

Policy Resolution:

Equitable Treatment of Critical Minerals

Issue

Critical minerals are the building blocks of a global economy. Canada has identified 31 critical minerals, but six minerals have been prioritized above all others on the list. Canada currently has little to no production of many of these prioritized minerals, while it has significant development opportunities for established critical minerals. Competition is global and critical minerals operate in a highly competitive business environment; the Government of Canada should offer equal support to existing and emerging critical mineral opportunities.

Background

Strategically important to Canada's prosperity and success, critical minerals impact technology, food, and energy. Canada has identified 31 critical minerals but six minerals: lithium, cobalt, nickel, graphite, copper, and rare earth elements, have been prioritized above all others on the list.

This list of prioritized minerals has since been used to determine how the federal government is allocating its resources. Federal Budget 2023 introduced a 30% investment tax credit for clean technology manufacturing. Eligible for this tax credit is the extraction and certain processing activities related to these six critical minerals: lithium, cobalt, nickel, graphite, copper and rare earth elements. The Government of Canada has justified the inclusion of these minerals as it identifies them as essential for clean technology supply chains.

The clean technology supply chain is important. Nevertheless, given current geopolitical fragility and the increasing competitive pressure being put on Canada's established critical mineral industry by countries without similar environmental and human rights protections, it is imperative that established industries, such as uranium and potash, also be prioritized. The country can not afford to subject these major economic driving industries to additional global competitiveness or carbon leakage concerns.

The Canadian Critical Minerals Strategy released in 2022 states that "Canada's list of 31 minerals, as well as the federal government's priority value chains, will be reviewed and updated every few years.¹ This review needs to occur and balance is required, the federal government should not focus too much effort and resources on following new trends while

¹ Government of Canada. *The Canadian Critical Minerals Strategy*. December 2022.
<https://www.canada.ca/content/dam/nrcan-rncan/site/critical-minerals/Critical-minerals-strategyDec09.pdf>

ignoring many commodities where the country is already a world leader and there are opportunities for even more production or value-added processing. Canada is the top global producer of potash and the second largest producer of uranium.

By ensuring the appropriate distribution of supports, the Government of Canada must facilitate and promote both new and existing projects to ensure the sustainable development of minerals which are vital for developing a broad spectrum of supply chains.

RECOMMENDATIONS

That the Government of Canada expand the list of prioritized critical minerals to include potash and uranium production as these minerals are vital for food and energy security, respectively.