

**BUSINESS NEWS**

MAY 14, 2019 / 4:28 PM / 2 DAYS AGO

U.S. Senate moves forward on plan to develop electric vehicle supply chain

Ernest Scheyder



(Reuters) - U.S. lawmakers on Tuesday moved closer to developing a national electric vehicle supply chain policy, with senators voicing bipartisan support for legislation designed to parry China's dominance in metals production and battery manufacturing.

A sign at the approach road leads to Albemarle's lithium evaporation ponds at its facility in Silver Peak, Nevada, U.S., January 9, 2019. REUTERS/Ernest Scheyder

The Senate's Energy and Natural Resources Committee held a hearing on the American Mineral Security Act, which would help streamline regulation and permitting requirements for the development of mines for lithium, graphite and other EV minerals.

The pending legislation would require a tally of metal reserves in the United States and seek to streamline permitting for the EV sector, an area where China already leads by a wide margin.

The bipartisan legislation, which seeks in part to codify a late 2017 executive order on U.S. mineral development by President Donald Trump, was sponsored by U.S. senators Lisa Murkowski, Joe Manchin and others.

"We are not doing ourselves any favors when we don't know what we have in our inventory," Murkowski, an Alaska Republican, said at the hearing, which was web cast. "I suspect we have more than we even think we do."

Even some existing U.S. mines are in China's orbit, with domestic production of so-called rare earth minerals reliant on Chinese processing and now caught up in the U.S.-China trade conflict.

"China has a huge head start," said Gavin Montgomery, a battery and mining analyst at the Wood Mackenzie consultancy. "They've just been at this a lot longer than the rest of the world."

Trump Administration officials from the Interior and Energy departments voiced support for the pending legislation.

"We are committed to producing domestically sourced minerals," Joe Balash, assistant secretary for land and minerals management at the Interior Department, said at the hearing.

Just how much cobalt and other minerals used to make EVs are actually in the United States is anyone's guess, as the nation has conducted little by way of a national survey.

Current estimates from the U.S. Geological Survey rely on corporate annual reports, historical data from the U.S. Bureau of Mines and other sources, according to USGS spokesman Alex Demas.

Finding out the mineral composition of a particular region requires sending staff into the field to take rock samples, a timely and expensive endeavor. Murkowski's legislation would require a nationwide reserve analysis for all minerals used to make EVs.

USGS data show, for example, that the United States has 35,000 tonnes of lithium in reserve, a figure that the agency and industry executives see as conservative.

Albemarle Corp operates the only U.S. lithium mine, a facility with the capacity to produce about 6,000 tonnes annually. According to current USGS data, that means that one mine could deplete U.S. reserves within six years.

Several lithium projects are under development across the nation, including those from Ioneer Ltd, Lithium Americas Corp and Piedmont Lithium Ltd. Each aims to produce at least 20,000 tonnes of lithium per year, according to corporate presentations.

Jon Evans, president of Lithium Americas, told the hearing that the federal government should offer loan guarantees for U.S. mining and processing projects.

"Federal loan guarantees would confirm the government's commitment to the development of a critical minerals supply chain," said Evans.

Beyond physical reserves, concerns about the lack of U.S. processing facilities are also cause for worry.

China controls about 85 percent of the globe's cobalt sulfate processing, according to WoodMac data. Cobalt sulfate is the version of the metal used in lithium ion batteries.

One of Albemarle's lithium evaporation ponds reflects the sky at its facility in Silver Peak, Nevada, U.S., January 9, 20...

eCobalt Solutions Inc aims to produce 1,500 tonnes per year of cobalt once its Idaho project opens, though that is enough of the metal to make only about 300,000 EVs.

“The fact that China maintains a near monopoly on the critical minerals needed for our defense system makes no sense at all,” said Manchin, a West Virginia Democrat.

The Committee has not yet set a date to vote on the legislation.

The United States does have some processing capability. Albemarle and rival Livent Corp process some lithium domestically. Syrah Resources Ltd mines graphite in Mozambique and ships it to Louisiana for processing for use in making battery parts.

The United States is also reliant on China for rare earth processing, a group of 17 elements used to make electric vehicles and consumer electronics.

California's Mountain Pass mine, owned by MP Materials, must pay a 25 percent tariff to ship rare earths it extracts from its California mine to China for processing, the collateral damage in the ongoing U.S.-China trade war.

“All we seek is a level playing field to compete as a low-cost producer so we can help establish an EV supply chain in the United States,” said James Litinsky, co-chairman of MP Materials.

But those facilities tend to be the exception and investors so far have been wary of funding new U.S. projects in part due to China's dominance, with concerns that any investment would be difficult to recoup.

“Ultimately, these projects have to stack up economically, even if U.S. politicians make it easier to get permitting,” said WoodMac’s Montgomery.

(For a graphic on ‘Lithium projects underway in the United States’ click tmsrtr.rs/2CXdGWN)

Reporting by Ernest Scheyder; Editing by Dan Grebler and Susan Thomas

Our Standards: [The Thomson Reuters Trust Principles.](#)

PAID PROMOTIONAL LINKS

Promoted by **Dianomi**



Why is S&P/ASX 200 the primary gauge of the Australian market?

S&P Dow Jones Indices



Your Money channel has been cancelled! Stay in touch for latest ideas

Fairmont Equities



Expert identifies a goldmine of staggering proportions

Motley Fool



Why pizza wars can deliver a good investment opportunity.

Perpetual Advisors



Vegan? Invest in what you eat and benefit as their stock rises

eToro

MORE FROM REUTERS



Trump pardons ex-media mogul Conrad Black
16 May



Biden expands lead over rivals for 2020 U.S. presidential...
15 May



Exclusive: Tesla's solar factory is exporting most of its cells - ...
15 May



No easy options for China as trade war, U.S. pressure bite
15 May



Alabama governor signs strictest U.S. abortion ban into law
16 May

PAID PROMOTIONAL LINKS

Promoted by **Dianomi**



Your Money channel has been cancelled!
Stay in touch for latest ideas
Sponsored by Fairmont Equities



Australia on the cusp of the greatest bull market of all time.
Sponsored by Agora Financial





The death of credit cards could make ASX investors rich

Sponsored by Motley Fool



Why there's plenty of dough to be made with pizza.

Sponsored by Perpetual Advisors



76% of the S&P 500 companies posted earnings have surpassed estimates

Sponsored by eToro



Multitude of investment products track the S&P/ASX Indices.

Sponsored by S&P Dow Jones Indices



Paul Moore: The value of long term investment

Sponsored by PM Capital



2019 outlook: Australian equities

Sponsored by Fidelity International



[eBook] 6 smart strategies to grow your Super

Sponsored by ESUPERFUND



4 Prime Takeover Gold Stocks Targets that Could Make You a Millionaire

Sponsored by Katusa Research

[Apps](#) [Newsletters](#) [Advertise with Us](#) [Advertising Guidelines](#) [Cookies](#) [Terms of Use](#) [Privacy](#)



All quotes delayed a minimum of 15 minutes. See [here](#) for a complete list of exchanges and delays.

© 2019 Reuters. All Rights Reserved.