

The National Defense Authorization Act for Fiscal Year 2011 (Bill HR5136) is the bill to authorize appropriations for fiscal year 2011 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes.

The bill has passed in the House of Representatives and, as of June 10, 2010, is being read in the Senate.

Sections 835 and 840 of the bill is of special interest for the TREM community.

Section 835 would require the Secretary of Defense to undertake an assessment of the supply chain for rare earth materials and determine which rare earth materials, if any, are strategic materials and which are materials critical to national security. A strategic material is defined in the bill as follows:

**STRATEGIC MATERIAL.**—The term “strategic material” means a material—(A) which is essential for military equipment;(B) which is unique in the function it performs; and(C) for which there are no viable alternatives.

Following such an assessment, the Secretary would be required to develop a plan to ensure the long-term availability of rare earth materials identified as strategic materials or materials critical to national security, with a goal of establishing domestic sources for such materials by December 31, 2015. In developing such a plan, the Secretary would be required to: consider including such materials in the National Defense Stockpile; identify, in consultation with the United States Trade Representative, any trade practices that limit the Secretary's ability to meet the goals of the plan; assess financing options, such as loan guarantees, to private entities to provide the capacity required to ensure the availability of such materials; evaluate the benefits of funding under Title III of the Defense Production Act (Public Law 81-774); consider research and development funding; assess other means of establishing domestic sources by December 31, 2015; and develop a plan to eliminate supply-chain vulnerability by the earliest date practicable for materials for which, after exhausting all prior considerations, a domestic source cannot be established by December 31, 2015. This section would require the Secretary to submit a report, within 180 days after the date of enactment of this Act, to the congressional defense committees, the Senate Committee on Banking, Housing, and Urban Affairs, the

Senate Committee on Finance, the House Committee on Financial Services, and the House Committee on Ways and Means, containing the findings of the assessment and plan.

Section 840 deals with Neodymium-Iron-Boron magnet supply chains. Specifically, Congress finds that

"There is an urgent need to restore the United States capability to manufacture sintered neodymium iron boron magnets for use in defense applications and there is an urgent need to eliminate the domestic supply-chain vulnerability related to these key materials in the defense supply-chain."

The bill goes on to state that it may take 3-5 years to have the supply chain ready.

[Full text of the bill at the Library of Congress <http://thomas.loc.gov/cgi-bin/query/z?c111:h5136>:](http://thomas.loc.gov/cgi-bin/query/z?c111:h5136)