

# THE CASE OF RARE EARTH ELEMENTS



## **Manufacturers Group: You are a Chief Sustainability Officer for a Major Automaker**

### **Your Background and Biography**

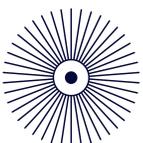
You grew up in Kyoto and were influenced by the priority your hometown places on preserving its surrounding natural environment over urban development. You've worked your whole career for the same large Japanese automotive company, where you were recently promoted to chief sustainability officer in charge of global and government affairs.

In your new position you are responsible for reducing the waste your company creates and for talking with governments around the world about environmental policies (especially air pollution). You want to ensure your company does not get a public reputation for hurting the environment.

Your company has made a big bet that electric vehicles are going to be the future of automobiles. You already have three models of electric cars selling well with more on the way. These vehicles are going to need a lot of rare earths, especially neodymium and dysprosium. And for many years to come your company is still going to need cerium for the catalytic converters on cars with internal combustion engines.

In 2010, during a territorial dispute between Japan and China, exports of rare earth elements to Japan suddenly dropped. Since China was the only major supplier of rare earth elements at that time, the metals' price skyrocketed. Your engineers found some clever ways to reduce how much rare earth metal your cars needed, but the price jump was a major wake-up call. Tensions between Japan and China have eased somewhat, but because of the history of contention between the two nations, this costly incident could happen again.

Your firm needs a more reliable supply of rare earth elements, preferably from outside China. You want an effective Sustainability Seal that makes it financially possible for more firms from around the world to start producing rare earths. Further, being the automaker who takes the lead in promoting socially fair and environmentally sustainable rare earth production could be good for your company's reputation. Still, your CEO reminded you to be aware of production costs before coming to this negotiation.



## Your Mission

Your goal at this hearing is to convince the Stewardship Council to include the Manufacturers Group's recommendations in its final Sustainability Seal guiding values. To make this argument effectively, you must do the following:

- Complete the assigned readings listed at the bottom of this page.
- Work closely with the other members of your group to develop clear answers to the Stewardship Council's questions.
- Use as much specific information as possible to develop strong arguments for your position that changing consumer demands require businesses to pursue creative problem solving and innovation in resolving the pressing issues caused by rare earth element mining, supply chains, and manufacturing.
- Read as much as you can about your position and the positions of the other groups.
- Complete written reflections on your character, interest group, and readings as assigned.

## Your Victory Objectives

- **You will receive 10 points** if the Stewards select your group's proposal as the final Sustainability Seal guiding values.
- The Stewards will rank the interest groups by how well their goals are represented in the final Sustainability Seal guiding values. **You will receive between 1 and 4 points** based on how the Manufacturers Group is ranked and how well the Sustainability Seal guiding values reflect your goals.

## SOURCES

### Group Sources

- Manufacturers Case Study: ["Using the Rare Earth Elements"](#)
- Ma, Alexandra. ["From iPhones to Fighter Jets: Here's a List of American Products That Could Be Affected If China Banned Rare-Earth Metal Exports to the US as a Trade-War Weapon."](#) *Business Insider*, May 21, 2019.

### Individual Sources

- Bailey, Gwendolyn, and Karel van Acker. ["Why the Electric-Vehicle Industry Must Work with the Producers of Rare Earths to Ensure a Sustainable Supply of These Critical Raw Materials for Europe."](#) Policy brief, EU MSCA-ETN DEMETER, September 2018.
- Edison Group. ["Electric Vehicles and Rare Earths."](#) Edison Investment Limited, January 29, 2019.



- Gerdeman, Dina. [“What Do Chief Sustainability Officers Do?”](#) *Forbes*, October 4, 2014.
- Nissan Motors. [“Fewer Rare Earths Build a Greener LEAF.”](#) June 8, 2016. (Video, 1:56 min.)

