

Biden's Address to the Canadian Parliament Sends Strong Messages on Geopolitical Relationships and Critical Minerals Development

written by Melissa (Mel) Sanderson | March 26, 2023

Timing might not be everything but it certainly matters in the world of geopolitical messaging. President Joe Biden sent several important messages on March 24 when he addressed the assembled Canadian Parliament, together with Canadian PM Trudeau.

And what messages! The political and visual juxtaposition of Biden and Trudeau with body language telegraphing genuine liking and appreciation, versus Russian President Putin and Chinese President Xi, telegraphing stiff formality and duty. Laughter and spontaneous applause in Canada, versus choreographed expressions of dutiful support in Russia.

US and Canadian "Shared Values"

Substantive declarations of mutual support for shared values – the phrase 'shared values' repeated several times for emphasis. One particularly evocative phrase: "To relentlessly pursue the possibilities of tomorrow." Among the shared values called out by President Biden: climate action, better lives for working people, and support for Ukrainian identity, self-governance, and democracy. Whereas in Russia, no discussion of shared values or broad policy objectives, with Xi once again maintaining a stolid silence on Ukraine.

Biden maintained an emphasis on the US-Canada partnership, citing several examples, including that the US Inflation Reduction Act provisions include tax credits for Americans buying electric vehicles assembled in Canada (an example of the 'national provisions' in that legislation). Along the same line, he noted the coordination on EV standards extending to charging stations, to ensure seamless cross-border access. This matters because, in the past, countries have used different electric outlets as a way to exclude others from utilizing the systems without in some way paying an extra charge.

North American Supply Chain for Critical Minerals Development

Perhaps most notably, President Biden's important, albeit brief, reference to what could be cast as mutual support for the ongoing effort to develop a cohesive North American supply chain for critical minerals development. Noting Canada's vast natural resources, including major critical materials deposits, Biden opened the coffers of the US Government to Canadian mining companies, putting potentially millions in play under the authorities of the Defense Production Act to accelerate the development of new mines and materials processing. As is sometimes the case with Biden's statements there is some ambiguity: some Canadians interpreted Biden as saying that the materials should be mined in Canada but would be processed (or value-added) in the US.

What about that? Well, it seems like a justifiable interpretation given US Government's spending patterns to date. Most of the monies released in the US so far have focused sharply on developing crucial processing capabilities for rare earths. Australia's Lynas is building both light and heavy processors in Texas, while the sole US rare earth miner

currently operating, MP Materials, also received financial assistance from the US Government to build its processing facility. The emphasis on processing is laudable, as MP Materials' current output still is being sent to China for processing, underscoring an important supply chain vulnerability.

Critical Minerals Mining in the US

On the other hand, there has been a noticeable lack of enthusiasm for providing funding to help jump-start new critical materials mines in the US. Without in any way diminishing the scope and value of Canada's rare earth deposits, and with all respect Mr. President, the US also has some very significant untapped critical materials deposits which are crucial to ensuring US national security and economic transformation.

It is simply unrealistic to suppose that the US is somehow going to be able to source everything needed for a national stockpile (which DoD already is mandated to develop) and growing key industries such as EVs and semiconductors (specifically mentioned by Biden) without new primary mines in the US.

Major Hurdles – Capital and Permitting

There are two major hurdles to achieving new primary critical materials mines in the US: access to capital and permitting. Official US Government seed funding encourages private capital to invest in early-stage miners, effectively accelerating the actual build-out of mines.

Most importantly, however, the US needs to address its broken permitting system. When there are no reasonable limits on how long the array of government agencies can take to consider whether to permit mine development at various stages, there is

no certainty for either investors or miners that a mine ever can be built. It's that simple. There are ways to fix this problem without (as critics claim) gutting the environmental protections needed in today's climate crisis more than ever.

The Canadian Mining Association has called for the Canadian government to reexamine the permitting regime in that country, especially in light of Biden's visit and the possibilities embodied in true cross-border cooperation. Given that Canada's governing authorities at both the national and provincial levels already are far more forward-leaning in funding actual mining, I would be willing to bet that Canada will achieve a new permitting regime long before the US does.

Final Thoughts

If I'm right on that, it's a problem on all sorts of levels – for US-Canada cooperation and also for US self-sufficiency, a stated goal of the Biden Administration. After all, at the end of the day, there is no shorter or more secure supply chain, Mr. President, than mined and made in America.