

## **U.S. House may vote on Rare Earths Act this week**

*China's rumored threat to ban rare earth minerals exports to Japan last week may spur the U.S. House to vote on a domestic REE program this week.*

**Dorothy Kosich, Mineweb, 9-27-10**

RENO -- Last week's threat of China banning exports of rare earth minerals needed for manufacturing to Japan may help spur approval of the Rare Earths and Critical Materials Revitalization Act in U.S. House this week.

China and Japan have been embroiled in a dispute since September 7 when Japan arrested the captain of a Chinese fishing trawler after his ship collided with Japanese coast guard vessels near a chain of disputed islands in the East China Sea. The Diaoyu Islands are considered sacred Chinese territories.

China has already begun to restrict its exports of rare earth minerals to all countries in July. As former Chinese President Deng Xiaoping said in 1992, "The Middle East has oil, China has rare earth."

Japan imports 50% of China's rare earth elements, considered crucial for manufacturing superconductors, computers, hybrid electric cars and other high-tech products, such as smartphones.

Global REE production is estimated at 150,000 tons this year. However, they are rarely mined outside of China which is believed to have 57% of the REE deposits. China capped its exports at 30,300 tons for this year, a 40% decrease from 2009. Only 7,976 tons of REE have been allocated for the second half of this year with most of that supply having already been shipped.

The U.S. Trade Representative is considering filing a suit with the World Trade Organization concerning China's rare-earth export restrictions. The U.S. Congress has ordered the Government Accountability Office to look into the military's dependence on REE for defense technology.

In an interview with the Washington Post this past week, Ed Richardson, vice president of magnet maker Thomas & Skinner, said, "The most important issue here is that China is able to wield power like this."

"Just the reports that they might have done something like this has sent a chill through the industry," he said. "Here you have an incident over a fishing boat and this topic comes up. It's startling."

Rare-earth metals have important defense applications because of their magnetic strength, which allows for miniaturization of components. A professional military journal, *Joint Force Quarterly*, has recently published a report asserting that "China appears to be holding an unlikely trump card" in its dominance of the REE industry.

The Pentagon is expected to release a report on the potential national security risks of rare-earth materials dependence next month.

The House Committee on Science and Technology Thursday approved the Rare Earth and Critical Materials Revitalization Act of 2010, which authorizes the U.S. Department of Energy to develop a rare earth materials program "that will restore a long-term, secure and sustainable supply of rare earth materials to meet the needs of the United States."

The program is also charged with seeking new or significantly improved processes and technologies for the rare earth materials industry.

Committee Chairman Rep. Bart Gordon, D-Tenn., said he was concerned about the U.S. being held hostage with it came to access to REE for new technology.

Meanwhile, U.S. Rare Earths announced last week that they awarded a contract to The Boeing Company to use remote sensing technology to map domestic REE deposits. Boeing is also planning to tour U.S. Rare Earths deposits at Lehmi Pass on the Idaho/Montana border, and at Diamond Creek Idaho. The defense contractor is considered a large consumer of rare earths materials.