.

Strategic Incentives

DPA Financing: Granting manufacturers access to critical financial tools will help reduce the cost of mining and processing capital projects within the U.S. The NAM welcomes the Trump administration's recent executive action entitled *"Immediate Measure to Increase American Mineral Production,"* which invoked the Defense Production Act to make available new loans, loan guarantees, offtake agreements, grants, investments, and other financial instruments to boost domestic mineral production. This is an important step to unlocking federal financial resources to help realize American resource dominance and make domestic mining and processing cost competitive.

Section 45X: Another tool that is a game changer for critical mineral development in the United States is the Section 45X Advanced Manufacturing Production Tax Credit. This strategic tax incentive is designed to incentivize the production and sale of eligible energy components and systems, including renewable energy components, inverters, qualifying battery components and applicable **critical minerals**. The Section 45X credit is key to the United States' competition with China, which has dominated the manufacturing of key components like batteries and critical minerals. The NAM supports the Trump administration working with Congress to preserve and expand the Section 45X incentive to ensure manufacturers that produce and refine critical minerals will continue to benefit from it.

Strategic Reserves: The average time to build a mine in the U.S. is currently 29 years. The NAM supports the concept of creating a strategic reserve of certain critical minerals for both commercial and defense purposes. Experts have advised the U.S. should establish a critical minerals reserve to mitigate supply chain disruptions caused by geopolitical risks and market volatility and do so in a way that shifts these

risks away from critical minerals producers in the U.S. working to expand operations.[17] Strategic reserves also act as an important demand signal to domestic industry and provide a purchaser of last resort for minerals to which the U.S. cannot afford to lose access. **Procurement for strategic reserves from approved sources should not be burdened by tariffs which run counter to the purpose of incentivizing and de-risking stockpiling through authorized buyers.** A stockpile can also provide a hedge against China's use of its global price setting power to undermine nascent projects. When global prices undercut U.S. producers against subsidized Chinese imports, the U.S. Government could purchase offtake for the stockpile.

Invest in Critical Mineral Recovery and Substitution Technologies: The U.S. Government should support more investment in critical mineral recovery and substitution technologies, and critical mineral processing capabilities through research and development (R&D) funding, tax incentives, and public-private partnerships. The R&D should focus on extracting critical minerals from end-of-life components (e.g., neodymium from HDD magnets) and reintegrating them into derivative product manufacturing, which should not be subject to tariffs. These efforts should be coordinated with allied countries to develop shared processing and recovery capabilities. Similar investments are necessary to accelerate the development and commercialization of viable substitutes for critical minerals where possible. These initiatives will strengthen domestic and allied supply chains

Programs to Close the Skills Gap: Innovation in critical mineral mining and refining requires high-skilled workers at a time when manufacturing is facing more than 400,000 open jobs across the manufacturing sector. As such, the NAM encourages the U.S. Government to partner with industry on workforce training and upskilling solutions to close the skills gap in extraction industries. For example, the Mining Schools Bill of 2025 would establish a Department of Energy grant program for mining schools to receive funding to recruit students and carry out studies, research projects, or demonstration projects related to the production of minerals. The legislation would help establish a modern mining workforce to help gain access to critical minerals and resources needed for our national security and the U.S. economy.

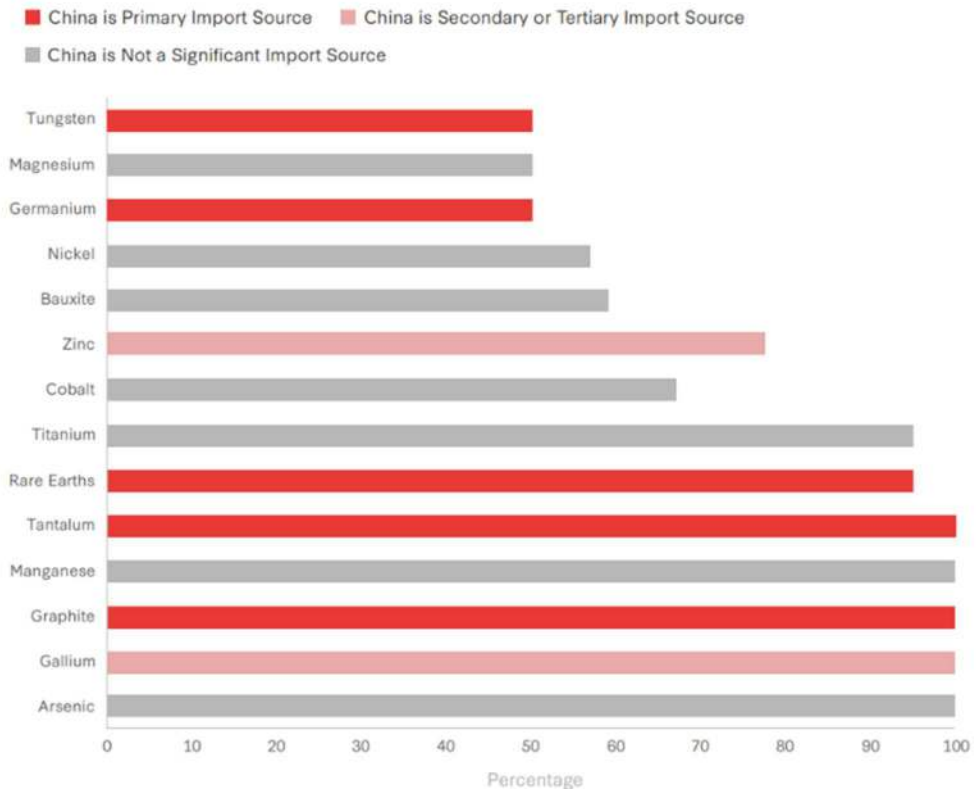
Trade Policy Should Focus on Diversifying Sourcing as Domestic Production Ramps Up

As discussed in detail above, the NAM shares the goal of increasing U.S. production in all facets of the mining and processing lifecycle, which will take years to develop. Manufacturers in the U.S. nonetheless today rely heavily on imports of many critical minerals and refined products.

While the U.S. is gifted with an abundance of natural resources,[18] according to the USGS Mineral Commodity Summaries 2024, the U.S. was 100% net import reliant for 12 of the 50 critical minerals on the 2022 USGS critical minerals list and more than 50% net import reliant for an additional 29 resources.[19] In 2023, China was the leading producer for 29 of the 50 critical minerals on the 2022 critical minerals list.

[17] Baskaran, Gracelin and Wood, Duncan (February, 2025) Critical Minerals and the Future of the U.S. *Economy, https://csis-website-prod.s3.amazonaws.com/s3fs-public/2025-02/250210_Baskaran_Critical_Minerals.pdf?VersionId=Tfu2TnNrQGlN7ol8HSCakMUT8HTwYukd*
[18] U.S. Department of Energy, Developing a Domestic Supply of Critical Minerals and Materials (February, 2024)< https://tinyurl.com/2fjhs9h2
[19] Congressional Research Survey, "Critical Mineral Resources: The U.S. Geological Survey (USGS) Role in Research and Analysis." (Feb. 21, 2025). Available here: https://www.congress.gov/crs_external_products/R/PDF/R48005/R48005.10.pdf.

U.S. Import Reliance on China by Mineral Type (USGS)



CSIS Report – Critical Minerals and the Future of the U.S. Economy (2025)[20]

Nonetheless, the U.S. also sources from other countries that have significant mineral deposits including, nickel from Indonesia, lithium from Australia, copper from Chile and cobalt from the Democratic Republic of Congo.

As supplies of these minerals and materials are foundational to the manufacture of advanced end products and their critical components, this presents a challenge but also significant opportunities to **enhance trading relationships with reliable, allied partners to benefit manufacturers in the U.S.** A vital near-term strategy to secure national security includes **rebalancing sourcing to reduce overreliance on China while implementing the domestic reforms needed to deepen investments in U.S. production.**

Addressing Overconcentration in Nodes of the Supply Chain

Mining activities are dispersed globally. Where China exerts control over chokepoints in the minerals markets is in its near monopoly on the processing of minerals, refining between 40% and 90% of the world's supply of rare earth elements, graphite, lithium, cobalt and copper.

Investing in Midstream Production Would be More Effective Than Tariffs: For some critical minerals, U.S. reserves comprise a small percentage of the world's reserves. The U.S. should work to remove

[20] Baskaran, Gracelin and Wood, Duncan (February, 2025) Critical Minerals and the Future of the U.S. *Economy, https://tinyurl.com/y8hsm89y*

barriers to developing domestic feedstock for processing but should **leverage trade policy to diversity materials sourcing while ramping up downstream manufacturing including processing, refining and magnet production.**

Without doing so, investments to increase mining yields in the U.S. will increase net U.S. exports of these raw materials for processing outside the U.S. and importation of the finished products, leaving the U.S. vulnerable to the availability of imported critical inputs.

Pursue Market Opening Trade Agreements and Sectoral Arrangements

Domestic reforms and strategic incentives will be more effective to support expanded investments in critical minerals lifecycle production in the U.S., while Section 232 tariffs will only increase costs to manufacturers in the U.S. during this transition.

To secure new, preferential access to critical minerals inputs, **the U.S. should negotiate zero-for-zero tariff terms with key allies and trading partners, which will also provide opportunities for increased U.S. exports of critical minerals and related products, including a wide array of globally competitive U.S. derivative products.**

Beyond tariff arrangements, **innovative critical minerals sectoral arrangements** offer opportunities to lock in preferential deals with allied countries that have complementary assets, production capabilities and expertise to ensure reliable access to inputs for advanced manufacturing in the U.S. Partnerships with resource-rich host countries can ensure these countries benefit from U.S. approaches to responsible investment. These types of new arrangements can be used to **secure beneficial foreign direct investment terms, to leverage co-financing with partner governments, to promote commitments to higher standards of corporate governance of state-owned enterprises in host countries, and to achieve other policy and commercial objectives.** For example, co-financing and pooled capital to support investments in mining and processing in key trading partners can be paired in these sectoral arrangements with long-term offtake agreements and commitments to transparent, best-practices in bidding processes. Such engagements can also be used to ensure that state-owned enterprises in resource-rich countries commit to following the OECD Guidelines on the Corporate Governance of State-Owned Enterprises.

By deepening strategic partnerships and coordinating investments across allies—including, but not limited to Canada, Mexico, Japan, South Korea, Australia, Chile, Argentina, Ukraine, as well as other countries with prominent roles in the critical mineral supply chains—the U.S. can more effectively compete with China and reduce vulnerability to geopolitical risks.

Expand and Accelerate EXIM Bank and Development Finance Corporation Financing Earlier in the Mining Project Lifecycle

Whereas EXIM Bank loan guarantees are often deployed in the construction phase, private capital is harder to attract in the lengthy and complex pre-construction phase that entail excessive front-end risk. U.S. agencies such as the EXIM Bank and U.S. Development Finance Corporation should support **more feasibility studies, resource mapping, de-risking of private capital through loan guarantees, equity investments, and political risk insurance** to support overseas investments in mining and processing. Some have argued the agencies need to be given greater flexibility to work with higher income countries

to unlock more opportunities. These agencies should also continue to collaborate with partner governments to further build out a **global mining financing network** that spreads risk and enables faster scaling of projects of mutual interest.

International Partnering through the Defense Department

Working with international partners is the most effective and fastest way to scale in all facets of the mining and critical minerals supply chain. For example, the U.S. and Canada have a natural and complementary relationship in the mining sector, with $146 billion in bilateral mineral trade in 2023. Canadian mining companies have a combined $45.5 billion in mining assets in the U.S.

Under the Defense Production Act, the Defense Department and the Canadian government jointly awarded a grant to a Canadian mining development company, enabling a final investment decision in a major Arctic tungsten project. More expansive use of Defense Department funding for both strategic projects domestically, as discussed previously, and for **international projects with allied countries** creates more opportunities to de-risk and attract private capital and diversify U.S. supply chain networks for critical minerals. **This is a preferred approach to national security over tariffs that do little to diminish import dependencies.**

Adding Unfair Trading Practices – the Example of Graphite

Graphite, both natural and synthetic, is necessary for a variety of industrial applications. It is an important material for all battery types, alkaline, lead-acid and especially Li-ion batteries in which graphite is essentially the entire anode side of the battery. Graphite is also critical in certain types of fuel cells and in stationary power storage. China's subsidization and overcapacity in both natural and synthetic graphite enable below-market priced graphite to compete unfairly in the U.S. market with domestic producers. While many manufacturers in the U.S. today rely on imports from China, the Department of Commerce should focus on fully utilizing a **more targeted approach to addressing unfair trade practices through the use of anti-dumping and countervailing duties while both supporting expansion of refining and production in the U.S. and securing access to graphite from trading partners such as Canada, Mexico and India among others.**

Avoid "Stacking" of Tariffs Applied Under Different Tariff Authorities

The NAM does not support additional tariffs on critical inputs to manufacturing. Manufacturers considering investments in U.S. critical mineral mines and refineries require a stable investment environment with predictable input costs. Current uncertainties surrounding future trade policies significantly impact manufacturers' confidence and their willingness to commit to long-term capital investments in the U.S. The unpredictability stemming from ongoing tariff actions has already led manufacturers to reconsider or halt planned investments.[21]

Much of this uncertainty stems from potentially compounding U.S. tariffs. Depending on the product and source of the input, manufacturers importing critical minerals and critical mineral derivatives could face tariffs under two forms of IEEPA tariffs, current and potential Section 301 tariffs on critical minerals and their derivative products, and multiple other Section 232 investigations. For example, a battery manufacturer has plans to invest over $4 billion to manufacture lithium-ion batteries in the U.S. creating 4000 jobs. However, battery production equipment for the facilities must be sourced from Korea or

[21] Federal Reserve Bank of New York (April 2025), *Empire State Manufacturing Survey*, https://tinyurl.com/4zf7utpm
Federal Reserve Bank of Philadelphia (April 2025), *Manufacturing Business Outlook Survey*, https://tinyurl.com/4rpupsrk

China as there are no viable domestic alternatives for these highly specialized systems. As such, the equipment may face additional IEEPA "reciprocal" tariff costs of approximately $400 million. If this Section 232 investigation results in tariffs on critical minerals like lithium, which is a key input into the foreign-sourced specialized equipment and the advanced batteries they produce, the company will likely have to idle the projects due to the added costs, eliminating thousands of jobs.

As the administration's April 29, 2025 executive order regarding the "unstacking" of automotive-related Section 232 tariffs recognizes, this complexity has negative consequences for manufacturers who cannot predict the level of tariffs on essential imports required for the construction and operation of their facilities in the U.S.[22] This long-term unpredictability gravely undermines manufacturers' ability to plan effectively, thereby significantly harming investment prospects in the U.S.

Conclusion

This Section 232 investigation is complex and unprecedented in scope. The outcome will affect nearly all manufacturing operations and manufactured products in some way. This investigation also overlaps with multiple ongoing trade policy initiatives pursued by the Administration, including tariff actions imposed under Section 301, IEEPA, and other Section 232 actions and investigations now underway by the Commerce Department, for example, related to semiconductors, pharmaceuticals and their respective derivative products.

The NAM's recommendations herein offer several alternative paths to achieving national security and economic resiliency and competitiveness in the critical minerals space, without raising costs for manufacturers in the U.S. We respectfully seek the opportunity to engage BIS in discussions to discuss its approach. We also believe the Department's report should be made public as a basis for further discussions on comprehensive and effective policies to strengthen critical minerals production and related manufacturing industries in the U.S.

Manufacturers look forward to working with the Administration to support a robust and competitive critical minerals industry in the U.S.—and to ensure that manufacturers of all sizes and in all segments of the industry have access to the materials necessary for modern, innovative manufactured products.

Sincerely,

Andrea Durkin
Vice President, International Policy

[22] The White House (April 29, 2025), *Addressing Certain Tariffs on Imported Articles*, https://tinyurl.com/3hnnt8z2