

August 30, 2021

The Honorable Nancy Pelosi  
Speaker, U.S. House of Representatives  
1236 Longworth Building  
Washington, DC 20515

The Honorable Richard Neal  
Chairman, Committee on Ways and Means  
1102 Longworth Building  
Washington, DC 20515

The Honorable Kevin McCarthy  
Minority Leader, U.S. House of  
Representatives  
2468 Rayburn Building  
Washington, DC 20515

The Honorable Kevin Brady  
Ranking Member, Committee on Ways and Means  
1139 Longworth Building  
Washington, DC 20515

Dear Speaker Pelosi, Minority Leader McCarthy, Chairman Neal, and Ranking Member Brady:

On behalf of the undersigned organizations, which represent a majority of America's reemerging rare earth (RE) industry, we urge you to include in upcoming infrastructure legislation the production tax credit for RE magnets proposed in **H.R. 5033**. This tax credit is a critical action the Congress can take to secure the domestic supply chain from foreign influence and will set the stage for a vibrant, commercially competitive RE industry able to compete on a global scale.

On August 10, Representatives Swalwell (CA-15) and Reschenthaler (PA-14) introduced the bipartisan **Rare Earth Magnet Manufacturing Production Tax Credit Act** (H.R. 5033) to provide U.S. suppliers with tax incentives for domestically producing RE magnets. RE magnets are critical to U.S. national security systems and essential civilian products, including electronics, automobiles, aerospace equipment, pumps, medical devices, and emerging clean technologies.

The bill offers tax credits for the domestic manufacturing of RE magnets using domestic materials. Currently, there is limited capacity to produce RE magnets at scale in America, with China supplying 90% of the world's needs. As noted in an interagency assessment pursuant to Executive Order 14017, "...unfair foreign subsidies and other trade practices have adversely impacted U.S. manufacturing, and more broadly, U.S. competitiveness." As such, the U.S. is vulnerable to actions from foreign governments to weaponize non-market subsidies, loose environmental regulations, and substandard labor practices to further consolidate control.

This legislation would address market imbalances and help prevent non-market action from disrupting a resurgent RE industry in America. Moreover, this legislation would empower our industry to obtain necessary investments from the private sector and accelerate production.

This inflection point could define whether America truly establishes a vibrant domestic RE supply chain. We deeply appreciate interagency efforts, led by the Department of Defense and the Department of Energy, to establish domestic RE production capable of meeting U.S. national security and commercial needs. With this support, our industry has made significant investments to strengthen and expand domestic RE production. While laudable, this is just the first step. To build a resilient American supply chain that is globally competitive, we must pursue a whole of government approach, including tax incentives.

For decades, U.S. policymakers, our industry, and our customers have longed for a domestic supply chain free from foreign reliance that upholds American values and standards. The consequences of inaction are stark; China could continue to escalate its aggressive tactics to eliminate progress made by our burgeoning industry.

Now, more than ever, is the moment to address these challenges by enacting this transformative legislation. Active legislative efforts currently underway provide a key opportunity for Congress to bolster support for investments already made in RE infrastructure in America. We respectfully urge the House to include a tax credit in forthcoming infrastructure legislation as a crucial next step in securing a domestic RE supply chain.

We thank you for your consideration and stand ready to assist.

Sincerely,

Advanced Magnet Lab, Inc.  
Bunting Magnetics  
Dexter Magnetic Technologies  
Electron Energy Corporation  
Energy Fuels Inc  
Innovation Metals Corp.  
Materion Corp.  
National Mining Association  
MP Materials  
NioCorp Development Ltd.  
Quadrant Magnetics  
Rare Element Resources Ltd.  
Texas Mineral Resources Corp.  
Ucore Rare Metals Inc.  
Urban Mining Company  
US Magnetic Materials Association  
USA Rare Earth

