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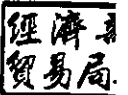
駐美國代表處經濟組 函

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受文者：經濟部國際貿易局

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主旨：陳報美對進口「鈮」啟動232國家安全調查，外國政府及美國產業提交評論事，敬請查參。



說明：

- 一、相關文號：本組本(2020)年6月2日經美字第1090000451號函。
- 二、經查，美國「鈮」(vanadium)精煉業者AMG Vanadium LLC、特殊鈮化工生產商U.S. Vanadium LLC於上(2019)年11月請求商務部對進口鈮啟動232條款國家安全調查，商務部於本年6月2日啟動調查並徵求公眾評論。2019年美國鈮主要進口來源為加拿大、歐盟、日本、俄羅斯及中國，該元素之主要開採地為巴西、中國、俄羅斯及南非。
- 三、Inside US Trade本(7)月29日報導，外國政府如澳洲、巴西、歐盟、加拿大等(中國及俄羅斯未提出評論)，就本案提交書面評論，表示限制鈮進口將嚴重影響美國產業，美國政府應加強與盟友合作確保鈮供給無虞：
(一)澳洲：考量美國鈮藏量有限(占全球藏量不到1%)且未來在鋼鐵及電池生產上對於鈮的需求越來越大，因此美國

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需要與市場經濟之盟友如澳洲進行合作。澳洲為全球第3大鈮元素之產地(僅次於中國及俄羅斯)，美方應與澳洲鈮生產者合作，亦有利於美國鈮提煉業者。

(二)巴西：美國採取232限制措施將嚴重影響鈮元素的供給，傷害美國國家安全。巴西是美國鈮進口的穩定安全來源，巴西出口至美國的鈮氧化物和氫氧化物，占美國進口該類產品的一半。

(三)歐盟：美國232措施將與美商務部去年公布確保關鍵礦物供給的建議衝突，商務部去年6月建議，為確保關鍵礦物(包括鈮)之供給無虞，美國應與盟國(包括歐盟)就關鍵礦物強化貿易合作。另，限制鈮進口將嚴重影響美國之鈮處理產業以及下游產業(包括鋼鐵產業)。

(四)加拿大：加國與美國對於來自「非市場經濟」之關鍵礦物供給，皆有所顧慮，非市場經濟採取削價競爭方式主宰關鍵礦物之全球市場，對於美國及其盟友之國家安全造成威脅。加拿大輸美之含有鈮鐵及鈮之殘留物占美國進口該類產品之97%，來自加國之鈮為美國可靠及價廉之鈮來源。

四、美國公協會及業者亦就本案提交書面意見，部份美國業者支持商務部進行232國家安全調查：

(一)美國製造商協會(National Association of Manufacturers)：製造商協會(代表美國全部產業超過1萬4千家公司)表示，貿易限制措施將會提高美國製造商之成本，特別是生產過程必須使用鈮的產業。商務部應採取更為針對性的方式，廣泛的限制鈮進口將影響美國製造商的競爭力，因為相當多製造商在生產過程皆需要使用鈮。美國鈮及其原料的生產在質與量上仍無法達到美國製造商的需求。

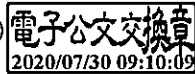
(二)Energy Fuels Resources Inc公司：中國及俄國主導鈾之國際市場導致在美國生產鈾相當困難，商務部232調查將使美國對國內鈾產業增加投資，建議對進口鈾採取進口配額，以保護美國鈾生產者。

(三)Western Uranium & Vanadium公司：美國大部分鈾供給由國外進口係由於美國公司無法與國家支持之企業競爭，若限制鈾進口，美國鈾產業及其安全之供應鏈將可迅速建立。

五、檢附前述報導如附件，併請卓參。

正本：經濟部國際貿易局

副本：經濟部工業局(含附件)



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Foreign countries to U.S.: Work with allies to secure vanadium production

July 29, 2020 at 12:32 PM

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Restrictions on vanadium imports will lead to severe supply disruptions because the U.S. industry relies almost exclusively on imports, several countries told the administration last week, instead urging Washington to boost coordination with key allies.

The Commerce Department in June initiated an investigation into the national security implications of vanadium imports. U.S. demand for vanadium -- which is mainly used as an alloy addition to iron and steel -- is "entirely supplied through imports," the agency said on June 2.

The probe, which is being conducted under Section 232 of the Trade Expansion Act of 1962, began after AMG Vanadium LLC, an Ohio-based vanadium refinery, and U.S. Vanadium LLC, an Arkansas-based specialty vanadium chemical producer, filed a petition last November asserting the U.S. industry was disadvantaged by low-priced imports and the "distortionary effect of Chinese and Russian industrial policies."

Interested parties filed comments to inform the investigation last week. China and Russia did not file submissions.

The Australian government, in its submission, said the U.S.' "limited geological potential in vanadium, coupled with increasing demand for vanadium in steel and battery production, means there will be a role for suppliers from allied market-based economies."

The U.S. Geological Survey, in a January 2020 mineral commodity summary, said U.S. dependency on vanadium imports was 94 percent last year.

Australia, which it says is home to the world's third-largest vanadium reserve behind China and Russia, said with the U.S. "hosting less than one percent of global vanadium reserves, partnership with prospective Australian vanadium producers will enable the growth of a vibrant, market-based downstream U.S. vanadium industry which will be critical to the industrial and defense needs of both countries," the submission continued.

Barriers to U.S. imports of vanadium products from Australia could "frustrate the Australian projects' search for offtakers in the United States, creating a missed opportunity to build and strengthen both upstream and downstream markets," the country's submission stated.

The Brazilian government also said Section 232 restrictions would cause severe supply disruptions for U.S. industries that use vanadium, "hampering" U.S.' national security interests.

"Brazil is an extremely reliable, secure source of vanadium to the U.S. market," the submission adds. "Despite holding 1% of the world reserves and corresponding to less than 10% of the world production, Brazil's exports of vanadium oxides and hydroxides to the United States represent approximately half of the U.S. imports of those products."

Brazil said U.S. consumers "are the final beneficiaries of the more efficient and higher-quality production originated in Brazil."

The European Union made similar arguments, saying there are "no sufficient domestic available resources" and contending that restrictions would contradict recommendations issued by the Department of Commerce last year.

President Trump, in December 2017, issued an executive order calling for a "Federal Strategy to Ensure Secure and Reliable Supplies of Critical Minerals." Commerce in June 2019 released a report called for in the

executive order that recommended enhancing international trade and cooperation with U.S. allies to reduce supply disruption for several minerals including vanadium.

"Therefore, the [Commerce Department report] suggests that enhancing trade with allies and partners, such as the European Union, can reduce the likelihood of a supply chain disruption," the EU states.

The bloc also took aim at Section 232 tariffs on steel and aluminum imports, contending it "fails to see how additional" Section 232 actions on "imports of an additive used in the U.S. steel and aluminium production might be justified due to the lack of sufficient domestic resources within the U.S."

Additionally, trade restrictions would "negatively affect American companies in the vanadium-processing sector and downstream industries hitting especially hard the steel-producing sector, which is the largest consumer of vanadium," the submission continued.

The Canadian government also cited Commerce's June 2019 recommendation to work with U.S. trading partners to secure a viable vanadium supply. "Canadian and U.S. concerns over critical mineral security are based on the fact that supply of many critical minerals currently originates in non-market economies that may be unreliable sources," the document states. "Many of these non-market economies dominate global markets and display anti-competitive behaviour to price-out new entrants, presenting a growing risk to the supply of materials deemed strategic and critical to the national security of key allies."

Additionally, the U.S. and Canada last year began implementing a "joint action plan" to secure reliable critical mineral supply chains in North America. The countries are also engaged in dialogues on critical minerals via the National Technology and Industrial Base working group, according to the submission.

Canada supplies the U.S. with many forms of vanadium covered by the investigation. Two -- ash and residues containing vanadium and ferrovanadium -- account for roughly 97 percent of U.S. imports from Canada, the document notes.

"Vanadium raw materials are produced at oil sands refining operations and transported to the United States for vanadium extraction," Canada states. "Canadian sources of vanadium constitute a cost-efficient, stable, and reliable supply of the critical mineral that meet U.S. market demand."

The National Association of Manufacturers, which represents more than 14,000 companies "in every industrial sector," said any trade restrictions would drive up prices for U.S. manufacturers, "including NAM members that have indicated a lack of alternatives to vanadium in their U.S. production processes."

The administration should instead utilize a more targeted approach, the association said. Unilateral and broad import restrictions on vanadium "would slow the growth of U.S. manufacturing and undermine the industry's competitiveness, given the wide range of manufacturers that depend on vanadium for their production processes," its submission states. "Some raw materials, components and other inputs are not produced in the United States in sufficient quality and quantities or to specifications that finished-goods manufacturers require. This is clearly the case with vanadium."

Analysts have questioned whether the administration's use of Section 232 to investigate vanadium matched Congress' intent in approving the law. They suggested restrictions could serve as subsidies to support a nascent industry that is heavily dependent on imports. One trade lawyer called on the administration to be more transparent about "whether industrial policy mechanisms should be used to support a new industry" and not simply "use a statute that has to do with imports affecting domestic market share."

But Jim Sims, a spokesman for U.S. Vanadium, said the allegation "that U.S. companies that produce vanadium through reprocessing are not 'vanadium producers' is a specious argument."

"It is akin to arguing that U.S. steel producers that rely on scrap inputs, or glass producers who recycle bottles, are not producers of steel and glass," he said in an email to *Inside U.S. Trade*. "Most vanadium produced globally is not produced from mining ores, but is made by reprocessing steel-making slag, spent petroleum refinery catalysts, power plant residues, and other secondary sources."

While the U.S. "is currently dependent upon foreign producers for the majority of the vanadium we consume, U.S. producers are working hard to increase America's domestic vanadium production capacity. Success in this effort will help to strengthen the security of supply for this critical mineral for the U.S.," he continued.

Sims said the petition that spawned the Section 232 probe has not been made public because it includes proprietary information.

Some companies are backing the probe. Energy Fuels Resources Inc., in its submission to Commerce, alleged that Chinese and Russian manipulation of global vanadium markets made it “extremely difficult” to produce vanadium domestically. The company bills itself as the largest producer of uranium in the U.S. and a “significant producer of vanadium when market conditions warrant.”

The Section 232 investigation, the Colorado-based company continued, is an opportunity for the administration to “provide stability to the U.S. market, allowing for increased investment and a chance for U.S. vanadium producers to establish themselves on a sound footing, including helping our company save the last remaining uranium and vanadium mill in the U.S.”

The administration should consider the imposition of quotas “that carve out and protect a portion of the U.S. market for U.S. vanadium producers,” the submission continued.

“[T]he vast majority of U.S. vanadium consumption is supplied by imports, and the vanadium market has been roiled for years by abrupt changes in Chinese industrial policies, extreme price volatility, and a long history of unfairly traded imports,” the company says. “With appropriate relief, Energy Fuels intends to become a certified supplier to U.S. vanadium consumers, and we will strive to pursue all opportunities related to expanding our customer base.”

Western Uranium & Vanadium, in its submission, contended the “displacement of domestic vanadium supply can be explained by U.S. public and private companies competing against state-sponsored enterprises.”

The company added that a domestic industry and “secure vanadium supply chain can be kick-started quickly and inexpensively.”

“The vanadium market is extraordinarily concentrated on both a production and supply basis as China accounts for over 50% of global consumption and over 50% of global supply,” the submission adds. “Adding Russian supply into the equation, on an annual basis these two geopolitical rivals account for about 75% of worldwide supply.”

The U.S., the company continued, is “very capable of generating the domestic production necessary to fully meet national defense requirements.”

“The petitioners, AMG Vanadium LLC and U.S. Vanadium LLC have domestic recycling facilities ready to scale-up volume,” the document adds. AMG did not respond to requests for comment. -- *Isabelle Icsó* (iicsó@iwpnews.com)

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