

RECORD OF PUBLIC COMMENTS

NOTICE OF INQUIRY—[Docket No. 130807689–3689–01] National Defense Stockpile Market Impact Committee Request for Public Comments on the Potential Market Impact of the Proposed Fiscal Year 2015 Annual Materials Plan

Publication in the *Federal Register*: November 13, 2013
Comments due December 13, 2013

	Organization	Submitter	Date Received	No. of Pages
1	Infinium	Adam C. Powell, IV	12/04/2013	3
2	Umicore USA Inc.	Holly Chapell	12/13/2013	2
Total				5

Gay G. Shrum, Chief Financial Officer and Director of Administration, Career SES

Department of Commerce, Office of the General Counsel (OGC)

Brian D. DiGiacomo, Chief, Employment and Labor Law Division, Career SES (New Member)

Department of Commerce, Office of the Secretary (OS)

Frederick E. Stephens, Deputy Assistant Secretary for Administration, Office of the Chief Financial Officer and Assistant Secretary for Administration, Political Advisor (New Member)

Dated: November 6, 2013.

Debbie Pfaff,

Director, Office of Staffing, Recruitment and Classification, Department of Commerce Human Resources Operations Center.

[FR Doc. 2013-27081 Filed 11-12-13; 8:45 am]

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DEPARTMENT OF COMMERCE

Bureau of Industry and Security

[Docket No. 130807689-3689-01]

National Defense Stockpile Market Impact Committee Request for Public Comments on the Potential Market Impact of the Proposed Fiscal Year 2015 Annual Materials Plan

AGENCY: Bureau of Industry and Security, Commerce.

ACTION: Notice of inquiry.

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 2015 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 December 13, 2013.

ADDRESSES: Address all comments concerning this notice to Michael Vaccaro, 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: Michael Vaccaro), email: *MIC@bis.doc.gov*; and Sean Ruthe, U.S. Department of State, Bureau of Energy Resources, 2201 C Street NW., Washington, DC 20520, fax: (202) 647-4037 (Attn: Sean Ruthe), or email: *ruthesw@state.gov*.

FOR FURTHER INFORMATION CONTACT: Michael Vaccaro, Office of Strategic Industries and Economic Security, Bureau of Industry and Security, U.S. Department of Commerce, telephone: (202) 482-8232, fax: (202) 482-5650 (Attn: Michael Vaccaro), 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. 98(h)(2)(G)(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, 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 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, the DLA lists the quantities and type of activity (potential acquisition, potential disposal, or potential upgrade) associated with each material in its proposed FY 2015 Annual Materials Plan. 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 2015 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 2015 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 December 13, 2013. 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: November 5, 2013.

Kevin J. Wolf,
Assistant Secretary for Export Administration.

Attachment 1

PROPOSED FISCAL YEAR 2015 ANNUAL MATERIALS PLAN

Material	Unit	Quantity	Footnote
<i>Sales/Upgrades/Disposals</i>			
Beryllium Metal	ST	17.5	(1 2)
Chromium, Ferro	ST	23,500	(2)
Chromium, Metal	ST	150	(2)
Manganese, Ferro	ST	50,000	(2)
Manganese, Metallurgical Grade	SDT	100,000	(2)
Talc	ST	1,639	(3)
Tin	MT	804	(1)
Tungsten Metal Powder	LB W	77,433	(2)
Tungsten Ores and Concentrates	LB W	3,000,000	(2)
<i>Acquisitions</i>			
CZT (Cadmium Zinc Tellurium substrates)	cm ²	40,000	
TATB (Triamino-Trinitrobenzene)	LB	16,000	
Lithium Cobalt Oxide (LCO)	Kg	150	
Lithium Nickel Cobalt Aluminum Oxide (LNCAO)	Kg	540	
Mesocarbon Microbeads (MCMB)	Kg	648	
Ferroniobium	MT	104.5	
Dysprosium Metal	MT	0.5	
Yttrium Oxide	MT	10	

¹ Potential Upgrade.

² Potential Disposal.

³ Potential Disposal (Landfill).

[FR Doc. 2013-27154 Filed 11-12-13; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

Announcement of Changes to the Membership of the Performance Review Board

AGENCY: International Trade Administration, Department of Commerce.

ACTION: Notice of Performance Review Board Membership.

SUMMARY: The regulations at 5 CFR 430.310 require agencies to publish notice of Performance Review Board appointees in the **Federal Register** before their service begins. In accordance with those regulations, this notice announces changes to the membership of the International Trade Administration's Performance Review Board.

DATES: Effective Date: The changes made to the Performance Review Board are effective September 20, 2013.

FOR FURTHER INFORMATION CONTACT: Ruthie B. Stewart, U.S. Department of Commerce, Office of Human Resources

Management (OHRM), Office of Executive Resources, 14th and Constitution Avenue NW., Room 51010, Washington, DC 20230, at (202) 482-3130.

SUPPLEMENTARY INFORMATION: The International Trade Administration (ITA) published its list of Performance Review Board appointees pursuant to the regulations at 5 CFR 430.310 (74 FR 51261). The purpose of the Performance Review Board is to review and make recommendations to the appointing authority on performance management issues such as appraisals, bonuses, pay level increases, and Presidential Rank Awards for members of the Senior Executive Service. The appointment of these members to the Performance Review Board will be for a period of twenty-four (24) months.

ITA publishes this notice to announce changes to the Performance Review Board's membership. The name, position title, and type of appointment of each member of ITA's Performance Review Board are set forth below by organization:

Department of Commerce, International Trade Administration (ITA)

John M. Andersen, Deputy Assistant Secretary for Market Access and

Compliance, Career SES, serves as Chairperson

Kenneth Berman, Deputy Chief Information Officer, Career SES, new member

Kimberly Thompson Glas, Deputy Assistant Secretary for Textiles and Apparel, Non-Career SES, Political Advisor, new member

Carole Ann Showers, Director, Office of Policy, career, new member

Holly K. Vineyard, Deputy Assistant Secretary for Africa, the Middle East, and South Asia, Career SES, new member

Department of Commerce, Office of the Secretary (OS)

Lisa A. Casias, Director for Financial Management and Deputy Chief Financial Officer, Career SES, new member

Dated: November 6, 2013.

Debbie Pfaff,

Director, Office of Staffing, Recruitment and Classification, Department of Commerce Human Resources Operations Center.

[FR Doc. 2013-27078 Filed 11-12-13; 8:45 am]

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December 4, 2013

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

Sean Ruthe
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 2015 Annual Materials Plan

To Whom It May Concern:

This Public Comment is regarding the Dysprosium (Dy) Metal line item in the Proposed Fiscal Year 2015 Annual Materials Plan, as described in the *Federal Register* announcement of 13 November 2013 (Vol. 78, No. 219). The proposal is to acquire 0.5 metric tons of Dy metal, which is usually used in the form of Dy-iron alloy to make permanent magnet or magnetostrictive alloys.

Dy is one of eight Heavy Rare Earth Elements (HREEs), and its primary purpose is to increase the maximum operating temperature of certain permanent magnet alloys, especially neodymium-iron-boron (Nd-Fe-B) magnets. For example, every Toyota Prius hybrid vehicle has 3 kg of Nd-Fe-B magnets in its propulsion motor, which use 60-100 grams of Dy in order to operate on the combustion engine cooling loop. The Department of Energy also has consistently ranked Dy as the most critical element due, in part, to anticipated future demand from renewable energy products.^{i, ii}

Military aircraft and missile components, such as actuator motors within the Joint Direct Attack Munition (JDAM), also use magnet assemblies that contain Nd-Fe-B magnets with Dy metal. Substitute materials, such as terbium metal, are more expensive and rarer than Dy metal. Additional information on the military consumption of Dy metal is available in the *Report on Feasibility and Desirability of Recycling, Recovery, and Reprocessing – Rare Earth Elements*, released by the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics in September 2012.

Overall, this 0.5 ton purchase by the DLA-SM would have negligible market impact. Industrial Minerals Company of Australia (IMCOA), among the most knowledgeable experts in the rare

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(781) 898-3430



earth sector, estimates Dy demand at approximately 980 tonnes ($\pm 15\%$) in 2012.ⁱⁱⁱ Although there are persistent rumors that the Chinese State Reserves Bureau is planning to purchase up to 1,200 tonnes of Dy oxide,^{iv} HREE concentrates from the Mountain Pass, California, mine of Molycorp, Inc. contain enough Dy to meet this acquisition requirement.^v

On the other hand, Chinese miners and traders of Chinese materials dominate commercial production of Dy metal and other HREE products. Upstream from metal-making, Molycorp has resumed rare earth mining in California, but the Company does not separate HREE concentrates into individual oxides in the United States. Outside of China, this HREE concentrate may be toll-processed in Vietnam, Estonia, or France. Downstream from metal-making, several companies outside of China have the capability and capacity to produce Nd-Fe-B magnet alloys, and a Japanese-owned magnet manufacturer has opened a new Nd-Fe-B facility in North Carolina.

Between the mining facilities / toll operations of Molycorp and downstream alloy manufacturers, **Infinium believes it is the only U.S. company with the capability to domestically produce rare earth metal from its metal oxide, today.**^{vi} This capability has been lost in the United States for the past 20 years, as low-priced Chinese imports undercut many U.S. companies and Chinese businesses outright acquired others. If the Defense Logistics Agency-Strategic Materials (DLA-SM) moves ahead with the 0.5 tonne acquisition of Dy, as pure metal or alloyed with iron, it is likely that some Chinese companies or traders of China-manufactured Dy metal, would submit bids. However, **Infinium believes that it could submit a competitive response and would use a potential award to develop additional capacity to produce Dy metal and other highly-valued rare earth metals in the United States.**

Therefore, if domestic production of Dy metal were supported, the proposed DLA-SM purchase would close a significant gap in DoD's domestic supply chain to produce sintered Nd-Fe-B magnets. Such a supply chain capability could mitigate significant supply chain concerns among defense and commercial customers, as had surfaced when availability of rare earths was severely limited in October-November 2010 and during the summer of 2011.^{vii}

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

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Natick, MA 01760
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End-Notes

- ⁱ U.S. Department of Energy [Critical Materials Strategy 2010](#), p. 8 shows dysprosium as most critical.
- ⁱⁱ U.S. Department of Energy [Critical Materials Strategy 2011](#), p. 4 shows dysprosium as most critical.
- ⁱⁱⁱ Dudley J. Kingsnorth, "Rare Earths Quarterly Bulletin #4," *Curtin Graduate School of Business*, 13 June 2013.
- ^{iv} Assuming a production efficiency of 80%, this would produce approximately 960 tonnes of Dy metal; "[Baotou Steel Says China to Stockpile More Rare Earths](#)," *MetalMiner* September 10, 2013.
- ^v U.S. Department of Energy, *Critical Materials Strategy 2011*, pg. 85.
- ^{vi} 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.
- ^{vii} Wayne M. Morrison and Rachel Tang, "China's Rare Earth Industry and Export Regime: Economic and Trade Implications for the United States" (R42510, 30 April 2012), *Congressional Research Service*, pg. 6-7, 32.



December 13, 2013

Mr. Michael Vaccaro
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. Sean Ruthe
U.S. Department of State
Bureau of Energy Resources
2201 C St. NW
Washington, DC 20520

Dear Mr. Vaccaro and Mr. Ruthe,

Umicore, as a major supplier of lithium ion cathode materials, is pleased to comment on Federal Register Document 2013-27154 concerning the proposed acquisition of two lithium ion precursor cathode materials by the Defense Logistics Agency Strategic Materials (DLA SM). Umicore believes that the proposed acquisition quantities 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 75,000 and 80,000 metric tons per year. The limited size of the proposed LCO and LNCAO purchases (150 kg and 540 kg, respectively), 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.

Sincerely,

A handwritten signature in black ink that reads "Holly A. Chapell". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

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

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