

RECORD OF PUBLIC COMMENTS

NOTICE OF INQUIRY— [Docket No. 150821763–5764–01] National Defense Stockpile Market Impact Committee

Request for Public Comments on the Potential Market Impact of the Proposed Fiscal Year 2017 Annual Materials Plan

Publication in the Federal Register: September 1, 2015
Comments due October 1, 2015

	Organization	Submitter	Date Received	No. of Pages
1	Infinium	Steve Derezinski Adam C. Powell	09/25/2015	4
2	Umicore	Holly A. Chapell	10/01/2015	3
Total				7

information collection should be sent within 30 days of publication of this notice to OIRA_Submission@omb.eop.gov or fax to (202) 395-5806.

Dated: August 26, 2015.

Glenna Mickelson,
Management Analyst, Office of the Chief Information Officer.

[FR Doc. 2015-21566 Filed 8-31-15; 8:45 am]

BILLING CODE 3510-07-P

DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[B-29-2015]

Foreign-Trade Zone (FTZ) 148— Knoxville, Tennessee; Authorization of Production Activity, CoLinx, LLC (Bearing Units), Crossville, Tennessee

On April 29, 2015, the Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee, grantee of FTZ 148, submitted a notification of proposed production activity to the FTZ Board on behalf of CoLinx, LLC, within Sites 2 and 6, in Crossville, Tennessee.

The notification was processed in accordance with the regulations of the FTZ Board (15 CFR part 400), including notice in the **Federal Register** inviting public comment (80 FR 26539, 5-8-2015). The FTZ Board has determined that no further review of the activity is warranted at this time. The production activity described in the notification is authorized, subject to the FTZ Act and the Board's regulations, including Section 400.14.

Dated: August 27, 2015.

Andrew McGilvray,
Executive Secretary.

[FR Doc. 2015-21655 Filed 8-31-15; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

Bureau of Industry and Security

[Docket No. 150821763-5764-01]

National Defense Stockpile Market Impact Committee Request for Public Comments on the Potential Market Impact of the Proposed Fiscal Year 2017 Annual Materials Plan

AGENCY: Bureau of Industry and Security, Commerce.

ACTION: Notice of inquiry; request for comments.

SUMMARY: The purpose of this notice is to advise the public that the National Defense Stockpile Market Impact

Committee, co-chaired by the Departments of Commerce and State, is seeking public comments on the potential market impact of the proposed Fiscal Year 2017 National Defense Stockpile Annual Materials Plan. The role of the Market Impact Committee is to advise the National Defense Stockpile Manager on the projected domestic and foreign economic effects of all acquisitions and disposals involving the stockpile and related material research and development projects. Public comments are an important element of the Committee's market impact review process.

DATES: To be considered, written comments must be received by October 1, 2015.

ADDRESSES: Address all comments concerning this notice to Eric Longnecker, U.S. Department of Commerce, Bureau of Industry and Security, Office of Strategic Industries and Economic Security, 1401 Constitution Avenue NW., Room 3876, Washington, DC 20230, fax: (202) 482-5650 (Attn: Eric Longnecker), email: MIC@bis.doc.gov; and Jordan Kwok, U.S. Department of State, Bureau of Energy Resources, 2201 C Street NW., Washington, DC 20520, fax: (202) 647-4037 (Attn: Jordan Kwok), email: kwokpj@state.gov.

FOR FURTHER INFORMATION CONTACT: Eric Longnecker, Office of Strategic Industries and Economic Security, Bureau of Industry and Security, U.S. Department of Commerce, telephone: (202) 482-5537, fax: (202) 482-5650 (Attn: Eric Longnecker), email: MIC@bis.doc.gov.

SUPPLEMENTARY INFORMATION:

Background

Under the authority of the Strategic and Critical Materials Stock Piling Revision Act of 1979, as amended (the Stock Piling Act) (50 U.S.C. 98 *et seq.*), the Department of Defense's Defense Logistics Agency (DLA), as National Defense Stockpile Manager, maintains a stockpile of strategic and critical materials to supply the military, industrial, and essential civilian needs of the United States for national defense. Section 9(b)(2)(G)(ii) of the Stock Piling Act (50 U.S.C. 98h(b)(2)(H)(ii)) authorizes the National Defense Stockpile Manager to fund material research and development projects to develop new materials for the stockpile.

Section 3314 of the Fiscal Year (FY) 1993 National Defense Authorization Act (NDAA) (50 U.S.C. 98h-1) formally established a Market Impact Committee (the Committee) to "advise the National

Defense Stockpile Manager on the projected domestic and foreign economic effects of all acquisitions and disposals of materials from the stockpile" The Committee must also balance market impact concerns with the statutory requirement to protect the U.S. Government against avoidable loss.

The Committee is comprised of representatives from the Departments of Commerce, State, Agriculture, Defense, Energy, the Interior, the Treasury, and Homeland Security, and is co-chaired by the Departments of Commerce and State. The FY 1993 NDAA directs the Committee to consult with industry representatives that produce, process, or consume the materials stored in or of interest to the National Defense Stockpile Manager.

As the National Defense Stockpile Manager, the DLA must produce an Annual Materials Plan ("AMP") proposing the maximum quantity of each listed material that may be acquired, disposed of, upgraded, or sold by the DLA in a particular fiscal year. In Attachment 1 to this notice, the DLA lists the quantities and type of activity (potential acquisition, potential disposal, potential upgrade, or potential sale) associated with each material in its proposed FY 2017 AMP. The quantities listed in Attachment 1 are not acquisition, disposal, upgrade, or sales target quantities, but rather a statement of the proposed maximum quantity of each listed material that may be acquired, disposed of, upgraded, or sold in a particular fiscal year by the DLA, as noted. The quantity of each material that will actually be acquired or offered for sale will depend on the market for the material at the time of the acquisition or offering, as well as on the quantity of each material approved for acquisition, disposal, or upgrade by Congress.

The Committee is seeking public comments on the potential market impact associated with the proposed FY 2017 AMP as enumerated in Attachment 1. Public comments are an important element of the Committee's market impact review process.

Submission of Comments

The Committee requests that interested parties provide written comments, supporting data and documentation, and any other relevant information on the potential market impact of the quantities associated with the proposed FY 2017 AMP. All comments must be submitted to the addresses indicated in this notice. All comments submitted through email must include the phrase "Market Impact

Committee Notice of Inquiry” in the subject line.

The Committee encourages interested persons who wish to comment to do so at the earliest possible time. The period for submission of comments will close on October 1, 2015. The Committee will consider all comments received before the close of the comment period. Comments received after the end of the comment period will be considered, if possible, but their consideration cannot be assured.

All comments submitted in response to this notice will be made a matter of

public record and will be available for public inspection and copying. Anyone submitting business confidential information should clearly identify the business confidential portion of the submission and also provide a non-confidential submission that can be placed in the public record. The Committee will seek to protect such information to the extent permitted by law.

The Office of Administration, Bureau of Industry and Security, U.S. Department of Commerce, displays public comments on the BIS Freedom of

Information Act (FOIA) Web site at <http://www.bis.doc.gov/foia>. This office does not maintain a separate public inspection facility. If you have technical difficulties accessing this Web site, please call BIS's Office of Administration at (202) 482-1900 for assistance.

Dated: August 26, 2015.

Kevin J. Wolf,
Assistant Secretary for Export Administration.

Attachment 1

PROPOSED FISCAL YEAR 2017 ANNUAL MATERIALS PLAN

Material	Unit	Quantity	Footnote
Potential Sales			
Chromium, Ferro	ST	23,500	
Chromium, Metal	ST	200	
Manganese, Ferro	ST	50,000	
Platinum	Tr Oz	8,380	(²)
Tantalum Metal Scrap	Lbs	190	(¹)
Tungsten Ores and Concentrates	LB W	3,000,000	(³)
Zinc	ST	7,993	(^{1 2})
Potential Upgrades/Disposals			
Beryllium Metal	ST	2	
Germanium	Kg	5,000	
Manganese, Metallurgical Grade	SDT	322,025	
Nickel Based Alloys	Lbs	150,000	
Platinum—Iridium	Tr Oz	489	
Tantalum Carbide Powder	Lb Ta	3,777	(^{2 3})
Tin	MT	804	(³)
Titanium Base Alloys	MT	75,000	
Tungsten Metal Powder	LB W	77,433	(^{1 2 3})
Potential Acquisitions			
Boron Carbide	MT	1,000	
High Modulus High Strength Carbon Fibers	MT	72.0	
CZT (Cadmium Zinc Tellurium substrates)	cm ²	32,000	
Dysprosium Metal	MT	0.5	
Europium	MT	18	
Ferro-niobium	MT	209	
Germanium Metal	Kg	1,000	
Lithium Cobalt Oxide (LCO)	Kg	600	
Lithium Nickel Cobalt Aluminum Oxide (LNCAO)	Kg	2,160	
Mesocarbon Microbeads (MCMB)	Kg	15,552	
Silicon Carbide Fibers	Lbs	875	
TATB (Triamino-Trinitrobenzene)	LB	48,000	
Tantalum	Lb Ta	33,990	
Tungsten-3 Rhenium Metal	Kg	5,000	
Yttrium Oxide	MT	10	

Footnote Key:

¹ Actual Quantity Will Be Limited to Remaining Inventory.

² Inventory Depleted Based on Anticipated Rates of Disposal, Sale, etc.

³ Potential Barter.

[FR Doc. 2015-21658 Filed 8-31-15; 8:45 am]

BILLING CODE 3510-33-P

DEPARTMENT OF COMMERCE

International Trade Administration

[Application No. 99-9A005]

Export Trade Certificate of Review

ACTION: Notice of Issuance of an Amended Export Trade Certificate of

Review for the California Almond Export Association, LLC, Application no. 99-9A005.

SUMMARY: The Secretary of Commerce, through the Office of Trade and Economic Analysis (“OTEA”), issued an amended Export Trade Certificate of Review to the California Almond Export Association, LLC (“CAEA”) on August 17, 2015. The previous amendment was issued on May 6, 2015.

FOR FURTHER INFORMATION CONTACT:

Joseph Flynn, Director, Office of Trade and Economic Analysis, International Trade Administration, (202) 482-5131 (this is not a toll-free number) or email at etca@trade.gov.

SUPPLEMENTARY INFORMATION: Title III of the Export Trading Company Act of 1982 (15 U.S.C. 4001-21) authorizes the Secretary of Commerce to issue Export Trade Certificates of Review. An Export Trade Certificate of Review protects the



25 September 2015

Mr. Eric Longnecker
U.S. Department of Commerce
Bureau of Industry and Security
1401 Constitution Ave. NW, Room 3876
Washington, DC 20230

Mr. Jordon Kwok
U.S. Department of State
Bureau of Energy Resources
2201 C Street NW
Washington, DC 20520

RE: National Defense Stockpile Market Impact Committee Request for Public Comments on the Potential Market Impact of the Proposed Fiscal Year 2017 Annual Materials Plan

Dear Mr. Longnecker and Mr. Kowk:

This Public Comment addresses the market impact of the potential acquisition of 0.5 tonnes of Dysprosium Metal by the National Defense Stockpile in the Annual Materials Plan for Fiscal Year 2017.

As you may know, dysprosium is a heavy rare earth element (HREE), and its most significant application in defense products is as an essential additive to neodymium-iron-boron (NdFeB) magnets. Dysprosium metal's primary purpose in these magnets is to increase their maximum operating temperature. When combined with the already very efficient and high power of NdFeB magnets, dysprosium metal enables miniaturized defense components in high-stress environments, such as cryogenic cooler and actuator motors in precision-guided munitions and flight control surfaces of fixed- and rotary-wing aircraft.

More generally, this potential acquisition by the Defense Logistics Agency – Strategic Materials (DLASM) will have a negligible impact upon the market. Global demand for dysprosium and other magnetic rare earth elements, such as neodymium and praseodymium, is estimated at approximately 70,000 tonnes per annum ($\pm 25\%$).ⁱ However small this acquisition may be, the dysprosium supply chain is fraught with considerable risk to the Department of Defense, and in light of these risks, we *strongly encourage* the DLASM to consider purchasing these materials from domestic sources only.

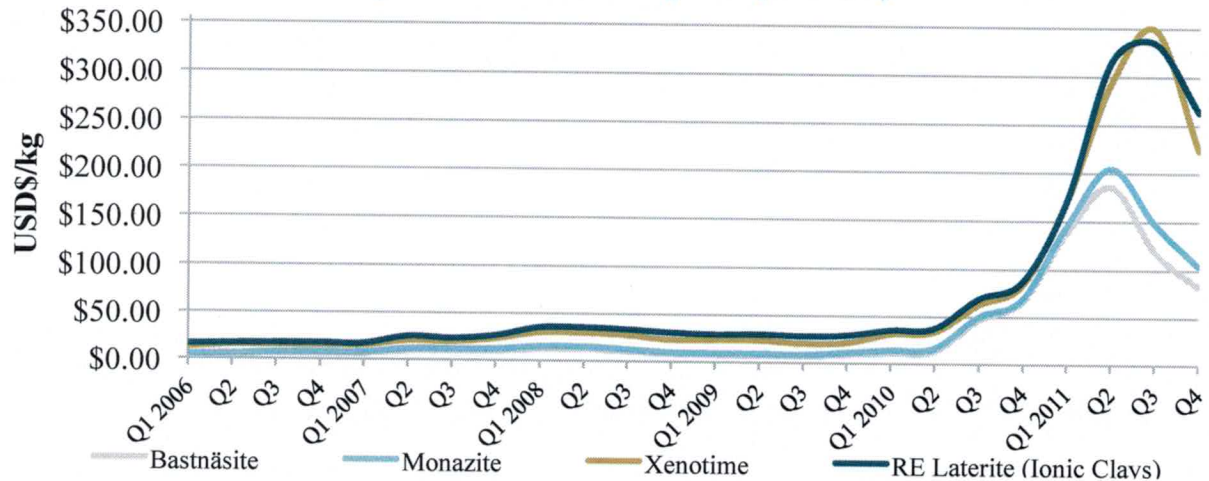
Although there are emerging producers of dysprosium from hard-rock sources, today nearly all mining and hydrometallurgical separation of dysprosium occurs in China.ⁱⁱ This has remained the case for several decades, including during the extreme supply and price volatility in the rare earth market from late 2010 through the summer of 2011. It was this volatility that drew considerable

3 Huron Drive
Natick, MA 01760
(781) 898-3430



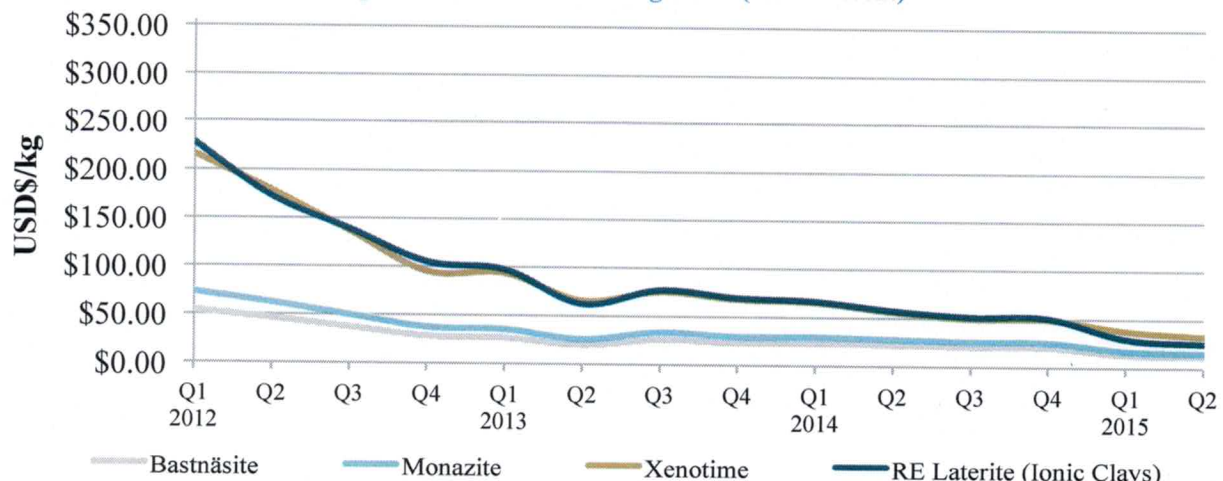
interest from the U.S. Government and the Department of Defense to ensure a diverse supply of rare earth materials.

Figure 1: Rare Earth Pricing Index (2006-2011)



As private industry began optimizing their use of rare earths (i.e., reduced demand), the U.S. Government pursued a trade case with its international partners to relieve Chinese export duties, quotas, and licensing requirements (i.e., increased supply). From 2012 to the present, this one-two punch has led to the rapid expansion of legal supply of rare earths from China, including dysprosium. Thus, dysprosium is both plentiful and cheap, but **the fundamental driver behind the supply and price volatility of 2010-2011, Chinese dominance of the rare earth supply chain, remains unchanged.** Further compounding this problem, illegal mining, separation, and reduction of dysprosium and all other rare earth elements continues unabated. According to expert analyses, between 35% and 45% of rare earth supply originates from illegal operations, which has further undercut all rare earth prices.ⁱⁱⁱ

Figure 2: Rare Earth Pricing Index (2012-Present)





As a result of this increase in legal and illegal supply from China, numerous upstream companies have exited the rare earth market and curtailed their operations. For example, the Great Western Minerals Group is in the midst of liquidating its rare earth assets^{iv}, and Molycorp is in executing a Chapter 11 bankruptcy reorganization plan that requires placing the Mountain Pass rare earth mine on “care and maintenance”.^v If Molycorp defaults, the company may be compelled to spin-off its most profitable overseas assets, assets that already have attracted the attention of Chinese and Japanese buyers.^{vi} Whether or not the Committee on Foreign Investment in the United States (CFIUS) would have any oversight role of the sale of these foreign assets is unclear.

Within this upstream portion of the rare earth and dysprosium supply chain then, **Infinium is the only U.S. company with the capability to produce rare earth metal from its metal oxide, today.**^{vii} This capability has been lost in the United States for the past 20 years, and **Infinium would use a potential award to develop additional capacity to produce dysprosium metal and other highly-valued rare earth metals in the United States.**

More specifically, Infinium could offer ferro-dysprosium to meet this DLASM requirement. It is important to note that all magnet manufacturers buy ferro-dysprosium as it melts at a lower temperature than pure Dysprosium. This is important for them to melt all the metals together in a single furnace. In fact, they don't buy pure Dysprosium as they have no way to melt it. We strongly encourage the stockpile to buy ferro-dysprosium.

If DLASM supported domestic production of dysprosium metal, it would be taking an excellent step towards preserving the remaining portions of the U.S. rare earth industrial base. As recent events illustrate, this value chain is under considerable stress, but Infinium stands ready to meet the requirements of the DLASM.

Should you have any further questions on this submission, do not hesitate to contact us.

Sincerely,



Steve Derezinski
Chief Executive Officer
sjd@infiniummetals.com



Adam C. Powell, IV Ph.D.
Chief Technology Officer
apowell@infiniummetals.com

3 Huron Drive
Natick, MA 01760
(781) 898-3430



End-Notes

ⁱ Dudley J. Kingsnorth, "The Global Rare Earths Industry Today in the Light of Recent Changes in China," *Argus Rare Earths Summit 2015* (29 June – 1 July 2015)

ⁱⁱ Dudley J. Kingsnorth, "Illegal Rare Earths Mining in China: A Threat to Long Term Planning & Sustainability," *ERECON Final Conference* (16 October 2015)

ⁱⁱⁱ *Ibid.*

^{iv} Press Release, "Great Western Minerals Enters Into Support Agreement with Certain Bondholders and Files for Protection under Companies' Creditors Arrangement Act," *Market Watch* (30 April 2015)

^v Press Release, "Molycorp to Move Its Mountain Pass Rare Earth Facility to 'Care and Maintenance' Mode," *Globe Newswire* (26 August 2015)

^{vi} Jodie Xu Klein and Steven Church, "Molycorp Said to Draw Interest from Buyers for Assets Abroad," *Bloomberg* (31 August 2015)

^{vii} Ames Laboratory can produce gram quantities of high-purity rare earth metals, but its process for doing so is very expensive and labor-intensive, and it is not suited for production quantities greater than kilograms.



October 1, 2015

Mr. Eric Longnecker
U.S. Department of Commerce
Bureau of Industry and Security
Office of Strategic Industries and Economic Security
1401 Constitution Ave. NW, Room 3876
Washington, DC 20230

Mr. Jordan Kwok
U.S. Department of State
Bureau of Energy Resources
2201 C St. NW
Washington, DC 20520

Dear Mr. Longnecker and Mr. Kwok,

Umicore is a global materials technology and recycling group. Each of our three business groups is divided into market-focused business units offering materials and solutions that are at the cutting edge of new technological developments and essential to everyday life. Umicore generates the majority of its revenues and dedicates most of its R&D efforts to clean technologies, such as emission control catalysts, materials for rechargeable batteries and photovoltaics, fuel cells, and recycling. Umicore's overriding goal of sustainable value creation is based on an ambition to develop, produce and recycle materials in a way that fulfils its mission: materials for a better life. We have industrial operations on all continents and serve a global customer base. Using this background, we wish to provide feedback on the National Defense Stockpile Market Impact Committee Request for Public Comments on the Potential Market Impact of the Proposed Fiscal Year 2017 Annual Materials Plan (Federal Register Document 2015-21658).

Lithium Cobalt Oxide (LCO) and Lithium Nickel Cobalt Aluminum Oxide (LNCAO)

As a major supplier of lithium ion cathode materials, Umicore believes that the proposed maximum acquisition quantities of, respectively, 600 kgs and 2,160 kgs will not have noticeable impacts on the global market for these materials. As a supporter of the goal of protecting the U.S. Government against avoidable loss while maintaining top quality, Umicore supports a full and open competition for these materials.

Umicore has a rich history producing lithium ion precursor materials: in fact, Umicore has produced enough cathode material to power a smartphone for every single person on the planet. Umicore is the largest lithium cobalt oxide (LCO) supplier in the world, with capacity of over 10,000 metric tons per year. Umicore is also a producer of lithium nickel cobalt aluminum oxide



(LNCAO), albeit with volumes at a level below those of LCO. In all, Umicore's capacity represents approximately 15% of the global capacity for lithium ion precursors of all types. Umicore now operates facilities in three different countries and serves a variety of industries and markets worldwide.

Umicore's unique value is found not merely in its production volumes, but also in the world-class quality we require of each of our products. Umicore's cathode materials function at the highest energy densities in the world, and Umicore's commitment to community ensures that supplies are acquired through sustainable and environmentally friendly procedures. Furthermore, Umicore's unique battery recycling operations add additional sources of supply and eliminate harmful waste products.

The overall size of the international cathode market is likely between 100,000 and 110,000 metric tons per year. The limited size of the proposed LCO and LNCAO purchases is unlikely to substantially impact this market. Umicore therefore has no opposition to the proposed acquisition and would welcome the opportunity to compete to supply material the U.S. Government needs.

Germanium metal

Total global demand for the metal is approximately 110-130 metric tons per year. The 6,000 kgs maximum proposed for acquisition (1,000 kg) or upgrade/disposal (5,000 kg) in the Annual Materials Plan is therefore significant, at 5% of global demand.

As stated by the U.S. Geological Survey in its 2015 Mineral Commodity Summaries, germanium produced in the United States comes from either the processing of imported germanium compounds or recycling domestic industry-generated scrap. The United States is dependent on foreign sources for 95% of its germanium consumption (USGS 2015 MCS report). Specific quantities are withheld by USGS to protect proprietary data of the companies involved. The United States does have two of the largest primary sources of germanium in the world. All of this ore is sold to either Canada or China.

What can be interesting in terms of the FY 2017 Annual Materials Plan is to source the proposed acquisition of germanium metal from recycling either existing germanium bearing military assets or other products available domestically. Examples of such germanium containing systems and products are infrared lenses and assemblies for thermal imaging systems, optical fibers, high-efficiency solar cells, as well as production scrap from manufacturing of those products. Umicore has historically recycled germanium-containing materials and its own production scrap in its facility in Quapaw, Oklahoma. We stand ready to provide services to the U.S. National Stockpile should it determine that recycling is a preferred method of obtaining the germanium metal required to supply the military, industrial and essential civilian needs of the United States for national defense.



Platinum

Umicore foresees no impact on global markets for a maximum sale/upgrade/disposal on the part of the National Stockpile of 8,380 troy ounces of platinum.

With no further comments, I remain at your disposal for follow-up questions.

Sincerely,

A handwritten signature in black ink, reading "Holly A. Chapell". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Holly A. Chapell
Director, Government Affairs
Umicore USA Inc.

Holly.chapell@am.umicore.com
Phone: 202 903 0767