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Washington, D.C. 20024

May 20, 2024

Ms. Giulia Siccardo, Director  
Office of Manufacturing and Energy Supply Chains  
United States Department of Energy  
1000 Independence Ave, SW  
Washington, DC 20024

Via Electronic Submission

Re: Request for Information on Critical Materials Market Dynamics

Dear Director Siccardo,

The American Critical Minerals Association (ACMA) is a nonprofit association committed to protecting and advancing the interests of the U.S. critical minerals sector, with a particular focus on processing and recycling. ACMA is working to advance policies that are designed to ensure strategic long-term growth of the U.S. critical minerals sector. ACMA further believes that a whole-of-government approach prioritizing regulatory and financial certainty for US producers, processors, and recyclers is crucial. ACMA applauds the leadership of the Office of Manufacturing and Energy Supply Chains in issuing the Critical Materials Market Dynamics Request for Information (hereinafter, “RFI”).

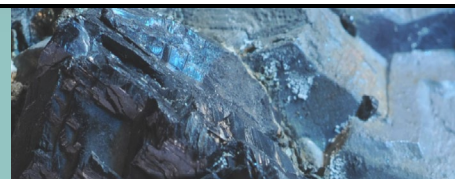
The substantial investments that the U.S. government is making in the critical minerals sector via the Bipartisan Infrastructure Law, the Inflation Reduction Act, and the CHIPS and Science Act are indicative of the U.S. government’s commitment to ensuring we are reducing reliance on foreign adversaries for the resourcing and processing of critical materials and minerals key to numerous US industries. But we are just getting started.

When considering the US government’s various lists identifying critical materials and minerals, it is reasonable to say that no two products are identical – nor are they produced, processed, and utilized in the same exact manner. What that leaves us with is a daunting ecosystem of policy needs for critical materials and minerals. Despite that complicated reality, ACMA believes that comprehensive policy solutions do exist to secure US investment and ensure greater certainty for the benefit of numerous industries – pricing certainty being chief among them. Policies capable of driving toward greater certainty and transparency will ultimately lead to the de-risking of US investment in critical minerals projects. We believe this principle is foundational to the diversification of global minerals markets.

As an example, demand for lithium, driven by clean electricity targets and the electrification of the transportation sector, reached record highs in 2022. According to a NASDAQ review, EVs “accounted for 87 percent of lithium demand in 2023, dwarfing all other categories.”<sup>1</sup> Spot prices for lithium reached a high of over \$80,000 per ton at the end of 2022. However, by the Q1 of 2024, those prices had dropped by over 80% to just over \$13,000 per ton.<sup>2</sup>

<sup>1</sup> <https://www.nasdaq.com/articles/lithium-market-2023-year-end-review>

<sup>2</sup> <https://www.bradley.com/insights/publications/2024/02/lithium-prices-in-free-fall-implications-for-clean-energy-transition-in-the-private-sector>



Market distortion resulting from ramped production and oversupply by Chinese companies was a key driver of the dramatic price drop. As noted in the June 2021 White House Report, *Building Resilient Supply Chains, Revitalizing American Manufacturing and Fostering Broad-Based Growth; 100-Day Reviews under Executive Order 14017*,<sup>3</sup> “China’s approach largely consists of granting preferential access to its domestic, largely state-run firms, making precompetitive investments in refinement capacity for materials and commodities markets, subsidizing this capacity until demand is created and, at times, dumping products and materials onto the international market.”

The dramatic drop in lithium prices in the last two years was a clear manifestation of the dominance of China in global markets, and a reflection of the need for greater credibility and transparency of price signals for publicly traded minerals. Further, China’s dominance threatens to extend to other significant critical mineral opportunities, with China Minmetals Corporation recently announcing its plans to test technology for polymetallic nodule collection along the seafloor in the Clarion-Clipperton Zone (CCZ) in 2025.<sup>4</sup>

The need for pricing transparency is even more acute when one considers minerals not currently traded on an exchange, such as graphite. Key to battery manufacturing, buyers typically procure graphite via offtake agreements. China produces nearly 80% of the world’s graphite (with the lion’s share being synthetic graphite), and it refines over 90% of global graphite. In October 2023, China announced that they would require its companies to secure permits to export graphite, tightening available supply in an already high-demand environment.<sup>5</sup> Recognizing recent Section 301 tariff efforts, China still possesses the ability to flood the market with oversupply at lower prices, creating substantial risks for US-based projects and agreements. This is a particularly acute vulnerability for graphite, and similarly situated materials like rare earths, because these commodities are bought and sold via bilateral agreements – a dynamic that creates little meaningful price transparency.

As the Department of Energy (DOE) considers ways to support pricing for key critical minerals and materials for the benefit of US-based projects, ACMA would encourage the Department to consider the following efforts.

- Enhance public engagement and understanding regarding interagency coordination amongst agencies key to these supply chain challenges, including the Departments of Defense, Energy, Interior, Commerce, State, and Labor. Industry stakeholders seeking federal assistance are often confounded by competing and duplicative priorities or processes within an agency and across agencies. Creating a public facing “one stop shop” on critical minerals and materials projects would allow for efficient industry engagement with federal agencies, reducing confusion regarding jurisdictional overlap and duplication of effort from one agency to another.
- In coordination with the United States Geological Survey’s National Minerals Information Center, establish an Energy Information Administration (EIA) resource similar to those offered for the power and oil and gas markets. Reporting and analysis could cover critical materials (such as lithium, cobalt, graphite, nickel, and copper) directly tied to demand from energy and related sectors. Extending EIA’s responsibilities to these markets would enhance industry understanding of US and allied investments in the sector; projected demand; and the state of production, processing, and recycling capacity in the United States; amongst other key information.

<sup>3</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/06/100-day-supply-chain-review-report.pdf?sm\\_au=iVV6t3Rk6H12sM5r01TfKk3Qv3fc4](https://www.whitehouse.gov/wp-content/uploads/2021/06/100-day-supply-chain-review-report.pdf?sm_au=iVV6t3Rk6H12sM5r01TfKk3Qv3fc4)  
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<sup>4</sup> <https://www.isa.org/jm/news/china-minmetals-corporation-launches-stakeholder-consultation-on-environmental-impact-statement-for-polymetallic-nodule-collector-test/>. The CCZ contains more nickel, cobalt, and manganese than all the world’s land-based resources combined (see <https://www.un.org/en/chronicle/article/international-seabed-authority-and-deep-seabed-mining>).

<sup>5</sup> <https://www.reuters.com/world/china/china-require-export-permits-some-graphite-products-dec-1-2023-10-20/>



- Beyond its existing funding mechanisms, DOE should consider leveraging its other transaction authority (OTA), where appropriate, to support specific projects aimed at advancing and commercializing processing and recycling technologies, as well as alternative materials.

And, finally, as DOE and other federal agencies consider ways to create demand-side support for US investment in the critical minerals and materials supply chain, ACMA recommends consideration of the following key principles:

- Policy mechanisms must be designed to recognize that criticality changes over time. Adaptability and agility are key to ensuring US investors are able to compete in rapidly changing markets.
- The predictable and timely deployment of federal funds and tax guidance to enable the development and scaling of processing, refining, and recycling capacity in the United States remains essential.
- Demand-side support should enable the growth of a domestic critical minerals supply chain that relies on domestic production, alternative materials production, friendshoring, and recycling. In order to meaningfully counter price manipulation and unfair market practices by China, the US government must maintain a consistent and aggressive focus on growing U.S.-based processing capacity.

Please do not hesitate to reach out with any questions. ACMA applauds the Department of Energy for its leadership in advancing these essential policy matters and our members look forward to future discussions.

Sincerely,

The American Critical Minerals Association