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NORTH AMERICAN GRAPHITE ALLIANCE

March 4, 2025

The Honorable Doug Burgum
Secretary, Department of the Interior
1849 C Street NW
Washington, DC 20240

Preserving Graphite's Status on the USGS Critical Minerals List

Dear Secretary Burgum,

The North American Graphite Alliance (NAGA) would like to congratulate you on your confirmation as Secretary of the Department of the Interior. The role of Interior has never been more important than it is today as America's natural resources become an increasingly important factor in the nexus between energy resiliency, economics, and geopolitics. We applaud the work of you and your colleagues to help protect, utilize, and bolster the vast amount of resources that are found here in the United States.

We are writing today to urge you to retain graphite as it is currently defined on the USGS Critical Minerals List as you reevaluate the list as requested by President Trump in his *Unleashing American Energy* Executive Order. In 2022, we applauded the decision made by USGS to drop the qualifier "(natural)" next to graphite on the list. [1] Since that change in scope was made, its wide-ranging and positive effect on the domestic synthetic (or artificial) graphite industry cannot be overstated. Synthetic graphite producers are now able to join natural graphite producers in benefitting from federal regulations and legislation that defer to the USGS Critical Minerals List, unlocking previously inaccessible funding and regulatory support. Additionally, U.S. synthetic graphite is produced with needle coke, a domestic feedstock produced by U.S. fossil fuel industries, which strengthens our energy independence and resilience against China's weaponization of its resources through actions like restricting graphite exports to the U.S.

This boosted level of support should continue, as it is occurring at a pivotal moment for the domestic graphite industry. NAGA is comprised of American and Canadian producers of battery-grade natural and synthetic graphite, which is used to create anode material in lithium-ion batteries. Demand for anode material is expected to increase exponentially over the coming years in line with the demand for lithium-ion batteries used in defense systems and energy storage systems (ESS), which boost the resiliency of the electric grid. In fact, global demand for anode material will grow by at least 189% over the next five years, comprised of a 205% increase for end-use in EVs and a 179% increase for end-use in ESS.[2]

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[1] United States Geological Survey. 2022 List of Critical Minerals. February 2022.
[2] Oxford Economics. Enabling North American Graphite Growth. February 2024.

While graphite demand for use in batteries will outstrip demand for other uses by 2028, the lion's share of graphite today is still used for other applications. In fact, in 2023, demand for graphite in other applications accounted for 62% of overall global graphite demand. [3] Graphite is lightweight, resistant to heat and corrosion, and electrically and thermally conductive, making it a preferred component for military equipment and industrial applications. It is used as a main ingredient in steel production and in refractory and foundry materials, as well as in energy applications such as nuclear reactors and semiconductors. Its military applications include body armor, rocket nozzles, and ablative shields.

Given its wide-ranging critical applications, graphite is vital to the national security and economic interests of the United States. A basic doctrine of foreign policy stipulates that a country should never rely on a non-allied foreign actor for critical technologies and materials. Unfortunately, the U.S. has found itself in such a scenario – in 2023, China produced 79% of the world's natural graphite and 97% of synthetic graphite for use in anode material.[4]

There is extensive evidence that China has been implementing a decades-long strategy to control the global critical minerals supply chain, characterized by overwhelming mineral processing capacity within its own borders and securing ownership of mineral resources in other countries. [5] Made possible by state-sponsored policies and massive subsidies, China can export artificially cheap graphite to the U.S., purposely absorbing revenue losses as part of a strategy to smother foreign competitors and fully control the market.

This control induces widespread market volatility, which subsequently prevents the development of new domestic graphite projects. This is because graphite projects face significant challenges securing financing because the market volatility causes a lack of long-term offtake commitments from customers who are unsure whether the graphite will exist in sufficient supply at prices that are competitive with China. And without the ability to demonstrate future revenue, typically done via an offtake agreement, graphite companies are at a disadvantage when attempting to secure investments.

To combat China's malicious practices and create a level playing field for domestic producers, the U.S.-based members of NAGA filed a trade case with the Department of Commerce (Commerce) and International Trade Commission (ITC) in December 2024 under the jurisdiction of U.S. antidumping and countervailing duty (AD/CVD) statutes. Since the case was filed, Commerce calculated that China is dumping graphite into the U.S. at margins as high as 915%, and the ITC announced a preliminary determination on January 31st that China is indeed preventing the establishment of a domestic graphite industry.

The domestic graphite industry has an opportunity to establish itself and failing to do so would create enormous energy, economic, and national security risks for North America. China has repeatedly abused its production capacity by manipulating global prices and implementing export controls to wield geopolitical influence. A domestic graphite industry would lessen dependence on China, make our energy systems more resilient, and reduce national security risks associated with using foreign graphite for vital military, industrial, and technological applications.

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[3] Oxford Economics. Enabling North American Graphite Growth. February 2024.
[4] Oxford Economics. Enabling North American Graphite Growth. February 2024.
[5] Horizon Advisory. How Beijing Controls the Global Battery Supply Chain. November 2024.

The ongoing inclusion of graphite as it is currently defined on the USGS Critical Minerals List would be an irreplaceable tool to help establish an independent and resilient graphite supply chain in the United States to counter Chinese market dominance. Thank you for your consideration, and we look forward to working with Interior and USGS to help inform the national dialogue surrounding graphite and critical minerals in the years to come.

Sincerely,

Erik Olson

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