



Resource Security Watch No. 40

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Related Categories: Democracy and Governance; Energy Security; Human Rights and Humanitarian Issues; Resource Security; Russia; Afghanistan; Ukraine

CRIMEAN DROUGHT ESCALATES TENSIONS BETWEEN UKRAINE AND RUSSIA

Some seven-and-a-half years after Russia's invasion of Ukraine and annexation of Crimea, Kyiv and Moscow continue to clash over the territory. These days, however, their dispute includes a new element: water. The combination of climate change and a Kyiv-led water blockade has created a significant drought in Crimea. In light of Crimea's reliance on a Soviet-built canal that previously provided up to 85 percent of the peninsula's water supply, inhabitants are struggling with decreased agricultural output and limited access to fresh water. This, coupled with rising food prices and Western sanctions, has served to undermine Moscow's position in the region. Ukrainian deputy prime minister Oleksii Reznikov told reporters that Kyiv is ready and able to provide Crimea with humanitarian assistance, including clean water, which it already does for the separatist-controlled eastern territories of Ukraine. However, no such request has yet been made. (*Insider Voice*, July 29, 2021)

CLIMATE CHANGE AND THE MILITARY

Pentagon advisors are sounding the alarm over the effects of climate change on U.S. military installations. During a July webinar, Joe Bryan, a senior advisor on climate to the Defense Department, noted that "[c]limate change is going to cost us in resources and readiness. The reality is that it already is." Indeed, a 2019 report by the Congressional Research Service found that 1,700 global military installations on coastlines managed by DoD could prove vulnerable to sea level rise. "Nearly all of our installations are exposed to some natural or climate-related threat such as hurricanes, tornados, wildfires, and extreme winter weather," the study noted.

Such climate considerations "have a direct impact on our ability to launch our missions, as our installations are a platform from which we project air power," according to Air Force spokeswoman Sarah Fiocco. In response, the Biden administration has asked for \$617 million in FY 2022 for climate change preparation, adaptation and mitigation, while the Pentagon has signaled that it considers climate change a priority as well. With the input of DARPA, the Army Corps of Engineers, and the Office of Naval Research, among others, U.S. military branches are proactively working to gauge the impact of environmental changes to installations to determine the necessary measures to adapt to the changing environment. (Congressional Research Service, July 26, 2019; *Defense News*, August 9, 2021)

CONGRESS FOCUSES ON RARE EARTHS AS PART OF INFRASTRUCTURE BILL...

The controversial infrastructure bill passed by the Senate in early August earmarked \$6 billion for battery processing and manufacturing projects, with an additional \$140 million for earth processing plants. The investment is a move by the Biden administration to secure access to rare earth elements (e.g., cobalt, lithium, etc.) to compete against tech behemoths like China, who provided 80% of America's imports of the elements last year. "The infrastructure bill seems intended to kick-start a domestic supply response, centered around the mineral processing link in the supply chain," writes Reuters columnist Andy Home. "The Biden Administration understands that without investing in domestic critical metals production capacity, it will struggle to deliver on its dual commitments to build back greener and 'Buy American' while doing so." However, bringing operations in-house comes with a host of environmental concerns and bureaucratic red tape. The investments will require an expansion of refineries in the United States, which will face environmental activist opposition as well as the navigation of bureaucratic hurdles with regard to regulations, permitting and compliance. (Reuters, August 12, 2021)

...AND IN NEW LEGISLATION

On August 13th, U.S. Representatives Eric Swalwell (D-CA) and Guy Reschenthaler (R-PA) introduced the *Rare Earth Magnet Manufacturing Production Tax Credit Act* in an effort to incentivize American manufacturers to produce rare earth magnets domestically. The bill establishes a \$20/kilogram credit for neodymium iron boron magnets made in the U.S, with the credit growing to \$30/kilogram for magnets made with rare earths sourced from American mines. Currently, the majority of such magnets, which are essential not only for electric vehicles but U.S. defense and industrial supply chains as well, are imported from China. With no existing facilities in the United States to produce rare earths magnets and the PRC threatening to halt exports, the urgency for such legislation is palpable for policymakers and manufacturers alike. (Reuters Business, August 10, 2021)

AFTER WITHDRAWAL, A NEW CONTEST OVER AFGHANISTAN

Long considered one of the poorest nations in the world, Afghanistan is emerging as a geopolitical prize for a surprising reason: rare earth elements. Pentagon experts have estimated that the Southwest Asian nation is currently sitting on mineral deposits worth nearly \$1 trillion. And, now that the United States has withdrawn military forces from Afghanistan, regional jockeying has begun among countries like China, India and Pakistan for access to this resource wealth. Of particular interest are Afghanistan's deposits of lithium, which are estimated to be some of the world's biggest. That makes the country especially attractive to China, whose state-backed Belt & Road Initiative relies heavily on access to lithium and rare earths, and which has already made concerted overtures toward the Taliban to ensure its interests are safeguarded in the new order. (*CNN*, August 19, 2021)