

June 25, 2020

Monique Leroux
Chair, Industry Strategy Council
Government of Canada
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Re: Critical Materials Supply Chains and Canada's Industrial Strategy

Dear Ms. Leroux,

Congratulations on your appointment as Chair of the Industry Strategy Council. It comes at a pivotal moment in Canada's modern history. On behalf of the Canadian Rare Earth Elements Network (CREEN), I wish to offer our support and help as your team crafts a time-sensitive implementation plan to advance the Canadian government's efforts around critical material supply chains.

Formal discussions on critical minerals and supply chain development have been increasing worldwide, and future demand will only continue to grow, as the world turns to these materials to support the clean energy revolution. Further, security of critical material supply has now become a significant concern for governments in light of the COVID-19 disruption to global supply chains, in addition to heightened geopolitical concerns. A North American solution is required to reduce reliance on China for the vast majority of our critical minerals. This is a matter of national, economic and technological security. North America does not have the required supply chains needed for many new technologies – such as electric vehicles, energy storage, sensor and data processing applications and pharmaceuticals – although we do have all these minerals in the ground in Canada and access to advancing processing technologies in Canada and among allied partners.

In addition to the raw minerals, it is equally important that Canada have the commercial ability to transform these minerals into the required, highly specialized technology materials that power green/clean-energy applications – at commercial scale. Currently, we have zero capacity. As such, Canada would also benefit from supporting and fostering critical minerals processing technologies. The reality is that North America is woefully deficient in installed commercial capacity to produce what our future stated objectives will inevitably require.

In a letter addressed to Bill Morneau, the Minister of Finance, Innovation, Science and Economic Development (ISED) and Natural Resources Canada (NRCAN) on February 7, 2020 (attached), we made several specific recommendations to help position Canada for success. Most principally, it our view that ISED is best suited to lead this strategy, as it is not simply a mining industry strategy but rather an *industrial strategy* that will set the course for Canada's economic future.

Of course, critical materials are also required to transition to the low-carbon future policymakers in Canada envision. According to *Minerals for Climate Action*, a recently published report from the World Bank Group, production of battery materials such as graphite, lithium, manganese and cobalt will have to increase by nearly 500 per cent by 2050 to meet the growing demand for clean energy technologies.

These same variables have motivated our competitors and allies alike, to take swift action. In June 2019, the US federal government published *A Federal Strategy to Ensure a Reliable Supply of Critical Materials*, underscoring critical minerals as being essential to the country's economic and national security, and is prioritizing initiatives to streamline the permitting of listed critical mineral projects from the current seven to 10 years, to just two years. Last May, the US Senate introduced the *Onshoring Rare Earths Act of 2020* (ORE Act) legislation, a bill that would offer tax incentives to companies that develop critical minerals mines and processing facilities in the US; in addition, this bill would require the US Department of Defense to source minerals domestically.


In Australia, they have done even more, with the formal establishment of a *Critical Minerals Facilitation Office* tasked to be the central coordination point to assist with development of critical minerals projects and investments in the critical materials sector. This office also has a broader role to advise the government on national policy and strategy, including relevant foreign investment into the sector.

This is an excellent model that we strongly encourage Canada replicate.

Our recommended approaches are completely aligned with the Prime Minister and Minister Bains' vision to re-invigorate the economy, while securing Canada's green-energy future. We believe that urgent attention as described can make Canada a leading global clean technology hub and demonstrate that this government is committed to innovative solutions on climate change that also create jobs especially in the North.

I will be pleased to discuss this further with you and your colleagues and explore way we can work together.

Thank you,



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