

The Critical Materials Future Act

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Problem: The United States faces a significant strategic vulnerability due to its heavy reliance on foreign sources for critical materials essential to national security, advanced energy systems, and cutting-edge technologies. This dependence is particularly concerning in relation to the People’s Republic of China, which controls 90% of the global processing capacity for rare earth elements—vital components for energy technologies and defense systems—and over 80% of the processing for other critical minerals like cobalt, gallium, and graphite. China has already demonstrated its willingness to exploit its dominance in these markets to manipulate prices and exert political pressure. The U.S. cannot afford to remain passive while foreign adversaries control and leverage supply chains that directly impact both our economic stability and national security.

Solution: The ***Critical Materials Future Act*** establishes a pilot program to advance domestic critical material processing projects. It grants the Secretary of Energy the authority and funding to deploy innovative financial mechanisms, such as contracts for differences and advanced market commitments, to support critical material processing projects. These tools are particularly valuable in mitigating the effects of market manipulation, enabling companies to withstand price shocks and stay competitive.

The bill also requires the Secretary of Energy to conduct a comprehensive study on the impact of these financial tools on market dynamics and processing projects within the critical materials sector, and to provide recommendations for expanding their use to strengthen the nation’s processing capabilities. By targeting economically viable and nationally significant projects, the bill fosters growth in domestic critical material processing while outlining strategies to drive future American investment in this essential sector.

Key details

- **Objectives:** Provide financial stability and attract private investment in domestic critical material processing projects, reduce supply chain vulnerabilities, and enhance energy and national security.
- **Funding:** Authorizes \$750 million to support the pilot program.
- **Study:** Requires a comprehensive study to guide future investments in critical materials processing, ensuring the U.S. employs the most effective tools to enhance supply chain security and improve price transparency in critical materials markets.
- **Project Selection:** Projects will be chosen based on their potential to enhance U.S. energy and national security, economic competitiveness, and partnerships with strategic partners.

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