

Biden Leads the build-out of an EV market critical minerals supply chain outside of China parade

written by Matt Bohlsen | October 25, 2022

For the past decade it has been China that has massively supported its battery and EV industry resulting in China now being by far the leader in EV production globally; and quite frankly a threat of totally dominating the future global auto industry as it goes electric.

Now, finally, the tide is turning with the Western governments starting to make very significant moves to support the EV and energy storage sectors (including batteries & the electric grid) and its supply chain. Today's article gives a summary of major western governments' new policies to support the EV and energy storage supply chain so far in 2022.

USA

As [announced](#) last week the DoE awarded **US\$2.8 billion** of grants to accelerate U.S. manufacturing of batteries for electric vehicles and the electric grid. As [stated](#) by Energy.Gov.:

"The 20 companies will receive a combined US\$2.8 billion to build and expand commercial-scale facilities in 12 states to extract and process lithium, graphite and other battery materials, manufacture components, and demonstrate new approaches, including manufacturing components from recycled materials."

A key component of the US\$2.8 billion in grants is that they

will be matched with [US\\$9 billion](#) in recipient funds. Furthermore, the 20 company's projects are spread across the key areas of the battery supply chain with the key purpose to build a new U.S lithium-ion battery industry.

As shown below some of the winners were lithium companies Albemarle Corporation (NYSE: ALB) and Piedmont Lithium Inc. (Nasdaq: PLL | ASX: PLL), spherical graphite (soon to be a producer) company Syrah Resources Limited (ASX: SYR), nickel junior Talon Metals Corp. (TSX: TLO) and several others.

Location map showing the planned project locations of the DoE project grant recipients



Source: [Energy.Gov DoE](#)

Earlier in 2022, the U.S government announced funding in the [Inflation Reduction Act](#) of [US\\$369 billion](#) towards clean energy and climate change initiatives.

The Biden Administration is certainly leading the West in supporting the environment and building up a new clean energy industry with factories and jobs in the USA.

Canada

Canada has recognized that it is extremely well positioned to be a [supplier of EV metals](#) and components due to its inherent wealth of critical raw material resources. In the 2022 Canadian Budget the government allocated an additional [“C\\$3.8 billion](#) for critical minerals, including those that feed into clean technologies”. Clean Energy Canada [stated](#):

“This new funding will help Canada realize its vision of building an “end-to-end” battery supply chain through which

Canada can do it all, from sourcing the materials to building the parts, batteries, and clean cars.”

Specifically, the Canadian government will spend up to [C\\$1.5 billion](#) over seven years, starting in 2023-24, for infrastructure investments that would support the development of the critical minerals supply chain, with a focus on priority deposits. Many very promising Canadian projects, such as Frontier Lithium Inc.’s (TSXV: FL | OTCQX: LITOF) PAK Lithium Project, need roads to be built to help bring their projects to production. Canada has a plan to make this happen, albeit rather slowly.

Australia

The Australian government under Prime Minister Albanese has brought a new focus towards EVs and climate change. As announced last week the [“support for critical minerals breakthroughs”](#) policy is designed to accelerate the growth of the critical minerals sector. The announcement [stated](#):

“The Strategy will complement other Government initiatives including the National Battery Strategy and the Electric Vehicle Strategy. The National Reconstruction Fund will include the \$1 billion Value Adding in Resources Fund which will work alongside the \$2 billion Critical Minerals Facility.....The Government will also allocate \$50 million over three years to the Critical Minerals Development Program for competitive grants to support early and mid-stage critical minerals projects, building on the \$50 million recently committed to six key projects across Australia.”

The winning “six key projects” [are owned by](#) Alpha HPA Limited (ASX: A4N), Cobalt Blue Holdings Limited (ASX: COB), EQ Resources Limited (ASX: EQR), Global Advanced Metals Pty Ltd, Lava Blue Ltd., and Mineral Commodities Ltd. (ASX: MRC).

Europe

Last month the European Commission [announced](#) a new policy proposal called the 'European Critical Raw Materials Act'. The announcement emphasized Europe's need to secure a safe and secure supply of critical minerals, notably lithium and rare earths. The announcement [stated](#):

"Lithium and rare earths will soon be more important than oil and gas. Our demand for rare earths alone will increase fivefold by 2030. [...] We must avoid becoming dependent again, as we did with oil and gas. [...] We will identify strategic projects all along the supply chain, from extraction to refining, from processing to recycling. And we will build up strategic reserves where supply is at risk. This is why today I am announcing a European Critical Raw Materials Act."

The European Critical Raw Materials Act is still being developed but it looks like it will follow along similar footsteps as the U.S Inflation Reduction Act, supporting and building local supply chains, but also relying on ally countries. The European Commission [stated](#) one objective as:

"To facilitate the roll-out of targeted raw materials projects in the EU, the Commission should be empowered to list Strategic Projects – which would be labelled as of European interest – based on proposals from Member States. These projects could benefit from streamlined procedures and better access to finance."

An excerpt from the recent 2022 State of the European Union address discussing the need for Europe to source critical raw materials



Source: [European Commission](#)

Some possible winners might be rare earths processing company [Neo Performance Materials Inc.](#) (TSX: NEO) and European Metals Holdings Limited (ASX: EMH | AIM: EMH | OTCQX: EMHXY). The former owns [the only commercial rare earth separations and rare metal processing plant in Europe](#) and the later has a JV 49% ownership of the [largest hard rock lithium project in Europe.](#)

Closing remarks

The Western governments have woken up from a decade long slumber and are now finally moving to build key critical raw material, battery, and EV supply chains both locally and with ally countries. Project funding and permitting are key obstacles being addressed as they are the reason why much of USA and Europe have virtually no EV supply chain today.

As we approach COP 27 starting on November 6, the 2022 awakening of the Western governments should lead to one of the biggest investment themes this decade. That is, investing in quality companies that are likely to succeed in supplying the EV and energy storage supply chains as the Western world looks to gain independence from China.

InvestorIntel has been bringing attention to these companies for more than a decade and provides the ideal starting point to research and learn about promising critical raw materials companies. Stay tuned.

Disclosure: The author is long Albemarle Corporation, Piedmont Lithium Inc., Syrah Resources Limited, Frontier Lithium Inc., Cobalt Blue Holdings Limited, European Metals Holdings.

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