AMENDMENT TO H.R. 5136, AS REPORTED

OFFERED BY MR. COFFMAN OF COLORADO

(offered for himself and Mr. Ellsworth of Indiana)

At the end of title VIII, add the following new section:

1 **SEC. 839. DEFENSE INDUSTRIAL BASE PRIORITY FOR RARE**
2 **EARTH NEODYMIUM IRON BORON MAGNETS.**

3 (a) FINDINGS.—Congress finds the following:

4 (1) There is an urgent need to restore the
5 United States capability to manufacture sintered ne-
6 odymium iron boron magnets for use in defense ap-
7 plications and there is an urgent need to eliminate
8 the domestic supply-chain vulnerability related to
9 these key materials in the defense supply-chain.

10 (2) An April 14, 2010 report by the Govern-
11 ment Accountability Office entitled "Rare Earth Ma-
12 terials in the Defense Supply Chain" dem-
13 onstrates—

14 (A) the "United States is not currently
15 producing neodymium iron boron magnets," a
16 key rare earth material;

17 (B) that future availability of neodymium
18 is largely controlled by Chinese suppliers;

(C) that alternatives to rare earth materials could reduce the demand and dependence on rare earth materials in 10 to 15 years, but these materials might not meet current application requirements;

(D) where rare earth materials are used in defense systems, the materials are responsible for the functionality of the component and would be difficult to replace without losing performance;

(E) fin actuators used in precision-guided munitions are specifically designed around the capabilities of neodymium iron boron rare earth magnets, which are primarily available from Chinese suppliers;

(F) the DDG-51 Hybrid Electric Drive Ship Program uses permanent-magnet motors using neodymium magnets from China; and

(G) future generations of some defense system components, such as transmit and receive modules for radars, will continue to depend on rare earth materials.

(3) The United States has the technological capability to restore its neodymium iron boron manufacturing capability.

(4) Worldwide supplies or rare earth materials, including neodymium, are expected to tighten significantly within the next 3-5 years.

(5) A domestic effort to restore domestic sintered neodymium iron boron magnet manufacturing capability, including efforts to qualify those magnets for use in defense applications, will take between 3-5 years and should begin immediately to avoid future weapon system delivery disruption.

(b) REQUIREMENT.—Not later than 90 days after the date of the enactment of this Act, the Secretary shall submit to the Committees on Armed Services of the House of Representatives and the Senate a plan to establish a domestic source of sintered neodymium iron boron magnets for use in the defense supply chain.

(c) SINTERED NEODYMIUM IRON BORON MAGNETS.—For the purposes of subsection (b), the capability to manufacture sintered neodymium iron boron magnets includes the alloying, pressing, and sintering of magnet materials. It does not include manufacturing magnets from standard shapes or imported blocks of neodymium. The Secretary's plan shall not allow the grinding or reprocessing of neodymium to be considered a "domestic source of sintered neodymium iron boron magnets".