



TO: The Export-Import Bank of the United States (EXIM)
FROM: Battery Materials and Technology Coalition (BMTC)
RE: Comments to the EXIM RFI on Financing Support for Critical Minerals Projects
(Docket No: EIB-2024-0004)

Topline

The Battery Materials and Technology Coalition (BMTC) applauds the efforts of the Export-Import Bank of the United States (EXIM), and notably the China and Transformational Exports Program (CTEP), in supporting domestic projects here at home across many vital industries. We submit the following comments to the EXIM RFI (Docket No: EIB-2024-0004) to address the significant financing gaps in domestic critical minerals projects.

Background Information & Industry Context

BMTC is a coalition of companies that mine, extract, process, manufacture, and recycle battery materials, as well as develop cathode, anode, cell, pack, and battery technologies in North America. The coalition is comprised of 17 member companies across the US and Canada, including facilities and operations in 28 states and current employment numbers of over 8,700 individuals, with projections for over 23,500 individuals to be employed by 2030. Our coalition is united behind a shared interest in growing a resilient and sustainable North American battery supply chain that ensures industry and government work together to seize the opportunity to secure the supply chains that power our way of life.

Regarding critical minerals and materials, BMTC members mine and process critical minerals in the US and Canada for the battery supply chain, including lithium, nickel, graphite (natural and synthetic), manganese, iron, and silicon.

BMTC members regularly navigate a complex set of issues as they work to build domestic projects at home, such as multi-jurisdiction regulations, availability of workforce and infrastructure, cost of materials, and the need to deliver on technology with a new level of speed and at reduced cost. We understand the challenges and opportunities industry deals with when scaling operations, particularly in securing financing for projects in the context of fierce global competition.

China has a stranglehold on critical minerals markets worldwide, particularly at the processing stage, putting the industry at an inflection point. The US must significantly increase domestic critical minerals production and processing to compete with China and protect our national and economic security.

The Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA) have incentivized a resurgence of domestic and near-shore critical minerals projects, with dozens of

projects having been announced in the last five years and with several currently coming online; however, changing global market dynamics and adverse actions from international competitors put this burgeoning growth at risk. BMTC believes that EXIM, particularly the CTEP program, can play an essential role in bridging financing gaps that existing policies and programs cannot meet.

BMTC Comments: China's Dominance Must be Met with Additional US Government Investment

Tools

It is well documented that China maintains significant dominance in the critical minerals supply chain. China controls nearly the entire processing and manufacturing capacity worldwide, including over 90% of the graphite supply chain. Similarly, for nickel, a vast majority of production comes from Indonesia, where China holds significant ownership stakes. China, along with Russia and other non-free trade agreement (FTA) countries, also control much of the lithium, cobalt, and other critical mineral extraction and processing around the world.

The US, allied, and FTA countries do have competitive deposits and identified resources for several of these critical minerals, but securing financing remains a considerable hurdle for companies to overcome and get these projects off the ground. For instance, the US has 9.1 million tons of identified lithium resources, comparable to Chile's.ⁱ Australia and Canada hold over 25 million tons of nickel, and additional US asset deposits continue to be identified.ⁱⁱ While the US currently doesn't currently produce any natural graphite, there are several deposits in Canada, Alabama, and Alaska that will soon begin production. About 70% of US synthetic graphite consumption comes from domestic producers.ⁱⁱⁱ

The US and allied nations can produce and manufacture these materials domestically, but China's market manipulation has made it nearly impossible for these producers to compete at a global scale, and in turn, has limited the availability of capital as investors are hesitant to invest in these projects that have significant economic risk. China has taken advantage of their supply chain dominance to manipulate critical mineral supply and pricing. Aggressive industrial policy has allowed China to manipulate market dynamics to adversely impact the viability of US minerals projects.

For example, over the last year, spot prices for lithium, cobalt, nickel, and manganese have fallen due to Chinese oversupply. Lithium prices fell 80% from December 2022 to January 2023.^{iv} Indonesian nickel producers, many owned or controlled by China, continue to dump into the market even as prices bottom out – down roughly 30% in the last year.^v China has done the same with graphite, which has caused prices to depress rapidly. These tactics have adverse effects on US projects looking to come online as these low prices challenge the economic feasibility of projects and, hence, drive away investment.

In this context, BMTC believes EXIM and CTEP should place a renewed, strong focus on financially supporting domestic critical minerals projects in the US in an expedient fashion. As the battery supply chain and other clean energy supply chains are being stood up in the US, most, if not all, of these domestic projects have an export nexus and are thus eligible for EXIM financing through CTEP. Government support for critical mineral projects across extraction, refining, and processing

can help combat aggressive industrial policy from China and elsewhere and signal to private investors a willingness to take on risk to scale a domestic critical minerals industry and combat Chinese dominance. It is essential for our US economic and national security that these types of projects are successful here at home.

BMTC appreciates the opportunity to provide insight into what EXIM and CTEP can do to support the financing of domestic critical minerals projects. Should you have any questions about this response, feel free to reach out to Ben Steinberg at bsteinberg@vennstrategies.com.

ⁱ <https://pubs.usgs.gov/periodicals/mcs2022/mcs2022-lithium.pdf>

ⁱⁱ <https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-nickel.pdf>

ⁱⁱⁱ <https://pubs.acs.org/doi/10.1021/acs.est.2c08655>

^{iv} <https://www.bradley.com/insights/publications/2024/02/lithium-prices-in-free-fall-implications-for-clean-energy-transition-in-the-private-sector>

^v <https://www.ft.com/content/ba1e9856-66aa-4082-b6cd-261b798d050f>