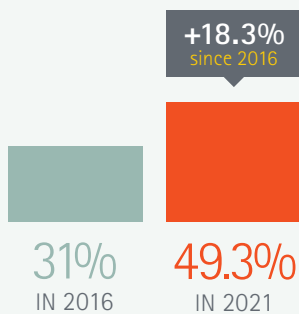


Add Copper to the Critical Mineral List Now

IMPORTS OF COPPER ARE ON THE RISE



The share of copper consumption that is met by net imports has increased from 31% in 2016 to a staggering 49.3% in 2021.



Copper's supply risk score in 2022 is up to

0.423

The 4-year weighted average score is now up to

0.407

– both above the USGS 0.40 threshold for inclusion on the CML.

BACKGROUND:

Originally developed by executive order in 2018, and codified by the Energy Act of 2020, the U.S. Critical Minerals List (CML) contains minerals deemed essential to U.S. economic or national security and that have a supply chain vulnerable to disruption. The CML was created to increase activity at all levels of the supply chain, including exploration, mining, concentration, separation, alloying, recycling, and reprocessing minerals. The CML was also developed to streamline leasing and permitting processes and to expedite exploration, production, processing, reprocessing, recycling, and domestic refining of the minerals. Since its inception, the CML has also become the shorthand way to refer to important minerals and has also been cited in dozens of legislative proposals intended to support those minerals through tax credits, government purchases, and permitting support. The List is not static; it is intended by statute to be updated every 3 years at a minimum, however the Secretary can update it at any time.

COPPER AND THE CRITICAL MINERALS LIST:

The original List required a 50% import penetration threshold, which copper did not meet. In 2021 a new qualitative methodology was created to look more closely at a supply risk score by calculating the economic vulnerability, disruption potential, and trade exposure of various minerals. The U.S. Geological Survey (USGS) required a supply risk score of 0.40 for automatic inclusion on the CML; copper's score was 0.334. Unfortunately, USGS stopped calculating with 2018 data when compiling the 2022 List, despite much newer data being available.

In late 2021, the Copper Development Association (CDA) commented on the draft List highlighting that import reliance for copper was increasing and thus more recent data should be utilized. CDA also noted that the copper industry is a major contributor to U.S. economic and national security, as a key component in the cars and trucks (internal combustion and EV's), water lines, building materials, electronic hardware, battery storage, and renewable energy sources that are necessary to carry out our daily lives and businesses. In fact, CDA pointed out that copper met every essential function listed in the statute. Despite CDA's comments, USGS still relied upon older 2018 data and did NOT add copper to the CML released in February 2022 – noting that copper's supply chain risk had been increasing and "merits watching".

During the comment period for the 2022 CML, the Copper Caucus and several U.S. Governors from large copper employment states, sent letters of support to USGS. Responses from USGS included the phrase, "If the criticality status of a mineral commodity were to change significantly in the near term, the USGS would publish information on the changed circumstances without waiting for a 3-year update cycle."

SUPPLY RISKS TO COPPER HAVE INCREASED SIGNIFICANTLY:

Since 2018 data, the risks to copper from imports (particularly from adversarial countries) have increased dramatically. The share of copper consumption that is met by net imports has increased from 31% in 2016 to a staggering 49.3% in 2021. In the first half of 2022, the net import reliance stood at 48%. In addition, Russia, China, Iran and North Korea now account for half of all non-U.S. global refined copper production.

UPDATED USGS DATA SHOWS COPPER SHOULD BE INCLUDED NOW:

Because USGS data was considerably out of date upon the release of the CML, and the world has changed dramatically since then, CDA hired a consultant charged with updating the copper supply risk score with the most recently available data through the first half of 2022. With the new data, copper's supply risk score in 2022 is up to 0.423 and the 4-year weighted average score is now up to 0.407 – both above the USGS 0.40 threshold for inclusion on the CML. Given the significant change in the supply risk to copper, which shows no signs of slowing down, the Secretary of Interior should exercise the authority given to her by statute to officially add copper to the CML immediately.

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