

St. Louis Business Journal

Bond, Bayh introduce rare earth legislation

By Christopher Tritto – St. Louis Business Journal

December 17, 2010

Citing America's dependence on China for 100 percent of its supply of critical rare earth elements, U.S. Sens. **Kit Bond**, R-Mo., and **Evan Bayh**, D-Ind., introduced legislation that would help jumpstart a domestic rare earth mining and refining industry.



Christopher Tritto

Pea Ridge owner Jim Kennedy of St. Louis-based Wings Enterprises Inc. has been working with U.S. Sen. Kit Bond, R-Mo., and other lawmakers for months in the hope of restarting a domestic rare earths industry with an epicenter in Missouri.

If passed, the bill could present significant economic development opportunities for Missouri, which is home to one of the nation's most valuable deposits of rare earth metals.

Bond's bill, introduced Thursday, would require a feasibility study on building a U.S. cooperative refinery to process rare earth ores extracted from mines in the United States and allied countries. It would also provide the U.S. Department of Defense with \$20 million to support the defense supply chain and another \$30 million for the development of rare earth magnets.

During a speech on the Senate floor Friday, Bond specifically cited the importance of a [rare earth deposit at Pea Ridge](#), a mine near Sullivan, Mo. He also promoted Missouri as an ideal location for a national rare earth refinery. Such a refinery would cost an estimated \$1 billion to build and would likely require significant federal subsidy, supporters say. But it could address rising national security and economic concerns tied to America's reliance on China for the country's rare earth supply.

The 17 so-called rare earth metals are essential to all sorts of sophisticated products. Missile guidance systems, next-generation radar, lasers, hybrid car batteries, high-strength magnets used in wind turbines and a growing list of other specialized items rely on rare earths, as do many more common devices such as smart phones, computer hard drives and fiber optic cables. But China has developed a near global monopoly on rare earth mining and refining. Not one commercial rare earth refinery exists in the western hemisphere.

Pea Ridge owner **Jim Kennedy** of St. Louis-based Wings Enterprises Inc. has been working with Bond and other lawmakers for months in the hope of restarting a domestic rare earths industry with an epicenter in Missouri. Pea Ridge is one of only two permitted rare earth mines in the country, and the only one with significant reserves of especially valuable heavy rare earths, according to the U.S. Geological Service. Just last week, a group of about [50 scientists gathered](#) at the Missouri University of Science & Technology in Rolla to network, brainstorm and share recent research related to rare earth mining, refining and technology development.

Bond acknowledges his proposed legislation will not be addressed between now and the end of the current session of Congress in January, when both he and Bayh will retire. But he said his bill and speech were presented to emphasize the importance of addressing the vulnerability of America's rare earth supply.

“While introducing legislation during the last days of the ‘lame duck’ may seem like a ‘Hail Mary,’ this issue is too important to continue to ignore,” Bond said during Friday’s speech. “In fact, ignoring our growing rare earth needs and China’s growing monopoly is how we got into this mess. Sen. Bayh and I have laid the groundwork with this bill, and I hope my colleagues in January will call it back up and see it passed.”

critto@bizjournals.com

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CHRISTOPHER S. BOND

MISSOURI

COMMITTEES:

APPROPRIATIONS
SMALL BUSINESS
ENVIRONMENT AND
PUBLIC WORKS
INTELLIGENCE

United States Senate

WASHINGTON, DC 20510-2603

October 28, 2009

The Honorable Robert Gates
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301

The Honorable Steven Chu
Secretary of Energy
1000 Independence Avenue
Washington, DC 20585

Dear Secretary Gates and Secretary Chu:

The United States is currently 100% import dependent upon a group of minerals called Rare Earths. A reliable and steady supply of these elements is essential to national security, as precision guided missiles, secure communications, advanced jet engines, unmanned aerial systems, smart munitions, stealth technology and advanced armor all are rare earth dependent systems and technologies. Rare Earth elements also hold unique chemical, magnetic, electrical, luminescence, and radioactive shielding characteristics for environmental and "green technology" applications.

China currently holds global monopolistic control over the production of these materials and I understand that U.S. defense contractors are currently having difficulty securing adequate supplies of these rare earths. Today there is not a single U.S. or North American company actively producing rare earth elements, metals, alloys or rare earth magnets. The United States Geological Survey (USGS), the National Academies, and the National Materials Advisory Board have all determined that rare earths are "Strategic and Critical" to U.S. Industry and National Defense and that the U.S. is 100% import dependent upon these materials. The economic threat to the U.S. over on-going availability of these minerals is equal to the military threat.

My understanding is that the U.S. has two of the greatest Rare Earth resources in the world, both currently permitted to mine, but presently inactive. The threat of sovereign monopolistic reprisals by the Chinese over on-going availability of these minerals has dissuaded private investment. But given the national security importance, support from the Department of Energy in developing a domestic rare earth refinery along with price support agreements from the Department of Defense ought to be given full and careful consideration to ensure defense and technology companies can maintain and enhance their development of rare earth dependent technologies.

Please consider providing an opportunity for Wings Enterprises of St. Louis, Missouri to meet with the appropriate Department of Defense officials in Industrial Policy and the Department of Energy to explore potential solutions that they could provide to secure the domestic supply of resources critical to our National Defense and our Economic and Energy futures. Rare Earths support from the Department of Energy would incentivize technology companies from around the globe to relocate, maintain or enhance manufacturing facilities inside the United States. Prudent steps must be considered today to avert the potential for any future crisis in the availability of these essential minerals for our national and economic security.

Sincerely,



Christopher S. Bond

JO ANN EMERSON
MEMBER OF CONGRESS
8TH DISTRICT, MISSOURI

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FOOD AND DRUG ADMINISTRATION,
AND RELATED AGENCIES

<http://www.house.gov/joemerson>

Secretary Robert Gates
U.S. Department of Defense
1300 Defense Pentagon
Washington, DC 20301-1300

Congress of the United States
House of Representatives
Washington, DC 20515-2508
April 2, 2009

OFFICES:

2440 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4404

555 INDEPENDENCE STREET
SUITE 1400
CAPE GIRARDEAU, MO 63703
(573) 336-0101

1301 KINGSHIGHWAY
ROLLA, MO 65401
(573) 364-2455

22 EAST COLUMBIA
FARMINGTON, MO 63640
(573) 756-9755

35 COURT SQUARE
SUITE 300
WEST PLAINS, MO 65775
(417) 255-1515

Dear Secretary Gates:

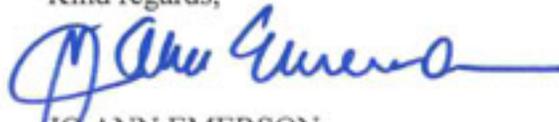
A matter of great importance has come to my attention. Rare earth minerals and materials play an essential role in highly sophisticated electronic devices used for the defense of our nation. The National Minerals Advisory Board has specifically identified rare earth elements and alloys as "strategic and critical" to the defense of our country.

At the present time, the United States imports 100% of rare earth minerals and alloys; the primary source of rare earth minerals being China. Even if the United States begins mining these minerals, there are no domestic refining facilities to create the alloys used for these sophisticated electronic devices. If the flow of these minerals and alloys were to be interrupted, the nation would face extreme challenges in the development and creation of electronic devices which could be detrimental to the nation's defense.

With the United States dependent upon other nations for these rare earth minerals and alloys, are there any plans within the Department of Defense to develop a strategy to address this disparity? Are you contemplating a comprehensive strategy that would involve the domestic mining, refining, and a stockpile of these elements? If there is not a strategy to address the disparity, what is the present plan of action if the supply of rare earth minerals and alloys is interrupted?

Thank you for examining this matter and I would appreciate a response at your earliest convenience.

Kind regards,



JO ANN EMERSON
Member of Congress