

The Securing Essential and Critical U.S. Resources and Elements (SECURE) Minerals Act

Creates a Strategic Resilience Reserve to support domestic supplies of critical minerals across the economy.

Background

- **Concentrated commodity supply chains pose national and economic security risks.** China continues to dominate the refining and processing capacity for critical commodities, including those necessary for energy security and decarbonization efforts, and in fact its market share has grown in most areas. Despite efforts to diversify, the International Energy Agency (IEA) found that China is the dominant producer across 19 of 20 key commodities the IEA analyzed with an average market share of 70%. These commodities are used across aerospace, defense and tech. Further, two thirds of battery recycling growth since 2020 has been in China. In recent months, the PRC has significantly restricted exports of critical minerals, both to defense companies and the U.S. as a whole.
- **Commodity markets are volatile and price shocks limit production.** Commodity disruptions can arise from market manipulation, geopolitical factors or emergencies causing price volatility. When prices fluctuate, producers may limit investment and restrict production, causing long-term supply shortages. China's market share allows it to drive prices below a profitable level for new investment or production in the U.S. or its allies. While lower prices are a welcome sign for users of these minerals, they make it more difficult for producers. As a result, despite strong demand, new investment in critical mineral development grew only 2% in 2024 and startup investment is also showing signs of a slowdown. The current environment with volatile prices and dominant producers in China makes it unlikely that market forces alone will deliver the supply that the U.S. needs for both military and economic purposes.
- **A Strategic Resilience Reserve with the goals of the Strategic Petroleum Reserve and the tools of the Federal Reserve could help stabilize critical commodity markets.** The Reserve would go beyond storage and promote price stability, increase production capacity, limit energy inflation and secure commodity supply chains exposed to foreign market manipulation and supply/demand disruptions.

The legislation:

The SECURE Act would set up the Strategic Resilience Reserve (SRR) in a government corporation modeled after the Federal Reserve and run by a seven-member board who are appointed by the President and confirmed by the Senate. The SRR would focus on supporting the critical minerals market, including through stable prices, domestic and allied production (including recycling), stockpiles, competitive markets and supply chain work, with minerals where we are reliant on China and recycling prioritized. The SRR would work to ensure supply not just for national security but across the economy.

The Corporation would be given flexible tools to achieve the broad purposes mentioned above and maintain the SRR. Those include setting up storage facilities, acquiring critical minerals and materials (including through options or other contracts to stabilize prices), lending and direct contracting with both domestic and allied producers. The Corporation would also expand data collection on the critical minerals market (which is currently limited) and perform risk assessments to identify vulnerabilities for national security or economic stability. These tools would help the SRR work to both limit crises and reduce the harm from any crises that do occur, including providing some insurance against economic coercion, especially from the PRC. The SRR can play a significant long-term role in ensuring stable supply and markets for critical minerals, benefiting both national security and economic growth.

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