

The Public Return on American Critical Minerals Investment

written by Jack Lifton | October 13, 2026

The proper test of American government investment in critical minerals is straightforward: What industrial capability did the public's money create that otherwise would not have existed, and at what public cost? I would put that question ahead of an award's size, a recipient's share price rise, or the jobs promised at a groundbreaking ceremony. Government backing can change a company's financing prospects almost immediately, while industrial capability requires construction, commissioning and sustained production. The strategic return arrives when that production meaningfully reduces a supply vulnerability.

The distinction is visible in America's rare earth statistics. The U.S. Geological Survey [estimates](#) that the United States produced 51,000 metric tonnes of rare earth oxide equivalent in mineral concentrates in 2025, while net import reliance for rare earth compounds and metals remained 67% of apparent consumption. Those figures measure different stages of the supply chain, and the import statistic does not capture all the rare earths entering the country inside finished goods. They demonstrate why substantial mining output can coexist with dependence on imported processed materials and components.

Different participants receive the benefits of public investment at different times, and understanding that sequence is essential to judging the result. Existing shareholders may benefit as soon as a grant, loan commitment or equity investment is announced because the market assigns greater value to improved financing prospects. Founders, institutional investors and retail shareholders can all participate in that revaluation. The

increase represents an expectation about future returns, however, and cannot establish that a company has resolved its metallurgical challenges or secured a commercially viable customer base.

The position of a retail investor also depends on when the shares were purchased and what expectations were already reflected in the price. Someone buying after an announcement may be paying an earlier shareholder for anticipated benefits while assuming the remaining financing, construction and operating risks. In an ordinary secondary market transaction, the purchase proceeds go to the selling shareholder; the company raises new capital when it issues securities itself. A founder's increase in paper wealth, a new investor's prospective return and the company's available cash therefore require separate examination.

Before a project reaches construction, engineers, laboratories, permitting specialists, lawyers and financial advisers may already have been paid from private capital. Whether public funding can reimburse particular expenditures depends on the agreement, and an announcement alone does not establish that reimbursement has occurred. The Department of Energy explicitly [explains](#) that a conditional loan commitment does not disburse funds: definitive financing documents and the requirements for financial closing and disbursement must first be completed. Conditions may apply before the first advance and subsequent advances, making access to money a continuing process rather than a single announcement.

The form of support determines how risk and reward are distributed. A grant generally finances eligible expenditure without scheduled repayment, subject to the award's conditions, while a loan creates a repayment obligation. A guarantee protects a lender against specified losses, and an equity investment gives the government ownership or rights to acquire

ownership under agreed terms. Price support and purchase commitments address a different problem by reducing uncertainty about future revenue. These arrangements may make private investment possible, but their headline dollar amounts are not interchangeable measures of taxpayer cost.

Federal credit accounting already recognizes that distinction. As the Government Accountability Office [explains](#), the subsidy cost of a federal loan or guarantee reflects the present value of expected government payments less expected receipts, including repayments, interest, fees and recoveries, with administrative expenses accounted for separately. The face amount of a loan consequently cannot be treated as though it were an equally sized grant. An assessment of the wider public cost should also show administrative expenses and other public obligations, while making clear how the estimates change if construction is delayed, prices weaken or the borrower defaults.

MP Materials Corp. (NYSE: MP) [provides](#) a substantial example of these instruments operating together. Its July 2025 agreement with the U.S. Department of Defense included a US\$400 million preferred equity investment and a US\$150 million loan commitment for expanded heavy rare earth separation. The package also established a ten-year price floor of US\$110 per kilogram for neodymium-praseodymium, or NdPr, and a ten-year offtake arrangement for magnets from the planned 10X facility. The public commitment therefore extended beyond initial financing into the economics of future production.

The government's securities also illustrate why public and private investors cannot be treated as one group. The preferred shares initially carried a 7% annual dividend payable in kind, meaning it accrued to their stated value instead of being paid as ordinary cash income. The government also received a warrant to purchase common shares, creating an additional opportunity to

participate in an increase in equity value. Those contractual rights differ from the rights of a retail investor buying common stock, and their eventual value still depends on the company's performance

Private financing followed quickly: MP completed a common share [offering](#) on July 18, 2025, which generated approximately US\$724.2 million after underwriting discounts and other expenses. The company also obtained a US\$1 billion bank commitment, but its [annual filing](#) records that the commitment expired undrawn on August 26 after reductions associated with the share offering and a new revolving credit facility. The same filing records US\$7.4 million in nonrefundable commitment and structuring fees associated with that bank commitment. This is a concrete example of financing services generating compensation before the associated industrial expansion is complete, and of why announced commitments cannot simply be added to completed financings as cash received.

During construction, the economic benefits extend well beyond shareholders and financiers. Equipment suppliers receive deposits and milestone payments, contractors earn revenue, and electricians, welders, pipefitters and other skilled workers receive wages. These expenditures can build valuable expertise and support local businesses even before the facility produces saleable material. They also illustrate why construction employment and spending should be reported alongside progress toward operating capacity, with temporary construction jobs distinguished from continuing plant employment.

Commissioning is where the quality of the industrial investment becomes more apparent. Metallurgists, chemists, process engineers and operators must demonstrate that the facility can achieve the recovery, purity, consistency and throughput its customers require. A successful laboratory result or an initial

production batch provides useful evidence, but sustained operation introduces questions about feedstock variability, maintenance, reagent consumption and waste management. Public reporting should distinguish installed equipment, commissioning output, customer qualification and repeat commercial deliveries, because each answers a different question about whether the investment is working.

MP's operating disclosures show why those distinctions are useful. The company [reported](#) NdPr production of 840 metric tonnes in the second quarter of 2026, up 41% from a year earlier, while separately recognizing US\$17.6 million in income under its government price protection agreement. Its August update described further magnet deliveries for customer qualification and regulatory testing at Independence, alongside continuing construction of 10X. Its February [announcement](#) had scheduled the start of 10X commissioning for 2028 and described an eventual company-wide magnet capacity of approximately 10,000 tonnes annually. These are measurable steps toward a larger industrial objective, although NdPr output, qualification deliveries and future magnet capacity remain different measures of achievement.

State and local governments also belong in the assessment of public cost. MP's February 2026 [announcement](#) identified roughly US\$200 million in incentives from Texas, Denton County and Northlake over more than a decade, including grants, abatements and exemptions. That figure describes a package of incentives rather than an immediate cash payment, and the company acknowledged conditions governing its receipt. More broadly, a community should evaluate anticipated tax revenues and employment alongside any obligations for roads, utilities, housing and public services. A project's national strategic importance does not eliminate the need to understand its local financial consequences.

There is a legitimate concern that some participants can receive full compensation even if the intended industrial capability never materializes. A completed financing, an equipment delivery or an accepted construction milestone can trigger payment regardless of the plant's eventual commercial performance. Nevertheless, engineers and skilled tradespeople must be paid, and equipment manufacturers cannot ordinarily carry their customers' development costs indefinitely. The appropriate response is to examine whether contracts assign responsibility sensibly, disclose fees clearly and connect continuing public support to verifiable progress.

The central policy question remains whether government participation purchased additional capability. Would the project have proceeded on substantially the same scale and timetable without public support, or did that support accelerate production, expand capacity or reduce a specific vulnerability? If the project was already commercially financeable on comparable terms, officials should explain what additional public benefit justified their participation. If public support made an otherwise unfinanceable project possible, the explanation should identify the market failure or strategic requirement being addressed and the evidence that the chosen investment can meet it.

That evidence must extend across the relevant supply chain. I would want to know whether customers have qualified the material, whether repeat orders have followed and whether the facility can produce consistently at the required scale. I would also examine access to feedstock, processing technology, replacement equipment and intermediate materials, especially where these remain exposed to the original source of supply risk. Dependable arrangements with allied suppliers may strengthen resilience, but the specific dependencies and alternatives should be identified rather than assumed away

because the final plant has an American address.

The financial assessment should follow the investment over its useful life. It should account for grants, the expected net cost of credit and equity participation, continuing price support, purchase obligations and relevant infrastructure commitments without double-counting the same exposure. Government purchases also deliver products of value, so their gross expenditure should not automatically be classified entirely as subsidy. Repayments, realized investment proceeds and recoveries belong in the calculation, while an unrealized increase in the value of government shares should remain clearly identified as such. The public should be able to see how much support has been committed, how much has been paid and what obligations remain.

A strategic facility may justify costs that an unprotected commercial market would not sustain. The International Energy Agency's 2025 outlook [estimated](#) that capital costs for projects in regions diversifying supply were typically about 50% higher than those of incumbent producers. That finding helps explain why a policy based solely on matching the lowest prevailing price may fail to create a dependable alternative. The case for paying a strategic premium should therefore state what continuity of supply is being purchased, which industries benefit and whether other investments could deliver comparable protection at lower cost.

For investors, government backing is a significant fact about financing, revenue protection and risk, but it leaves substantial questions about valuation and execution. For policymakers, a rising share price records the market's expectations about shareholder returns and provides only limited evidence of what the nation has secured. I want American critical minerals policy judged by dependable production of usable materials that reduces a defined supply vulnerability, at

a public cost that can be understood and defended. Identifying who received the money first begins that examination; establishing what the public received in return completes it.