

U.S.-Japan Critical Minerals Agreement: Background and Issues for Congress

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Amid growing global demand for critical minerals, Congress has been deliberating how to secure U.S. access to such goods. The United States has become highly reliant on foreign imports of critical minerals, and Members of Congress have expressed interest in both encouraging U.S. production capacity, through measures such as tariffs and federal incentives, and increasing collaboration with trading partners to secure critical minerals from countries around the world, including through sectoral trade agreements such as critical minerals agreements (CMAs).

According to the International Energy Agency, international critical mineral supply chains face a high risk of disruptions from weather, trade barriers, and geopolitical factors. In addition, mining and processing being concentrated in a small number of countries makes critical minerals supply chains more vulnerable to disruptions. The People's Republic of China (PRC, or China) now has a dominant role in global critical minerals supply chains. China and PRC firms control a large share of global mining and processing of critical minerals, as well as production of key downstream goods—for example, in 2024, China produced 72% of global EVs, and PRC firms owned 85% of global EV battery manufacturing capacity.

In March 2023, during the Biden Administration, the United States and Japan signed a CMA covering five key minerals related to the production of batteries for electric vehicles (EVs). In the U.S.-Japan CMA, the United States and Japan agreed to confer on measures related to critical minerals trade and investment in their respective countries, including discouraging the importation of goods made with forced labor and affirming their participation in the development of international standards on critical minerals, among other things. The U.S.-Japan CMA entered into force immediately upon signature.

The U.S.-Japan CMA was negotiated after Japan raised concerns about being excluded from certain content requirements for consumer tax credits in P.L. 117-169, known as the Inflation Reduction Act (IRA). The IRA consumer tax credit for new EVs (26 U.S.C. §30D) required a certain percentage of critical minerals in EV batteries to be sourced from the United States or countries with which the United States had a free trade agreement (FTA) in effect. Although the United States and Japan did not have a congressionally-approved FTA, the U.S. Department of the Treasury designated Japan as an FTA partner based on the U.S.-Japan CMA, which allowed Japanese critical minerals to count towards the IRA EV tax credit content requirements. Some Members asserted that the U.S.-Japan CMA did not meet the criteria for an FTA, and the executive branch lacked the authority to designate Japan as an FTA partner without congressional approval. Other Members lauded the CMA as an effective tool for bolstering supply chain resiliency and promoted the negotiation of more CMAs with like-minded partners. In July 2025, Congress passed legislation that will eliminate portions of the IRA, including the EV tax credit, effective September 30, 2025. It remains to be seen how this may impact implementation of the U.S.-Japan CMA, given that the agreement was negotiated largely in response to the IRA.

A key question for Congress is the extent to which to exercise oversight of U.S. trade policy, including CMAs. Congress has constitutional authority over foreign commerce and tariffs and in the past has played a role in approving and implementing trade agreements. Some Members of Congress have asserted that the executive branch should engage in more substantive consultations with Congress and seek congressional approval for sectoral agreements like CMAs. Another question for Congress is how to achieve its previously-stated aim of reducing U.S. reliance on PRC supply chains, and whether the Trump Administration's actions align with congressional goals. Members may have differing views on how to strengthen U.S. critical minerals supply chains—for example, whether the United States should focus primarily on bolstering domestic manufacturing capacity or prioritize collaboration with key trading partners. Another question for Congress is how the rescission of the IRA EV tax credits and changes to other related incentives might affect efforts to either bolster U.S. critical minerals supply chains or strengthen cooperation with trading partners.

Contents

Introduction	1
Background	2
Overview of U.S.-Japan Economic Relations	2
EV Tax Credits in the Inflation Reduction Act	5
FTA Partner Provision.....	7
The U.S.-Japan Critical Minerals Agreement.....	8
Treasury Regulations on the IRA EV Tax Credit FTA Partner Provision	10
Reactions to the U.S.-Japan CMA	11
Other Potential CMAs and Critical Minerals Initiatives	13
Issues for Congress.....	14
Congressional Authorities over U.S. Trade Policy.....	14
Critical Minerals Supply Chains	16
EV Tax Credits	17

Figures

Figure 1. U.S. Imports of Critical Minerals Covered by the U.S.-Japan CMA, by Country (2024)	9
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Contacts

Author Information.....	18
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Introduction

On March 28, 2023, during the Biden Administration, the United States and Japan signed a critical minerals agreement (CMA) to strengthen bilateral cooperation on critical minerals supply chains. The agreement covers five key minerals related to the production of batteries for electric vehicles (EVs). In the U.S.-Japan CMA, the United States and Japan agreed to confer on measures related to critical minerals trade and investment in their respective countries, including discouraging imports of goods involving forced labor and participating in the development of international standards related to critical minerals, among other things. The U.S.-Japan CMA entered into force immediately upon signature.

P.L. 117-169, known as the Inflation Reduction Act (IRA), provided consumer tax credits for the purchase of new EVs (26 U.S.C. §30D) if a certain percentage of critical minerals in their batteries were sourced from the United States or countries with which the United States had a free trade agreement (FTA). Congress crafted these sourcing requirements, in part, to mitigate the dominance of the People's Republic of China (PRC, or China) in the EV and critical minerals supply chain. China and PRC firms control a large share of global mining and processing of critical minerals, as well as production of downstream goods. For example, in 2024, China produced 72% of global EVs, and PRC firms owned 85% of global EV battery manufacturing capacity.¹

Although the United States and Japan did not have a congressionally-approved FTA, the U.S. Department of the Treasury (Treasury) determined that the CMA could stand as an FTA, making cars using critical minerals sourced from Japan eligible for EV consumer tax credits. There was considerable debate about the decision. Some Members of Congress criticized the value and effectiveness of the U.S.-Japan CMA in particular, as well as the legitimacy of CMAs and other executive-led trade initiatives in general, contending that such agreements circumvent Congress. Supporters of CMAs argued that such agreements are quicker to negotiate and more adaptable to shifting circumstances than traditional FTAs. Observers also debated whether the U.S.-Japan CMA should be deemed on equal footing with other FTAs, either on its own or in combination with previously-negotiated U.S.-Japan trade agreements. Some Members asserted that the U.S.-Japan CMA did not meet the criteria for an FTA, and the executive branch lacked the authority to designate Japan as an FTA partner without congressional approval. Congress has approved all previous U.S. FTAs via legislation and typically set forth procedures and requirements for FTAs in Trade Promotion Authority (TPA) legislation. The most recent iteration of TPA expired in 2021.

In July 2025, Congress passed P.L. 119-21, which terminates the IRA EV tax credit after September 30, 2025. During his second term, President Trump and some Members of Congress claimed the IRA and the EV tax credit interfered with consumer choice and criticized the use of U.S. tax revenues to benefit foreign companies and manufacturing supply chains in other countries. Supporters of the IRA and the EV tax credit argued that such incentives support the development of U.S. manufacturing and mining capabilities.

President Trump has proposed and taken various tariff actions, which he argues are, in part, to increase U.S. domestic manufacturing capacity and reduce U.S. reliance on critical minerals imports. Views on this approach are mixed. Some observers support the idea that tariffs could be used to spur domestic production, but advocate for targeted rather than broad-based tariffs,

¹ International Energy Agency (IEA), *Global EV Outlook 2025*, “Trends in the Electric Car Industry,” and “Electric Vehicle Batteries,” May 2025.

coupled with incentives. Given the lack of sufficient critical minerals currently available in the United States, some maintain CMAs and other efforts to collaborate with like-minded partners might be a better approach for securing access to critical minerals. The Trump Administration has not clarified its approach to the U.S.-Japan CMA or prospects for other CMAs, but has expressed interest in accessing critical minerals in other countries.

Issues for Congress to consider include

- whether or not to exercise greater oversight of U.S. trade policy, including CMAs;
- should Congress take action to strengthen U.S. critical minerals supply chains? If so, how?;
- to what extent may tariffs be used to bolster the U.S. critical minerals sector, should Congress opt to do so; and
- potential effects of the termination of the IRA EV tax credit on the U.S. critical minerals sector, including implications for the U.S.-Japan CMA and other critical minerals-related trade talks.

Background

Overview of U.S.-Japan Economic Relations

In 2024, Japan was the sixth-largest U.S. trading partner based on total goods and services.² U.S. goods and services imports from Japan in 2024 totaled \$187 billion and U.S. exports to Japan totaled \$120 billion. Japan has been a top source of foreign direct investment (FDI) in the United States, with a large share of Japanese companies' investments in manufacturing.³

The automotive sector has played a major role in the U.S.-Japan economic relationship. In 2024, the United States imported \$55.8 billion in automotive parts and vehicles from Japan (12% of total U.S. automotive goods imports by value) and exported \$2.3 billion to Japan (1% of total U.S. automotive goods exports by value).⁴ In 2023 (latest data available), Japanese automakers exported 1.5 million vehicles from Japan to the United States, representing 33.6% of their total global exports by quantity—the largest share of Japanese vehicle exports to any country or region.⁵ In 2024, the United States exported 0.02 million vehicles to Japan.⁶ This represented about 1% of U.S. vehicle exports and 5% of Japanese vehicle imports by quantity.⁷

² CRS analysis of data from the U.S. Bureau of Economic Analysis (BEA), released June 24, 2025.

³ Based on data from BEA, Japan has consistently ranked at or near the top of U.S. FDI sources on a historical-cost basis.

⁴ Data from BEA, released March 20, 2025. For more information on U.S. vehicle imports, see CRS Insight IN12545, *Section 232 Automotive Tariffs: Issues for Congress*.

⁵ Japan Automobile Manufacturers Association (JAMA), *The Motor Industry of Japan 2024*, p. 9.

⁶ U.S. Department of Commerce, "New Vehicle Trade Data Visualization," accessed June 25, 2025, <https://www.trade.gov/data-visualization/new-vehicle-trade-data-visualization>. The exact number of vehicle exports reported was 16,492.

⁷ CRS analysis of data from U.S. Department of Commerce, "New Vehicle Trade Data Visualization" and Japan's Ministry of Finance and the Customs.

From 1982 to 2024, Japanese automakers have cumulatively invested \$66.4 billion in U.S. manufacturing facilities, which produced 3.3 million vehicles in 2024.⁸ Since the IRA was enacted and the 2020 United States-Mexico-Canada Agreement (USMCA) came into force, Japanese companies have announced plans to expand EV and EV battery production in the United States.⁹ The USMCA provides, among other things, duty-free benefits for manufacturers who source a specific portion of inputs for auto and auto parts production within North America.¹⁰ Japanese automakers and automotive parts suppliers also have significant operations in Canada and Mexico.¹¹

Japan does not have a congressionally-approved free trade agreement (FTA), sometimes referred to as a “comprehensive” FTA, with the United States. The two countries have two limited bilateral trade deals, which took effect in 2020 without formal congressional action—the U.S.-Japan Trade Agreement (USJTA) and the U.S.-Japan Digital Trade Agreement.¹² Japan and the United States were both members of the proposed Trans-Pacific Partnership (TPP), a regional FTA negotiated and signed during the Obama Administration, but not ratified. The United States withdrew from TPP in 2017 during the first Trump Administration, and Japan led the remaining members in forming the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).¹³ The Japanese government has described CPTPP as a key part of its efforts to maintain and expand the “rules-based free and fair economic order.”¹⁴

Some Members and industry groups have continued to push for a comprehensive U.S. FTA with Japan—for example, through further bilateral negotiations under USJTA or the United States joining CPTPP.¹⁵ Some such advocates cite interest in improving U.S. access to the Japanese market and bolstering U.S. competitiveness and economic leadership in the Indo-Pacific region. The Japanese government has also urged the United States to join CPTPP and noted the strategic importance of U.S. involvement in the region.¹⁶

During the Biden Administration, the United States and Japan engaged on trade issues bilaterally, through initiatives such as the U.S.-Japan Partnership on Trade, as well as regionally, through the

⁸ JAMA, “JAMA in America: Annual Data Release Highlights Another High-Impact Year for Japanese-Brand Automakers in the U.S.,” press release, March 27, 2025.

⁹ See, for example, American Honda Motor Co., Inc., “Honda EV Hub Prepares for New Level of Flexible Production in Reimagined Manufacturing Environment,” press release, February 3, 2025; Toyota, “Toyota Charges Up Investment and Jobs in U.S. Manufacturing,” press release, April 5, 2024; and, Panasonic, “The Future Created by Panasonic’s Automotive Battery Plant in Kansas, U.S.A.: Contributing to Increasing EV Adoption and CO₂ Reduction,” June 17, 2024.

¹⁰ For more details see CRS In Focus IF10997, *U.S.-Mexico-Canada (USMCA) Trade Agreement*; and CRS In Focus IF12082, *USMCA: Automotive Rules of Origin*.

¹¹ JAMA, *The Motor Industry of Japan 2024*, p. 24.

¹² For more details, see CRS In Focus IF11120, *U.S.-Japan Trade Agreements and Tariff Negotiations*, by Cathleen D. Cimino-Isaacs and Kyla H. Kitamura.

¹³ See CRS In Focus IF12078, *CPTPP: Overview and Issues for Congress*.

¹⁴ Ministry of Foreign Affairs of Japan (MOFA), “Diplomacy to Defend National Interests through Co-creation with the World,” *Diplomatic Bluebook 2024*.

¹⁵ See, for example, U.S. Congress, House Ways and Means Committee, *Biden Administration’s 2023 Trade Policy Agenda with United States Trade Representative, Ambassador Tai*, hearing, 118th Cong., 1st sess., March 24, 2023; and USA Rice Federation, “Biden Meets with Japan PM, Mum on Comprehensive Trade Talks,” press release, April 23, 2021. For more on CPTPP, see CRS In Focus IF12078, *CPTPP: Overview and Issues for Congress*.

¹⁶ See, for example, MOFA, “Japan-U.S. Summit Meeting,” May 18, 2023; and Sayumi Take, “U.S. Should Be at Center of CPTPP, Japanese Foreign Minister Says,” *Nikkei Asia*, October 22, 2022. For more information, see CRS In Focus IF12078, *CPTPP: Overview and Issues for Congress*; and CRS In Focus IF11120, *U.S.-Japan Trade Agreements and Tariff Negotiations*, by Cathleen D. Cimino-Isaacs and Kyla H. Kitamura.

U.S.-led Indo-Pacific Economic Framework for Prosperity (IPEF).¹⁷ Similar to the U.S.-Japan CMA, the Biden Administration pursued these initiatives and related agreements as executive agreements without seeking congressional approval.¹⁸ Some Members criticized the Biden Administration's overall trade policy approach, arguing that it failed to secure new market access for U.S. exports, diminished U.S. global competitiveness, undermined U.S. economic diplomacy efforts, and compromised political influence with trading partners.¹⁹

The Biden Administration described FTAs as a "20th century tool" that disadvantaged U.S. workers and failed to adequately address unfair trading practices.²⁰ The Biden Administration presented initiatives such as IPEF and CMAs as new models for broadening support for global trade among U.S. domestic stakeholders. President Trump also criticized previously-negotiated trade agreements, asserting that they are "non-reciprocal" and harm U.S. interests.²¹ The second Trump Administration has indicated an interest in strengthening global supply chains with key trading partners to build domestic manufacturing capacity.²² Some observers have questioned how implemented and proposed tariff actions—which proponents have indicated are aimed at building U.S. domestic manufacturing capacity, reducing U.S. reliance on goods imports, and addressing U.S. trade balances with partners, including Japan—may affect global automotive and critical minerals supply chains.²³ Related actions have included implementing 10% global tariffs on most imports,²⁴ 25% tariffs on automobiles,²⁵ expanded steel and aluminum tariffs,²⁶ and 50% tariffs on copper products,²⁷ as well as conducting investigations that could result in tariffs on

¹⁷ See e.g., Office of the U.S. Trade Representative (USTR), "United States and Japan Announce The Formation Of The U.S.-Japan Partnership On Trade," November 21, 2021; and USTR, "IPEF," <https://ustr.gov/ipef>. IPEF partner countries are Australia, Brunei, Fiji, India, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Thailand, and Vietnam. For more information, see CRS In Focus IF12373, *Indo-Pacific Economic Framework for Prosperity (IPEF)*.

¹⁸ For more information on the congressional and executive roles in trade agreements, see CRS Report R47679, *Congressional and Executive Authority Over Foreign Trade Agreements*.

¹⁹ See, for example, U.S. Congress, Senate Finance Committee, *The President's 2024 Trade Policy Agenda*, 118th Cong., 2nd sess., April 17, 2024; Letter from Senators Todd Young, John Thune, et al. to USTR Katherine Tai and Agriculture Secretary Tom Vilsack, March 13, 2024; and Oliver Ward, "Industry coalition appeals to White House for return to trade negotiations," *Inside U.S. Trade*, July 11, 2024.

²⁰ U.S. Congress, Senate Finance Committee, *The President's 2022 Trade Policy Agenda*, 117th Cong., 2nd sess., March 31, 2022; USTR, "Remarks of Ambassador Katherine Tai Outlining the Biden-Harris Administration's "Worker-Centered Trade Policy"," June 10, 2021.

²¹ See, for example, Executive Order 14257 of April 2, 2025, "Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits," 90 *Federal Register* 15041, April 7, 2025.

²² Executive Order 14154 of January 20, 2025, "Unleashing American Energy," 90 *Federal Register* 8353, January 29, 2025; and E.O. 14257.

²³ For a list of current and potential tariff actions during the second Trump Administration, see CRS Report R48549, *Presidential 2025 Tariff Actions: Timeline and Status*.

²⁴ E.O. 14257. The imposition of the 10% global tariffs and higher tariff rates is being challenged in court. White House, "Extending the Modification of the Reciprocal Tariff Rates," July 7, 2025; and Jeff Mason et al., "Japan, South Korea face 25% tariffs as Trump ramps up trade war in letters to 14 nations," *Reuters*, July 8, 2025.

²⁵ Proclamation 10908 of March 26, 2025, "Adjusting Imports of Automobiles and Automobile Parts Into the United States," 90 *Federal Register* 14705, April 3, 2025. See CRS Insight IN12545, *Section 232 Automotive Tariffs: Issues for Congress*.

²⁶ Proclamation 10896 of February 10, 2025, "Adjusting Imports of Steel into the United States," 90 *Federal Register* 9817, February 18, 2025; and Proclamation 10895 of February 10, 2025, "Adjusting Imports of Aluminum into the United States," 90 *Federal Register* 9807, February 18, 2025. See CRS Insight IN12519, *Expanded Section 232 Tariffs on Steel and Aluminum*.

²⁷ White House, "Adjusting Imports of Copper into the United States," July 30, 2025.

imports of semiconductors, semiconductor manufacturing equipment, and processed critical minerals.²⁸

Following the imposition of U.S. tariffs and outreach by the Japanese government, the Trump Administration announced negotiations with Japan “regarding tariffs, non-tariff barriers, currency issues, and government subsidies.”²⁹ In July 2025, the United States and Japan announced a framework agreement, under which Japanese imports, including vehicles and auto parts, will reportedly face a 15% tariff.³⁰ The United States and Japan announced that as part of their bilateral trade agreement, Japan would facilitate \$550 billion in U.S. investments related to key sectors, including critical minerals mining, processing, and refining.³¹

EV Tax Credits in the Inflation Reduction Act

Until September 30, 2025, the IRA will provide U.S. consumers a tax credit of up to \$7,500 for purchases of newly-produced EVs (26 U.S.C. §30D), a \$4,000 credit for the purchase of used EVs (26 U.S.C. §25E), and a \$7,500 credit for business-related EV purchases (26 U.S.C. §45W). The manufacturing and content requirements discussed in this report apply only to the Section 30D consumer tax credit for new EVs.³²

To qualify for the Section 30D tax credit, EVs must meet overall requirements, including final assembly in North America and retail price caps. EVs can qualify for partial credit if they meet content requirements related to the critical minerals or components in the EV battery. Key components of the requirements include

- **Critical minerals.** As of January 1, 2025, to be eligible for the critical minerals portion of the tax credit (\$3,750), at least **60%** of the value of the critical minerals contained in the battery must be extracted or processed in the United States or in a country that has an FTA with the United States (see “FTA Partner Provision”). Critical minerals recycled in North America also qualify. The required percentage is to increase annually until it reaches 80% in 2027.
- **Battery components.** As of January 1, 2025, for an EV to be eligible for the battery components portion of the credit (\$3,750), at least **60%** of the value of the battery’s components must be manufactured or assembled in North America.

²⁸ U.S. Department of Commerce, “Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Copper,” 90 *Federal Register* 11940, March 13, 2025; U.S. Department of Commerce, “Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Semiconductors and Semiconductor Manufacturing Equipment,” 90 *Federal Register* 15950, April 16, 2025; and U.S. Department of Commerce, “Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Processed Critical Minerals and Derivative Products,” 90 *Federal Register* 17372, April 25, 2025.

²⁹ Secretary of Treasury Scott Bessent (@SecScottBessent) stated on social media: “Following a very constructive phone discussion with the Government of Japan, @POTUS @realDonaldTrump has tasked me and @USTradeRep to open negotiations to implement the President’s vision for the new Golden Age of Global Trade with @JPN_PMO Shigeru Ishiba and his Cabinet. Japan remains among America’s closest allies, and I look forward to our upcoming productive engagement regarding tariffs, non-tariff trade barriers, currency issues, and government subsidies” X post, April 7, 2025, <https://x.com/SecScottBessent/status/1909309381289869363>.

³⁰ Japan Cabinet Secretariat, “米国の関税措置に関する日米協議：日米間の合意（概要）,” (“Japan-U.S. Negotiations on U.S. Tariff Measures: Japan-U.S. Agreement [Summary]”) July 25, 2025.

³¹ White House, “Fact Sheet: President Donald J. Trump Secures Unprecedented U.S.-Japan Strategic Trade and Investment Agreement,” July 23, 2025.

³² For more details, see CRS In Focus IF12600, *Clean Vehicle Tax Credits*. According to a December 2022 fact sheet from Treasury, leased EVs qualify as commercial purchases for the purposes of the tax credit. See IRS, *Topic G—Frequently Asked Questions About Qualified Commercial Clean Vehicles Credit*, December 29, 2022; and CRS In Focus IF12603, *The Tax Credit Exception for Leased Electric Vehicles*.

The required percentage is scheduled to increase annually until it reaches 100% in 2029.

- **Foreign entities of concern.**³³ EVs cannot qualify for the credit if they contain battery components or critical minerals from “foreign entities of concern” (FEOC), which include countries such as China and Russia. The Biden Administration issued guidance defining FEOC to include all entities headquartered in or organized under the laws of an FEOC country. The guidance indicated that FEOC-tied entities operating in the United States or third-party countries, including through licensing arrangements, could be designated as FEOCs or non-FEOCs, depending on the specific corporate situation.

Congress crafted Section 30D EV tax credit requirements, in part, to address concerns over U.S. dependence on China.³⁴ China and PRC firms control a large portion of the EV supply chain, including global mining and processing of critical minerals as well as production of EVs and EV batteries. For example, China was the leading global producer of natural graphite in 2024.³⁵ China also reportedly has significant investments in mining operations worldwide and acquires a significant share of minerals exports for processing and refinement in China.³⁶

According to the International Energy Agency, international critical mineral supply chains face a high risk of disruptions from weather, trade barriers, and geopolitical factors. In addition, concentrated mining and processing in a small number of countries makes the industry more vulnerable to disruptions (see **textbox**).³⁷ These challenges could become more acute as demand for critical minerals grows with global shifts toward clean technologies, including EVs.

³³ U.S. Department of Energy, “Interpretation of Foreign Entity of Concern,” 89 *Federal Register* 37079, May 6, 2024. See CRS Insight IN12322, *Foreign Entity of Concern Requirements in the Section 30D Clean Vehicle Credit*.

³⁴ See, for example, “Summary of the Energy Security and Climate Change Investments in the Inflation Reduction Act of 2022,” Senate Majority Leader Chuck Schumer, July 27, 2022; and Morgan D. Bazilian and Gregory Brew, “The Inflation Reduction Act Is the Start of Reclaiming Critical Mineral Chains,” *Foreign Policy*, Argument, September 16, 2022.

³⁵ U.S. Geological Survey (USGS), “Mineral Commodity Summaries 2025,” March 2025.

³⁶ “The US and China ramp up funding for domestic critical mineral exploration,” Benchmark Source, March 28, 2025. See CRS Report R48149, *Critical Minerals and Materials for Selected Energy Technologies*.

³⁷ IEA, *Global Critical Minerals Outlook 2025*, May 2025.

Overview of Global Sources of Key Critical Minerals in EV Batteries

Cobalt. The Democratic Republic of Congo (DRC) was the top producer of cobalt in 2024, with 76% of estimated global cobalt production in 2024, followed by Russia (3%). The United States was estimated to have 0.1% of global production and 0.6% of global reserves.

Graphite (Natural). There are two types of graphite—natural and synthetic. China was the top producer of natural graphite, with an estimated 79% of global mine production, followed by Madagascar (6%). Other countries including Brazil are estimated to have significant reserves of natural graphite. In 2024, the United States had no production and limited reserves of natural graphite (exact figures not available), but produced synthetic graphite with petroleum byproducts. China is the top producer of synthetic graphite.

Lithium. Australia had an estimated 37% of global lithium production in 2024. Other key producers included Chile (20%) and China (17%). U.S. production estimates were withheld to avoid disclosing company proprietary data, but the United States was estimated to have 6% of global lithium reserves.

Manganese. South Africa had an estimated 37% of global manganese production in 2024. Other key producers included Gabon (23%) and Australia (14%). Brazil is also estimated to have significant manganese reserves. Ukraine has manganese mining and processing capabilities that have either remained idle or been produced at low levels since Russia's invasion in 2022. Efforts to explore manganese mining and production in the United States are ongoing.

Nickel. Indonesia was the top producer of nickel in 2024, with an estimated 59% of global production. Other key producers included the Philippines (9%), Russia (6%), and Canada (5%). Brazil and New Caledonia are reported to have significant nickel reserves. The United States was estimated to have 0.2% of global production and 0.2% of global reserves in 2024.

Source: CRS analysis of information from the U.S. Geological Survey (USGS), “Mineral Commodity Summaries 2025,” March 2025. Production and reserve data are estimates for 2024. Information on graphite also drawn from USGS, “2021 Minerals Yearbook, Graphite [Advance Release],” December 2024; and Benchmark Source, “Infographic: China controls three-quarters of graphite anode supply chain,” November 7, 2023. For more information, see CRS Report R48149, *Critical Minerals and Materials for Selected Energy Technologies*.

FTA Partner Provision

The Section 30D EV tax credit included language requiring critical minerals to be sourced from the United States or U.S. FTA partners (referred to in this report as the “FTA partner provision”). The IRA did not define an FTA, but the term had been typically used to describe agreements that reduced or eliminated tariffs and non-tariff barriers to “substantially all trade” between the United States and a partner country.³⁸ As of August 2025, the United States has 14 such trade agreements—authorized and approved by Congress—with 20 countries; the Office of the United States Trade Representative (USTR) characterizes these as “comprehensive” FTAs.³⁹

The FTA provision was particularly controversial. Some trading partners, particularly those with which the United States did not have a comprehensive FTA, such as Japan and the European Union (EU), called the FTA partner provision discriminatory and maintained such provisions violated U.S. obligations under the World Trade Organization (WTO).⁴⁰ China challenged the

³⁸ This definition aligns with the World Trade Organization (WTO) definition. According to Article XXIV of the General Agreement on Tariffs and Trade (GATT) under the WTO, such agreements are to cover “substantially all trade” among parties.

³⁹ As of August 2025, comprehensive U.S. FTA partners are Australia, Bahrain, Canada, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Israel, Jordan, South Korea, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, and Singapore. See <https://ustr.gov/trade-agreements/free-trade-agreements>.

⁴⁰ See, for example, Delegation of the European Union to the United States of America, *Submission by the European Union on the Inflation Reduction Act* (Comments on Notice 2022-46), November 4, 2022 and Government of Japan, *Comments by the Government of Japan* (Comments on Notice 2022-46), November 4, 2022.

IRA, including the Section 30D EV tax credit, at the WTO.⁴¹ China requested the establishment of a WTO dispute settlement panel in July 2024, and a panel was established in December 2024. Other groups argued for broadening the list of designated FTA partners to include additional countries (which Treasury ultimately did with Japan) while the United States and its FTA partners develop adequate critical minerals supply chains.

The U.S.-Japan Critical Minerals Agreement

The United States and Japan signed the U.S.-Japan CMA on March 28, 2023. The U.S.-Japan CMA's stated objective is to “strengthen and diversify critical minerals supply chains and promote the adoption of [EV] battery technologies by formalizing the shared commitment of the Parties to facilitate trade, promote fair competition and market-oriented conditions for trade in critical minerals, ensure robust labor and environmental standards, and cooperate in efforts to ensure secure, sustainable, and equitable critical minerals supply chains.”⁴² The U.S.-Japan CMA entered into force immediately upon signature without formal congressional action. The agreement changes neither U.S. law nor existing tariffs, and does not include market access provisions.

The critical minerals covered by the U.S.-Japan CMA are **cobalt, graphite, lithium, manganese, and nickel**—all key EV battery inputs.⁴³ In 2024, Japan was the 11th-largest source of U.S. imports of the five covered critical minerals (see **Figure 1**). Japan is not a large source of mined critical minerals but possesses related capabilities, including mineral processing and refining. Japanese firms, such as Panasonic, produce EV batteries both in Japan and globally, including at plants in the United States.⁴⁴

⁴¹ WTO, “DS623: United States—Certain Tax Credits Under the Inflation Reduction Act,” https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds623_e.htm. See CRS In Focus IF10645, *Dispute Settlement in the WTO and U.S. Trade Agreements*.

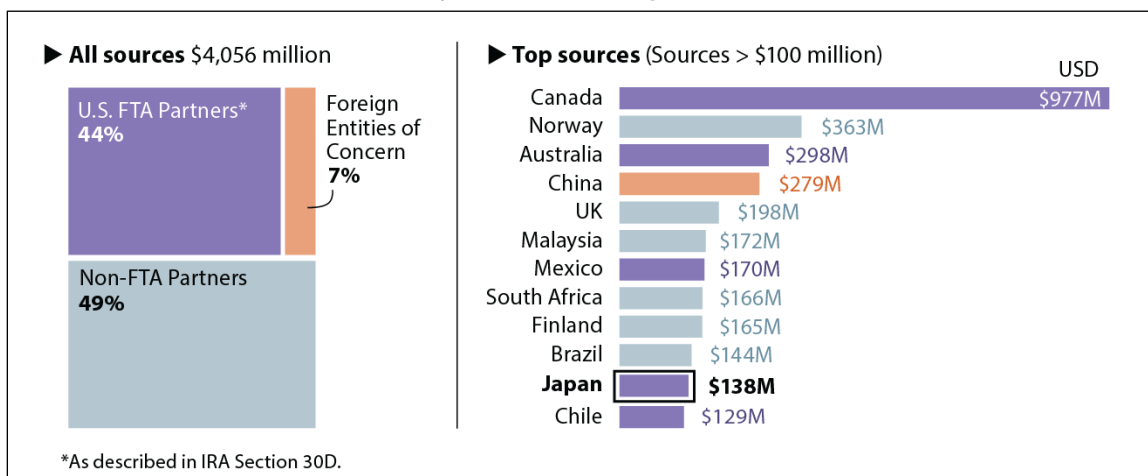
⁴² USTR, “Agreement between the Government of the United States of America and the Government of Japan on Strengthening Critical Minerals Supply Chains,” March 28, 2023.

⁴³ CRS Report R48149, *Critical Minerals and Materials for Selected Energy Technologies*.

⁴⁴ See, for example, “Japan to give up to \$2.4 bln in new support for domestic EV battery production,” *Reuters*, September 6, 2024; and Panasonic Energy, “Global Network,” <https://www.panasonic.com/global/energy/company/global-network.html>, accessed May 2, 2025.

Figure I. U.S. Imports of Critical Minerals Covered by the U.S.-Japan CMA, by Country (2024)

Cobalt, Graphite, Lithium, Manganese, and Nickel



Source: CRS, with data from U.S. Census Bureau as presented by Trade Data Monitor, accessed March 2025. Tariff codes from U.S. Geological Survey.

Acronym: UK = United Kingdom.

Key provisions of the U.S.-Japan CMA include agreements between the U.S. and Japanese governments to:⁴⁵

- Maintain the “current practice” of not imposing export duties on critical minerals trade between the Parties;
- Confer on “effective and appropriate domestic measures to address non-market policies and practices of non-Parties affecting trade in critical minerals and on issues relating to global critical minerals supply chains, including extraction and processing capacity and trends, price differences between markets, domestic industry conditions, and trade flows”;
- Confer on best practices for reviewing foreign investments in the critical minerals sector within the Parties’ territories and notify each other of such investments “when appropriate and consistent with their applicable regulatory frameworks”;
- Confer to support each Party’s efforts to address supply chain disruptions, “to the extent possible”;
- Cooperate to discourage the importation of goods containing critical minerals that involve forced labor;
- Promote employer neutrality related to unions;
- Affirm participation in the development of international standards and “their intention to continue cooperation in ongoing work on international standards for critical minerals labeling and recycling with a view to supporting sustainable supply chains”;

⁴⁵ Unless otherwise specified, all information in this section is drawn from USTR, “Agreement between the Government of the United States of America and the Government of Japan on Strengthening Critical Minerals Supply Chains,” March 28, 2023.

- Confirm their intention to ensure that their respective “environmental laws and policies provide for, and encourage, high levels of environmental protection with respect to critical minerals”;
- Confirm their intention to “establish and maintain appropriate procedures for assessing the environmental impacts of proposed projects that involve critical minerals at any stage in the critical minerals lifecycle, that are subject to an action by that Party’s central level of government and that may cause significant effects on the environment, with a view to avoiding, minimizing, or mitigating adverse effects”;
- Affirm their commitment to implement multilateral environmental agreements to which they are a party; and
- “Endeavor to take measures that promote more resource efficient and circular economy approaches to reduce the demand for, and environmental impact of, virgin material extraction and related processes.”

The U.S.-Japan CMA includes a security exception permitting each party to apply measures it deems necessary to protect its own “essential security interests” and protecting each party from disclosing information contrary to its security interests. The two countries agreed to review their “respective capacities to extract and process critical minerals to decide whether it is appropriate to terminate or amend the Agreement,” including which critical minerals are covered, “at least once within two years of the Agreement entering into force, and every two years thereafter.” Either country may terminate the U.S.-Japan CMA by providing at least 90 days’ written notice, with the termination taking effect either four months after the date of the written notice or on another date decided between the two countries.

After the U.S.-Japan CMA’s signing, the United States and Japan discussed the agreement several times under the U.S.-Japan Partnership on Trade.⁴⁶ According to USTR, the United States and Japan “reviewed progress towards meeting commitments under the U.S.-Japan CMA” and reviewed each party’s “respective capacities to extract and process critical minerals.”⁴⁷

Treasury Regulations on the IRA EV Tax Credit FTA Partner Provision

On May 6, 2024, Treasury published final regulations related to the implementation of the Section 30D EV tax credit.⁴⁸ Treasury labeled the March 2023 U.S.-Japan CMA as an FTA, noting that the U.S.-Japan CMA was concluded in the context of the two 2020 limited trade agreements and the bilateral U.S.-Japan Partnership on Trade.⁴⁹ USTR also lists Japan as an FTA partner in a separate category for agreements focusing on “free trade in critical minerals.”⁵⁰

⁴⁶ USTR, “Readout of the Fifth Round of Meetings under the U.S.-Japan Partnership on Trade,” July 31, 2024.

⁴⁷ USTR, “Readout of the Fifth Round of Meetings under the U.S.-Japan Partnership on Trade”; USTR, “Readout of the Fourth Round of Meetings under the U.S.-Japan Partnership on Trade,” December 2023.

⁴⁸ Treasury, “Clean Vehicle Credits Under Sections 25E and 30D; Transfer of Credits; Critical Minerals and Battery Components; Foreign Entities of Concern,” 89 *Federal Register* 37706, May 6, 2024.

⁴⁹ For more on U.S.-Japan trade initiatives, see CRS In Focus IF11120, *U.S.-Japan Trade Agreements and Tariff Negotiations*.

⁵⁰ Office of the United States Trade Representative (USTR), “Free Trade Agreements,” <https://ustr.gov/trade-agreements/free-trade-agreements>, accessed August 2025. U.S. Department of the Treasury (Treasury), “Clean Vehicle Credits Under Sections 25E and 30D; Transfer of Credits; Critical Minerals and Battery Components; Foreign Entities of Concern,” 89 *Federal Register* 37706, May 6, 2024.

Treasury stated that for the purposes of the IRA EV tax credit, in addition to the comprehensive FTA partners, it would include additional countries as FTA partners based on certain criteria. For countries without a comprehensive U.S. FTA, Treasury stated that it would consider whether an agreement between the United States and that country regarding critical minerals used in EV batteries, or more generally, “and in the context of the overall commercial and economic relationship,” (1) reduces or eliminates trade barriers on a preferential basis; (2) commits the parties to refrain from imposing new trade barriers; (3) establishes high-standard disciplines in key areas affecting trade (such as core labor and environmental protections); and/or (4) reduces or eliminates restrictions on exports or commits the parties to refrain from imposing such restrictions.⁵¹ To date, Japan is the only country designated as a U.S. FTA partner based on these criteria.

Reactions to the U.S.-Japan CMA

Stakeholders and policymakers had mixed reactions to the U.S.-Japan CMA. Supporters portrayed the agreement as an initiative to strengthen global supply chains. Several automotive industry groups and U.S. trading partners had advocated for designating more countries as FTA partners in order to broaden the potential sources of critical minerals and improve the resiliency of EV supply chains.⁵² These groups welcomed the announcement of the U.S.-Japan CMA and other CMA negotiations. Japanese automakers praised the U.S.-Japan CMA as recognition of Japan’s status as a key U.S. ally and trading partner.⁵³

Critics disagreed with extending IRA benefits to Japanese firms, particularly without congressional approval. The International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW)—a major U.S. union representing workers at Ford, General Motors, and the U.S. operations of Stellantis—noted that U.S. imports of Japanese critical minerals are relatively small (see **Figure 1**), and asserted the inclusion of Japan as an FTA partner could give “incredibly competitive” Japanese automakers a pathway to receive U.S. subsidies.⁵⁴ Some Members and stakeholders argued that the FTA partner designation should be limited to countries with which the United States has comprehensive FTAs.⁵⁵ One Member described the U.S.-Japan CMA as an agreement completed “at the behest of lobbying campaigns by foreign governments.”⁵⁶

⁵¹ Treasury, “Clean Vehicle Credits Under Sections 25E and 30D; Transfer of Credits; Critical Minerals and Battery Components; Foreign Entities of Concern.”

⁵² See, for example, Alliance for Automotive Innovation, “Response to the U.S. Department of Treasury’s Request for Comments on Credits for Clean Vehicles 2023-06822,” June 16, 2023; Embassy of the Argentine Republic in the United States of America, *Re: Section 30D–New Clean Vehicle Credit (REG-120080-22)–Notice of proposed rulemaking* –, June 15, 2023; and Steven Overly, “More countries line up for U.S.’s EV tax credits,” *Politico*, June 2, 2023.

⁵³ JAMA, “JAMA Chairman Statement on US-Japan Critical Minerals Agreement,” press release, March 29, 2023.

⁵⁴ International Union, United Automobile, Aerospace & Agricultural Implement Workers of America (UAW), *Re: Section 30D New Clean Vehicle Credit – Docket Number REG–120080–22*, June 16, 2023.

⁵⁵ See, for example, UAW, *Re: Section 30D New Clean Vehicle Credit – Docket Number REG–120080–22*, June 16, 2023; U.S. Congress, Senate Energy and Natural Resources Committee, *Full Committee Hearing to Examine Federal Electric Vehicle Incentives Including the Federal Government’s Role in Fostering Reliable and Resilient Electric Vehicle Supply Chains*, 118th Cong., 2nd sess., January 11, 2024; and House Ways and Means Committee Chairman Jason Smith, “Biden Administration Surrenders to China on Final EV Regulations, Weakens America’s Trade Policies,” press release, May 4, 2024.

⁵⁶ House Ways and Means Committee Chairman Jason Smith, “Biden Smuggles Corporate Green Welfare Scheme Through New Critical Minerals Agreement with Japan,” press release, March 28, 2023.

Some Members of Congress criticized the Biden Administration for entering into a non-comprehensive trade agreement with Japan and for circumventing Congress's role in approving trade agreements.⁵⁷ Congress has approved all comprehensive U.S. FTAs via legislation and typically sets forth FTA procedures and requirements in TPA legislation.⁵⁸ Other Members critiqued what they saw as the U.S.-Japan CMA's lack of binding or enforceable commitments, particularly related to labor and the environment.⁵⁹ Some analysts and Members have argued that without congressional approval, executive initiatives like the U.S.-Japan CMA provide less stability and are less durable.⁶⁰ Others have outlined benefits of comprehensive FTAs, like those previously approved by Congress, including a more predictable, transparent environment for businesses and greater enforcement of trade rules.⁶¹ Such predictability and stability could be a factor for business decisions related to large investments with long production lead times, such as automotive plants and critical minerals mining and processing facilities.

In response to questions from Congress about USTR's legal authority to enter into the U.S.-Japan CMA, the USTR under the Biden Administration stated that it was continuing "its practice that has spanned at least the last 30 years of negotiating and entering into trade agreements on behalf of the United States based on the authority granted by Congress in 19 U.S.C. 2171."⁶² During a congressional hearing, one Member commented to USTR, "Endless dialogues and frameworks are no substitute for exercising Congress' constitutional authority—and giving the American people a voice—over trade. In order to succeed, [the Biden Administration] must recognize that Congress is in the driver's seat in setting priorities and deciding whether to approve any trade agreements."⁶³

Some Members of Congress requested that the Government Accountability Office (GAO) determine whether the Congressional Review Act applied to the U.S.-Japan CMA. GAO concluded that the U.S.-Japan CMA is not a rule subject to the Congressional Review Act.⁶⁴ If the U.S.-Japan CMA had been subject to the Congressional Review Act, it would have provided Congress with fast-track procedures to review and overturn the U.S.-Japan CMA. During the

⁵⁷ Representative Adrian Smith, "Smith Statement on U.S.-Japan Critical Minerals Agreement," press release, March 28, 2023. "Statement by Congressman Kildee on U.S.-Japan Critical Minerals Agreement," press release, March 28, 2023.

⁵⁸ For more information, see CRS Report R47679, *Congressional and Executive Authority Over Foreign Trade Agreements* and CRS In Focus IF10038, *Trade Promotion Authority (TPA)*.

⁵⁹ House Ways and Means Committee Ranking Member Richard Neal and Senate Finance Committee Chair Ron Wyden, "Neal, Wyden Statement on Biden Administration's Go-It-Alone Trade Action," press release, March 28, 2023.

⁶⁰ See, for example, Matthew Goodman, *IPEF and the Durability of Policy Initiatives*, Center for Strategic and International Studies (CSIS), July 31, 2023; and Representative Adrian Smith, "Smith Statement on U.S.-Japan Critical Minerals Agreement."

⁶¹ See, for example, U.S. Department of Commerce, International Trade Administration, "Free Trade Agreement Overview," <https://www.trade.gov/free-trade-agreement-overview>, accessed August 2025; and Mitsuo Inada and Naoto Jinji, "Reducing Policy Uncertainty Attracts Foreign Direct Investment in Services: The Role of Regional Trade Agreements," May 17, 2023.

⁶² U.S. Congress, House Ways and Means Committee, *Biden Administration's 2023 Trade Policy Agenda with United States Trade Representative, Ambassador Tai*, hearing, 118th Cong., 1st sess., March 24, 2023. For legal analysis of Section 2171, see CRS Report R47679, *Congressional and Executive Authority Over Foreign Trade Agreements*.

⁶³ House Ways and Means Committee, *Biden Administration's 2023 Trade Policy Agenda with United States Trade Representative, Ambassador Tai*, hearing.

⁶⁴ Government Accountability Office (GAO), Office of the United States Trade Representative—Applicability of the Congressional Review Act to Agreement Between the Government of the United States of America and the Government of Japan on Strengthening Critical Minerals Supply Chains, B-335714, May 23, 2024. For more on the Congressional Review Act, see CRS In Focus IF10023, *The Congressional Review Act (CRA): A Brief Overview*.

118th Congress, some Members pursued a Congressional Review Act resolution to overturn the Biden Administration's implementation of the IRA EV tax credit, arguing that the Biden Administration's rules, including those related to FTA partners, undermined congressional intent (S.J.Res. 87/H.J.Res. 148).⁶⁵

Other Potential CMAs and Critical Minerals Initiatives

While the U.S.-Japan CMA was the first CMA to be concluded under the Biden Administration, CMA negotiations with the EU and the United Kingdom (UK) were not concluded.⁶⁶ In addition, the Biden Administration had considered proposals by other mineral-rich nations (e.g., Indonesia, Malaysia, and the Philippines) to negotiate CMAs, as well as suggestions from other groups to add critical minerals provisions to existing trade initiatives like the African Growth and Opportunity Act (AGOA).⁶⁷ In November 2023, the United States and Indonesia agreed to develop a "critical minerals action plan" with a view toward future CMA talks.⁶⁸ Some Members had questioned whether the United States should negotiate a CMA with Indonesia given what they assessed to be its lack of adherence to international standards for labor rights, environmental protection, safety, and human rights.⁶⁹ Additionally, some Members criticized Indonesia's restrictive trade practices, such as export bans on critical minerals, and its PRC investment ties.

The Biden Administration also pursued critical minerals initiatives with other countries, particularly related to standards setting. The Biden Administration also launched the Minerals Security Partnership in June 2022, which convened governments and the private sector to share information on critical minerals investments and promote sustainable supply chains.⁷⁰ In September 2024, Minerals Security Partnership members established a network to promote information exchange and co-financing among their development finance institutions and export credit agencies.⁷¹ In April 2024, the United States and Norway signed a Memorandum of Understanding (MOU) on "high-standard, market-oriented" critical minerals trade.⁷²

To date, the Trump Administration has not publicly indicated whether it would continue existing CMA negotiations, pursue new ones, or maintain U.S. membership in the Minerals Security Partnership. The Trump Administration has expressed an interest in developing critical minerals mines and related capabilities in the United States.⁷³ President Trump has asserted that U.S. "national and economic security are now acutely threatened by our reliance upon hostile foreign

⁶⁵ Senator Joe Manchin, "Manchin: Administration's Final 30D EV Tax Credit Rule Endorses 'Made in China'," May 3, 2024.

⁶⁶ See CRS Insight IN12145, *Proposed U.S.-EU Critical Minerals Agreement*; and the White House, "The Atlantic Declaration: A Framework for a Twenty-First Century U.S.-UK Economic Partnership," June 8, 2023.

⁶⁷ Steven Overly, "More countries line up for U.S.'s EV tax credits," *Politico*, June 2, 2023; and Gracelin Baskaran, "Adding a Critical Minerals Agreement to the AGOA Reauthorization," CSIS, February 5, 2024. For more on AGOA, see CRS In Focus IF10149, *African Growth and Opportunity Act (AGOA)*.

⁶⁸ White House, "Joint Statement from the Leaders of the United States and the Republic of Indonesia: Elevating Relations to a Comprehensive Strategic Partnership," November 13, 2023.

⁶⁹ Letter from Senator Tina Smith and Senator Kevin Cramer et al. to USTR Katherine Tai et al., October 24, 2023.

⁷⁰ U.S. Department of State, "Minerals Security Partnership."

⁷¹ U.S. Department of State, "Joint Statement on Establishment of the Minerals Security Partnership Finance Network," press release, September 23, 2024.

⁷² White House, "Joint Statement from the United States and Norway on Cooperation on High-Standard, Market-Oriented Trade of Critical Minerals," April 17, 2024.

⁷³ Executive Order (E.O.) 14154 of January 20, 2025, "Unleashing American Energy," 90 *Federal Register* 8353, January 29, 2025; and Executive Order 14241 of March 20, 2025, "Immediate Measures To Increase American Mineral Production," 90 *Federal Register* 13673, March 25, 2025

powers' mineral production" and that "it is imperative for our national security that the United States take immediate action to facilitate domestic mineral production to the maximum possible extent."⁷⁴

Some observers speculate that the Trump Administration may continue to prioritize accessing critical minerals in other countries in U.S. foreign policy.⁷⁵ In a January 2025 executive order, President Trump stated that it is U.S. policy to "strengthen supply chains for the United States and its allies, and reduce the global influence of malign and adversarial states."⁷⁶ The Trump Administration has also expressed an interest in deals to access critical minerals reserves in other countries or cooperate with other countries on critical minerals investments. On May 1, 2025, the United States announced an agreement with Ukraine to collaborate on investments related to Ukraine's minerals sector.⁷⁷ The agreement reportedly includes a provision for U.S. offtake rights on market-based commercial terms.⁷⁸ On May 13, 2025, U.S. Secretary of Energy Chris Wright announced a Memorandum of Cooperation on critical minerals with Saudi Arabia to explore the potential for joint ventures and investments related to critical minerals mining, refining, and processing.⁷⁹

As part of the Trump Administration's bilateral trade negotiations with various partners related to U.S. tariffs, the United States and Indonesia announced that Indonesia had agreed to remove restrictions on critical minerals exports.⁸⁰ To date, the White House has not publicly released text of these bilateral agreements. Some U.S. producers have noted potential discrepancies in understanding between the United States and trading partners related to critical minerals provisions, which may require further clarification for full implementation of the agreements.⁸¹

Issues for Congress

Congressional Authorities over U.S. Trade Policy

A key question for Congress is the extent to which to exercise oversight of U.S. trade policy, including CMAs. Congress has constitutional authority over foreign commerce and tariffs and in the past has played a role in approving and implementing trade agreements. As discussed above, some Members of Congress have asserted that the executive branch should engage in more substantive consultations with Congress and seek congressional approval for sectoral agreements

⁷⁴ E.O. 14241.

⁷⁵ See, for example, Leslie Hook, William Wallis, and James Politi, "US in exploratory talks with DR Congo over mineral deal," *Financial Times*, March 7, 2025; and Christina Lu, "Trump's Chaotic Agenda Has a Critical Through Line," *Foreign Policy*, February 26, 2025.

⁷⁶ E.O. 14154.

⁷⁷ White House, "Fact Sheet: President Donald J. Trump Secures Agreement to Establish United States-Ukraine Reconstruction Investment Fund," May 1, 2025.

⁷⁸ "Agreement between the Government of Ukraine and the Government of the United States of America on the Establishment of a United States-Ukraine Reconstruction Investment Fund," April 30, 2025, available at <https://www.kmu.gov.ua/storage/app/uploads/public/681/33c/e8f/68133ce8f2e82842702204.pdf>. The Trump Administration has not published the full text of the agreement.

⁷⁹ U.S. Department of Energy, "United States and Saudi Arabia Strengthen Alliance with Energy & Critical Mineral Deals," press release, May 13, 2025.

⁸⁰ White House, "Joint Statement on Framework for United States-Indonesia Agreement on Reciprocal Trade," July 22, 2025.

⁸¹ See, for example, Doug Palmer, "US Steel Producers Confused by Mixed Signals on Indonesia's Nickel Export Ban," *Politico*, July 28, 2025.

like CMAs. In the 119th Congress, bills have been introduced that would authorize the executive branch to negotiate sectoral FTAs focusing on critical minerals and rare earth elements, and outline the consultation and approval processes for such agreements (e.g., S. 429). S. 429 refers to language in the last iteration of TPA, the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (P.L. 114-26), on negotiating objectives; congressional oversight, consultation, and reporting requirements; and implementation procedures. This approach would mirror previous congressional-executive approaches to trade agreements.

The 118th Congress also took action to bolster congressional participation in setting trade priorities and approving trade agreements. In August 2023, for example, Congress enacted P.L. 118-13, which retroactively approved a June 2023 U.S.-Taiwan trade agreement and outlined congressional-executive consultations and other requirements for future deals. When signing the bill into law, President Biden stated that he would treat certain parts of the legislation as “non-binding” in cases where he claimed they “impermissibly infringe” on the President’s constitutional authorities to negotiate with a foreign partner.⁸² Members could consider whether or not to take similar actions to retroactively approve the U.S.-Japan CMA or set priorities and other requirements for ongoing trade talks with Japan and other partners.

Those who favor comprehensive FTAs over sector-specific approaches could consider reauthorizing TPA (which could include language on critical minerals),⁸³ instructing the Trump Administration to restart comprehensive FTA negotiations with specific countries like Japan,⁸⁴ and directing the Trump Administration to engage in regional economic initiatives like CPTPP or IPEF.⁸⁵

Another related issue is whether Congress should exercise greater oversight regarding existing and potential tariffs that could impact critical minerals and key downstream products such as semiconductors and autos. Congress has delegated certain tariff authorities to the executive branch, which President Trump has utilized to impose tariffs on autos and investigate imports of semiconductors and critical minerals.

Some Members have supported the Trump Administration’s tariff actions and advocated for increasing presidential authority over trade (e.g., H.R. 735), asserting that tariffs could protect U.S. companies from unfair trade practices and encourage foreign companies to invest in U.S. production instead of importing goods.⁸⁶ Some groups have advocated for a targeted approach to tariffs, including exemptions for key allies and partners.⁸⁷ Other proposals have included instructing the executive branch, the U.S. International Trade Commission, or another agency to submit a report to Congress on the potential benefits and costs of U.S. tariffs, including U.S.

⁸² The White House, “Statement from President Joe Biden on H.R. 4004, the United States-Taiwan Initiative on 21st-Century Trade First Agreement Implementation Act,” August 7, 2023.

⁸³ See, for example, Rep. French Hill, “A History of Congressional Authority in U.S. Trade Policy,” *The Washington Times*, April 9, 2025.

⁸⁴ For example, H.Con.Res. 8, which expresses the sense of Congress that the United States should negotiate an FTA with Taiwan, and 117th Cong., S.Res. 134, which expresses the sense of the Senate that the President should conclude a comprehensive FTA with the United Kingdom.

⁸⁵ See, for example, Kati Suominen, *How Should Trump 2.0 Secure Global Supply Chains?*, Hinrich Foundation, March 4, 2025.

⁸⁶ House Ways and Means Chairman Jason Smith, “Chairman Smith: President Trump’s Trade Agenda Changes Our Trade Relationships to Source of Economic Strength and Revenue, Not a Source of Decline and Dependence,” press release, April 9, 2025.

⁸⁷ Reed Blakemore and Alexis Harmon, “Tariffs can help secure US critical mineral supply chains—if they’re done right,” Atlantic Council, April 18, 2025.

production capacity and investment in the U.S. critical minerals sector as well as related industries like autos and semiconductors (e.g., S. 959, H.R. 2287).

Critical Minerals Supply Chains

Another question for Congress is how to achieve its previously-stated aim of reducing U.S. reliance on PRC supply chains, and whether the Trump Administration's actions align with congressional goals. As discussed below, Members may have differing views on how to strengthen U.S. critical minerals supply chains—for example, whether the United States should focus primarily on bolstering domestic manufacturing capacity or prioritize collaboration with key trading partners.

Some have argued that the United States should focus primarily on promoting its domestic mining and processing capabilities to limit U.S. import reliance.⁸⁸ The Trump Administration has argued that tariffs could reduce imports and strengthen the U.S. industrial base. The Commerce Department is investigating the effects of imported critical minerals on U.S. national security and, based on the outcome of the investigation, the President may choose to impose tariffs or other measures.⁸⁹ The Trump Administration has also imposed tariffs on vehicles and auto parts and is investigating imports of semiconductors—both key downstream users of critical minerals.

There are also debates around the use of non-tariff measures to bolster domestic production capacity and importation of critical minerals from particular countries. Supporters of CMAs and other efforts to collaborate with key U.S. trading partners have emphasized how these measures can diversify U.S. sourcing of critical minerals, promote stronger labor and environmental standards in other countries, and increase the resilience of U.S. critical minerals supply chains. Many of them have encouraged investing in the critical minerals sector among like-minded trading partners, sometimes referred to as “nearshoring” or “friendshoring.”⁹⁰ Others have supported the Trump Administration's proposals to increase financing of critical minerals projects by the congressionally-authorized International Development Finance Corporation and the Export-Import Bank, including for like-minded partners.⁹¹

Those who support cooperation with U.S. partners on critical minerals have also emphasized the need to simultaneously bolster U.S. domestic production in order to decrease U.S. reliance on imported critical minerals.⁹² There are debates about the best approach, including whether to promote federal incentives or deploy trade tools, such as tariffs. Some have argued that since the United States does not currently have sufficient supplies of critical minerals, broad tariffs, such as those currently or potentially imposed by the Trump Administration, harm U.S. manufacturers

⁸⁸ See, for example, Senator Lisa Murkowski, “Murkowski: Trump Brings Serious Focus to Mineral Security,” press release, March 21, 2025; and National Mining Association (NMA), “NMA Testifies on How to Counter China's Grip on our Mineral Supply Chains,” press release, May 21, 2025.

⁸⁹ Executive Order 14272 of April 15, 2025, “Ensuring National Security and Economic Resilience Through Section 232 Actions on Processed Critical Minerals and Derivative Products,” 90 *Federal Register* 16437, April 18, 2025.

⁹⁰ See, for example, U.S. Congress, House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party, *Critical Minerals Policy Working Group Final Report, Creating Resilient Critical Mineral Supply Chains*, 118th Cong., 2024; Bentley B. Allan, “Establishing a critical minerals club across North America,” Brookings Institution, March 5, 2025; and Tom Moerenhout, “With or Without Tax Credits, a US-Indonesia Critical Minerals Agreement Could Raise Environmental Standards and Diversify Supply,” Center on Global Energy Policy at Columbia University, November 21, 2024.

⁹¹ E.O. 14241. See CRS In Focus IF11436, *U.S. International Development Finance Corporation (DFC)*; and CRS In Focus IF10017, *Export-Import Bank of the United States (Ex-Im Bank)*.

⁹² House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party, *Critical Minerals Policy Working Group Final Report, Creating Resilient Critical Mineral Supply Chains*.

who must import critical minerals.⁹³ Such groups have advocated for targeted tariffs coupled with federal incentives, investments, and regulatory reforms to develop U.S. critical mining capacity.⁹⁴

EV Tax Credits

Another question for Congress is how the recission of the IRA EV tax credits and changes to other related incentives might affect efforts to either bolster U.S. critical minerals supply chains or strengthen cooperation with trading partners. In July 2025, Congress enacted P.L. 119-21, which eliminates the IRA EV tax credit after September 30, 2025.

President Trump and other opponents of the IRA EV tax credit argued that U.S. taxpayer funds should not go to foreign companies and critical minerals investments in other countries.⁹⁵ President Trump and some critics of EVs also maintained the U.S. government should promote consumer choice instead of supporting EVs over other vehicle technologies.⁹⁶ Supporters of the IRA and the Section 30D EV tax credit argued that government support for EVs and related critical minerals supply chains was crucial for U.S. industry to compete with countries like China.⁹⁷ They argued that promoting EV demand and supply was a key element to developing better market viability for a critical minerals industry in the United States, and pointed to announcements of various U.S. manufacturing investments as evidence of the IRA's benefits.⁹⁸

Several automakers have asserted that EVs will be the dominant global vehicle technology in the future; some have argued that U.S. federal support is crucial in developing the U.S. EV market and allowing the U.S. industry to develop the economies of scale necessary to compete with other EV-producing countries. Some have further argued that if federal incentives are no longer available under the IRA, companies may choose to cancel, scale back, or stop investing in U.S. manufacturing.⁹⁹ Some analysts have noted that the termination of the Section 30D EV tax credit could diminish the benefits of the U.S.-Japan CMA, which was negotiated largely in connection with IRA requirements, and may disincentivize the negotiation of future CMAs.

⁹³ National Association of Manufacturers (NAM), "NAM: Tariffs Won't Boost U.S. Critical Minerals Production," press release, May 20, 2025.

⁹⁴ Jennifer Toy and Sydney Fultz-Waters, "Trump's Tariffs Are Harming US Critical Mineral Supply Chains," *Tech Policy Press*, April 9, 2025; and Blakemore and Harmon, "Tariffs can help secure US critical mineral supply chains—if they're done right."

⁹⁵ House Ways and Means Committee Chairman Jason Smith, "Chairman Smith Floor Remarks: Limit, Save, Grow Act," April 26, 2023.

⁹⁶ See, for example, E.O. 14154 and H.Rept. 118-169.

⁹⁷ Senate Democrats, "One Year After Introduction, The Inflation Reduction Act Passed By Senate Democrats Is Continuing To Spur Historic Investments Across The Country," press release, July 27, 2023.

⁹⁸ The American Public Power Association, "Inflation Reduction Act Increasing Demand for Minerals Critical to Energy Transition," press release, September 7, 2023; and the Electrification Coalition, "City Leaders Across the U.S. Urge Congress to Defend Federal EV Tax Policies That Are Powering Local Economies," press release, April 14, 2025.

⁹⁹ Coral Davenport and Jack Ewing, "Automakers to Trump: Please Require Us to Sell Electric Vehicles," *New York Times*, November 21, 2024.

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