



FOR IMMEDIATE RELEASE

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Magnet Materials Supply Chain Players Propose Six-Point Plan to Address Impending Rare Earths Crisis *USMMA Offers Path Forward to Federal Government Leaders*

Washington, DC – The [United States Magnet Materials Association](#) (“USMMA”), a coalition of companies representing domestic high performance magnet producers and suppliers, today submitted a proposal to the U.S. Departments of Commerce, Energy, State, and Defense, Office of the U.S. Trade Representative, and Office of Science and Technology Policy within the Executive Office of the President to create a “whole-of-government” approach to resolving the Rare Earth Elements (REE) supply crisis, a serious threat to the United States’ economic and national security.

Today, the United States is totally dependent on foreign sources for rare earth materials. These elements are essential to numerous renewable energy and defense systems including wind turbines, hybrid-electric batteries, computer hard drives and precision-guided munitions. Currently, China provides over 97% of the world’s rare earth raw materials and dominates the world’s rare earth refining, alloying and manufacturing.

USMMA proposes the creation of an interagency working group, with high-level principals identified and empowered by the Secretaries of Commerce, Defense, Energy, State, the U.S. Trade Representative and the Executive Office of the President, charged with implementing a six-point plan to restore a domestic rare earth supply chain to meet economic and national security needs:

1. ***Establish a baseline*** - Studies by affected agencies to establish a baseline of rare earth usage and dependence and any economic or national security issues that result, as well as an action plan to restore specific holes in the domestic supply-chain, to include mining, refining, alloying and manufacturing [Note: many of these are ongoing]
2. ***Obtain raw material necessary to resume defense critical rare earth manufacturing in the face of a pending worldwide shortage*** - A program whereby the Defense National Stockpile purchases existing rare earth supply to support the US Government’s critical needs while the domestic supply chain is rebuilt over the next 5 years

3. ***Government initiated action to ensure fair trade*** - A government initiated action to investigate potential foreign government market manipulation or dumping in the rare earth market, as a means of leveling the playing field for domestic competitors
4. ***Investment in a globally competitive rare earth supply-chain*** - A \$2B DOE led grant and loan guarantee program to support the reestablishment of mining and refining operations in the US that will support the domestic supply-chain
5. ***Specific focus on defense critical components*** - Numerous Defense Production Act programs (\$10-50M each) to support establishment of domestic manufacturing capability in critical segments of the rare earth market
6. ***Investment to ensure future innovation*** - Support of innovation, training and workforce development to support the rare earth element supply chain by providing base budget funding for academic institutions, government laboratories, companies, non-profits and industry associations

Currently, there is one United States rare earth mine and processing facility (which is not mining), a major United States Geological Survey-validated deposit of rare earths in Idaho, two small alloying facilities and one significant rare earth magnet producer, making the nation's supply-chain for critical renewable energy and defense systems nearly non-existent and leaving the United States dangerously vulnerable to potentially unreliable foreign nations.

USMMA believes that urgent and collective action is needed by the federal government in order to head off the impending rare earth crisis. It is estimated that Chinese domestic consumption of rare earth materials will outpace Chinese domestic supply as early as 2012. With a 3-5 year timeline to reestablish a domestic rare-earth supply-chain, the United States is already in a "silent crisis." It is unclear whether rare earth material will be available outside China in the coming years.

USMMA was founded in 2006 by magnet manufacturers Thomas & Skinner, Inc. of Indianapolis, Indiana; Hoosier Magnetics of Ogdensburg, New York; and Electron Energy Corporation of Landisville, Pennsylvania, to advocate on behalf of the specialty metals clause found at 10 U.S.C. 2533b. U.S. Rare Earths, Inc. joined in 2009 to expand the group's focus to support the reintroduction of a competitive rare earth supply chain in the United States.

USMMA members have already successfully advocated for inclusion of a congressionally mandated study of the rare earth supply-chain in the FY10 National Defense Authorization Act. More information on the USMMA can be found at <http://www.usmagnetmaterials.com>.



Thomas & Skinner, Inc.
High Performance Magnetic Materials

Thomas & Skinner, Inc. is the world's leading manufacturer of cast and sintered alnico magnets, magnetic assemblies, and transformer laminations. Through its wholly-owned subsidiary Ceramic Magnetics, Inc., Thomas & Skinner is also a leading manufacturer of soft ferrite magnets.



[Hoosier Magnetics, Inc.](#) specializes in the manufacturing of hard ferrite powders used in a wide variety of permanent magnet applications. Founded in 1975 in Washington, Indiana; Hoosier is a privately held company owned by Dr. B. Thomas Shirk.



[Electron Energy Corporation](#) is a worldwide leader in samarium cobalt magnet production and offers design services and rare earth magnet assemblies. Electron Energy is the only US operated rare earth magnet company that still melts its magnet alloys in-house.

U.S. Rare Earths, Inc.

[U.S. Rare Earths, Inc.](#), an American natural resources development company based in Salt Lake City and New York City, holds large resources and reserves of high-grade rare earth metals and the largest documented high-grade thorium properties in the world within its properties in Idaho, Montana, and Colorado, including 80% of known and estimated U.S. reserves.

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