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Breaking China's Stranglehold: Trump's \$12B Critical Minerals Stockpile

Insight — February 6, 2026

Overview

President Trump announced the launch of a \$12 billion stockpile of critical minerals and rare earths on Monday, February 2, 2026. Dubbed “Project Vault,” the stockpile is funded primarily through a \$10 billion, 15-year loan from the U.S. Export-Import Bank (EXIM). Private companies, such as General Motors, Stellantis, GE Vernova, Google, and Boeing, among others, are also contributing \$1.67 billion in financing to the project. Project Vault is a shift from the Trump Administration’s previous approach of securing equity stakes in critical mineral companies and establishing floor prices (which the Trump Administration omitted in its recent investment in USA Rare Earth).

Project Vault Structure and Comparison to Existing Strategic Reserves

Project Vault is reported to consist of private companies signing material purchase agreements with the stockpile at a specific inventory price. Participating companies will pay carrying costs for the EXIM loan and physical storage while maintaining the ability to use their stored materials with replenishment requirements during normal operations, and gain access to the entire stockpile during major supply disruptions.

The new stockpile is comparable to the Strategic Petroleum Reserve (SPR) established in 1975 under the Energy Policy and Conservation Act. Under the SPR, the U.S. Department of Energy maintains federally owned oil stocks (currently around 415.2 million barrels) stored in massive underground salt caverns along the coasts of Texas and Louisiana.

Project Vault bolsters efforts already underway with the National Defense Stockpile (NDS). Managed by the Defense Logistics Agency (DLA) under the Strategic and Critical Materials Stockpiling Act, this existing stockpile contains 37 materials necessary to defense and civilian needs valued at roughly \$1.152 billion. The Strategic and Critical Materials Stockpiling Act provides a wider definition of materials covered than Project Vault: “(a)...supply the military, industrial, and essential civilian needs of the United States during a national emergency, and (b) are not found or produced in the United States in sufficient quantities to meet such need.”

Why Now? China's Supply Chain Dominance and U.S. Strategic Vulnerabilities

The move by the Trump Administration signals a continued focus on securing industrial raw materials to mitigate national security supply chain risks. China has a grip on 90 percent of global refining capacity for rare earths and at least 60 percent of rare earth mining, resulting in the U.S. lacking the domestic processing capacity to avoid downstream net-import reliance.

The Trump Administration has recognized this overreliance on overseas supply chains as a national security vulnerability, and, as shown with Project Vault, as well as bilateral agreements, will continue to aggressively pursue critical minerals independence. This risk, particularly around critical minerals and rare earths, was heightened last year when the Chinese Ministry of Commerce restricted critical mineral and rare earth technological equipment access for key U.S. industries. Beijing later resumed exports of rare earths—except for seven medium and heavy rare earth minerals that are indispensable for military hardware—when it suspended its implementation of the export controls until November 10, 2026. As the U.S.-China Economic and Security Review Commission has stated, China has already “shown an ability and willingness to weaponize its dominant position in critical minerals supply chains, including export restrictions on gallium, germanium, and rare earth magnets in 2023–2025.”

Recommendation for Clients

Holland & Hart's Federal Affairs team helps clients in the critical minerals and rare earths space develop strategic action plans to effectively navigate potential paths forward through securing federal financing, FAST-41 categorization, and support from the administration and Hill leadership, as well as assisting in identifying local and environmental opposition to projects.

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