

**Congress of the United States**  
Washington, DC 20515

April 23, 2021

The Honorable Lloyd Austin  
Secretary  
U.S. Department of Defense  
1000 Defense Pentagon  
Washington, D.C. 20301

Dear Secretary Austin:

It is in the best interest of the United States, and our allies, to take immediate action to develop domestic capabilities for manufacturing critical products composed of rare earth elements. As such, we urge you to work with President Biden to issue a federal charter to establish a rare earth metallurgical cooperative to end our dependence on the People's Republic of China for access to critical rare earth metallurgy capacity.

As evidenced by President Biden's February 24, 2021 *Executive Order on America's Supply Chains*, the President understands that promoting critical domestic supply chains, including rebuilding American manufacturing capacity, is a matter of national security and is a matter of the utmost importance in the context of our ongoing strategic competition with China. As you know, China's monopoly of the rare earth value chain is a significant vulnerability that threatens the ability of the United States, as well as our allies, to readily procure numerous defense systems and innovate in multiple economic sectors, including the development of advanced energy technologies.

The Executive Order specifically requires you to identify supply chains in which the United States is particularly dependent on our adversaries, including rare earth elements, and to develop specific recommendations for ensuring resilience in the supply chain for rare earth elements, and products composed of those elements. A privately funded cooperative would organize industry in a manner that shields them from being undercut by manipulations of the market by China, as the cooperative could operate on a cost-basis. Additionally, as a utility, the cooperative would provide services for those seeking metallurgical manufacturing capabilities, regardless of whether they are primary investors. This option is seen by many in the advanced technology and manufacturing industries as the only way to ensure reliable access to a domestic rare earth industrial base that wouldn't be at risk from China's industrial policy.

China has executed predatory industrial policies for decades and has been successful in undercutting free market economies with its heavily subsidized industries to the detriment of American workers, businesses, innovation, and national security. Consistent with its long-term strategic plans and goals to become the world's only economic and industrial power, the Chinese Communist Party has manipulated international markets in order to destroy America's industrial base in an effort to become the location of the last remaining manufacturing capacity in critical supply chains.

When international businesses are forced to do business in China due to a shortage of safer options, China threatens their access to its manufacturing capabilities by requiring the forfeiture of valuable intellectual property in order to manufacture their products. After obtaining that intellectual property, the Chinese can then manufacture comparable products at lower prices through heavy subsidization, ultimately driving competitors from free market economies out of business. As a result of this predation, American innovators may be sitting on years of valuable intellectual property that they do not want to have stolen from them. We must act now to free our innovators from China's parasitic industrial policies.

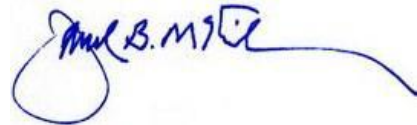
Providing a safe space for American industry to innovate by establishing a rare earth metallurgical cooperative could change the lives of Americans by fostering the innovation of new technologies, helping the United States regain its status as a center for industrial manufacturing, and creating American jobs. As the President seeks ways to promote American technological innovation, including in advanced clean energy technologies, establishing a rare earth metallurgical cooperative should be a top-of-mind effort for nurturing such innovation.

Thank you for your consideration and attention to this important matter.

Sincerely,



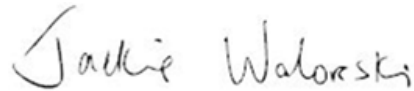
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U.S. Senator



David B. McKinley, P.E.  
Member of Congress



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Member of Congress




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Tony Gonzales  
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CC:

Jennifer Granholm, Secretary of Energy

Antony Blinken, Secretary of State

Gina Raimondo, Secretary of Commerce

Jake Sullivan, National Security Advisor

Daniel Hornung, Assistant to the President for Economic Policy