Center for Strategic and International Studies

TRANSCRIPT

Event
Securing Critical Mineral Supply: A Government-Industry Dialogue
"Keynote with Secretary of Commerce Hon. Howard Lutnick"

DATE

Tuesday, February 3, 2026 at 5:15 p.m. ET

FEATURING

Howard Lutnick

U.S. Secretary of Commerce

CSIS EXPERTS

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Transcript By
Superior Transcriptions LLC
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Gracelin Baskaran: All right, we are getting ready. I mean, I think it's been a great agenda today. So it is my distinct pleasure to welcome and introduce Secretary Howard Lutnick, the 41st United States secretary of commerce, who is playing such a vital role in how the United States is thinking about critical minerals. He's viewing it not as a niche supply chain issue, but a core pillar of American economic security, industrial strategy, and geopolitical resilience. Under Secretary Lutnick's leadership, the Department of Commerce has been at the forefront of deploying trade, investment, and industrial policy tools to strengthen domestic production, secure allied supply chains, and counter the market distortions that undermine the long-term investments and the structural challenges we face today.

At a moment when price volatility, permitting risk, and geopolitical certainty are testing the viability of critical minerals projects worldwide, the department's role in sending clear demand signals and aligning policy with the commercial realities of what we have deemed a complex sector today, has never been more important. Secretary Lutnick brings a uniquely pragmatic perspective to this challenge, one grounded in markets, competitiveness, and execution. And I'm so delighted and honored to have him with us today to share how the administration is translating strategy into action, and what comes next for securing the minerals that underpin both our national and economic security. Please give us a round of applause for Secretary Lutnick. (Applause.)

Secretary Howard Lutnick: So I figured I'd start with a little story about myself, to give a sense of who I am. So I worked in finance before I had this job. My office was in the top of the World Trade Center, a company called Cantor Fitzgerald. And it was my company. So we hired people that we liked, right? And the rule of my company, and you could think of it, is like think of your rainbow of friends, right? On the right, you have your friends, smart, capable winners. The ones on the left make you laugh in a bar harder than anybody else, little wild, little crazy. We all have the same friends. So the rule of my company was, let's hire the ones on this side, OK? (Laughter.) So that was the model. And that was the company that was located in the top of the World Trade Center on 9/11, where we lost 658 of my 960 employees. I lost my brother, Gary. He was 36. I lost my best friend, Doug, who was 39. But I lost my other roommate in college's brother. I lost my other roommate in college's brother-in-law. That was true for everyone.

We went back and we rebuilt the company. And. God knows, I didn't want to work. Rebuilt the company for the purpose of taking care of the families of the people that we lost, right? So that was the driving force. Now we announced we were going to give 25 percent of our profits to those families. But, obviously, come on, the company was destroyed. Everybody was killed. What kind of profits is the company going to make? So we actually gave 25 percent of our payroll to the families. And basically, we would recruit someone and say, I can pay you $200,000, but we got to take care of the families, so I can only pay you 150,000 (dollars), we're going to send 50,000 (dollars) to the families. And then we sent them 55(,000 dollars), and then 60(,000 dollars) and 65(,000 dollars) as you got raises. And that lasted for five years.

So over those five years, we gave the families $180 million. And we gave him 10 years of health care. And we built back again. We hired people who were friends and did the same thing again. And I was focused on taking care of those families. And so that's what I did prior to joining the government. I've been friends with Donald Trump for more than 30 years. We used to go out together when we were young men. And we had fun together. And we've been friends for decades. After 9/11 he was, as he always is, a kind and warm individual.

So I had the benefit of traveling the campaign trail with him. He called me in November of 2023. And he asked me if I could help him. And the question was not only economic, which I did, but also to go on the campaign trail with him and help him design his economic and trade policy, which I did. And so I ran the transition team, which meant that I helped him hire the entire Cabinet and all the people here. I see Jacob Helberg here, and I helped recruit him into the government. It was fantastic. And, you know, so the model was, after I was done with that, I had planned to go back to my business world.

But the president had so much fun in the transition process, and if you remember back then it went very quickly, very successfully. And we built the greatest Cabinet ever to serve a president, because he had that experience. He knew what he wanted and how he wanted it, and that's what made it so powerful is that he had thought about it, and he knew what he wanted to achieve. And we weren't going to hold him back. We were going to have Cabinet secretaries that would drive his agenda forward, not be afraid and not be worried.

And so I joined the administration in Commerce to do trade and to do economic drivers, and if you remember in the first quarter when we first – when he was first inaugurated, I came out in my first set of economic comments. I said, this economic and tariff and trade policy is going to change the United States of America, and we were going to have 4 percent growth by the end of the year.

You look to us in the third and fourth quarter, those will be our economic numbers. Ignore the first quarter – that's a Biden number.

Second quarter will be transition. Third and fourth quarter will be our numbers.

But you're going to see growth of 4 percent, and people thought I was ridiculous. And in the third quarter we grew 4.4 percent. We're going to grow 5 percent in the quarter of the fourth quarter and I think we're going to grow 6 percent in the quarter that you're in.

This is the largest economy in the world, the $30 trillion economy, growing as the fastest economy on earth, OK, and what's that from? Is that's from us exporting our whole economy through all these decades, right?

Bretton Woods after World War II, then the Marshall Plan, right, and all these plans. And then we did – you know, we opened our markets to Europe and we took down our tariffs and they put up their tariffs. In Japan, we took down our tariffs – they put up their tariffs. The Korean War, we took down our tariffs – they put up their tariffs. Southeast Asia, we took down our tariffs – they took up their tariffs.

And basically what happened is $1.2 trillion of our economy, fully 4 percent of our economy, was exported and built up the economy of the rest of the world. So what happened in the third quarter? We grew 4.4 percent, the U.K. grew .1 (percent), Europe grew .4 (percent). Japan was negative-.6 (percent).

So it wasn't easy out there. But what's happening is America, which is great, which has greatness, is going to achieve under President Trump its economic prowess, and you're going to feel it and you're going to see it. That's why this is the place to invest and this is the place where people want to be because we are going to drive our economic growth for America first for our people.

Lots and lots of others will come with us and they will grow with us. But what they're supposed to do is they're supposed to do it with us. They're supposed to watch us. And so our view of Europe is Europe is an amazing – an amazing continent, 450 million people, $20 trillion economy.

But they have to stop smashing themselves on the head, right? They've got to figure out how to produce their own power. They've got to produce – they can't have rules that stifle innovation, right?

We have one company that's worth more than Germany, all of their companies, and Italy, all of their companies added together. We have one company in America worth more than that, because we are innovators, we are entrepreneurs, and we are out driving that kind of growth, right?

So we want Europe to be successful. We want all our allies to be successful. But we're pushing them to enable their power, enable their growth, enable their success, and watch us do it. Because we are going to do it and we are going to deliver numbers the likes of which no one has ever seen before.

And when we get a new Fed chairman and we cut interest rates, you're going to see numbers more than 6 percent, and no one thought in the first quarter when I said 4 (percent) I was laughed at. I was laughed at at 4 percent, and no one's laughing now, and they're not going to laugh at 5s (percent) and they're not going to laugh at 6s (percent) and let's see how high we can get.

OK. So that's the backbone, right – the background, the foundation of where we're going.

Now, you know, the problem that we're all here because we're talking about critical minerals, right? The problem is that prior administrations have slept through a whole variety of topics. They just slept through it, because industrial policy isn't fun and exciting as a political motivator, right?

Industrial policy. Imagine going to a dinner party and saying, I'm going to talk about industrial policy, and see how quickly everybody's head hits the plate, right? So what happened is we allowed ourselves to be – and sometimes played, and sometimes it's process, right?

We know – for example, we know that China does not have oil and natural gas. We do; they do not. So they need electric cars; we do not. We don't need electric cars. So the concept of environmentalists that we should be net zero and we should have all electric cars, that is just buying their sales pitch, which they need, right? They convince – our environmentalists convince us to close all our coal plants, and China opens a coal plant a week. So they're opening a coal plant a week and we're closing our coal plants. We are the fastest human being on Earth, and environmentalists are trying to convince us to take our right hand, hold our right ankle, and run the race, right? That's just not the way you win the race, right? You can't be so hypocritical that you buy their batteries and they pollute the heck out of the air while making the battery, right?

Imagine, right, we all know batteries of lithium ion, right? But if we don't mine lithium in America, we mine that lithium in Australia. And you know how clean they mine lithium in Australia. And then you put it on a truck, and you put it on a large vessel that goes 12,000 miles across the ocean. And you know how clean those are, right? They're really environmentally friendly, those giant boats that come across the 12,000 miles. And then you put that lithium in a car or in a truck, you drive that truck to the Tesla plant, and then you make an electric vehicle, and you feel good buying it thinking that you've done something good for the air. But if you actually calculate the full thing, you'll realize if you bought a Mustang it was much, much better for the air if you took the whole thing into consideration.

So what we're supposed to do, we're supposed to mine lithium in Nevada where we have it and in Arkansas where we have it. Then, if you put it in the truck, it would actually be environmentally very friendly. But you've got to stop being hypocritical and you start having to think about it. So once you understand things from that perspective, then you have a whole nother view of things.

See, in China there are 50 provinces. And those 50 provinces, they really want to make – they want to make an electric car, because if you don't – if you're in China and you don't have gas and oil, then you need electric cars. So they're all trying to make electric cars. So everybody's trying to kill each other making electric cars. You got 50 provinces and they each have a car company. And if you were the mayor of that province, would you only have one electric car company? No! What if that guy screwed it up? You have two. So two electric car companies, 50 provinces, you got a hundred electric car companies. They're all trying to kill each other.

In May of this year, all the electric car companies in China, they cut their price 34 percent. Do you – any of you know a car company that has 34 percent profit, that could cut their price 34 percent? See, it's all run by the local government, all financed by the local government. The capital's provided by the local government. The electronic – the electricity is provided by the electric government – the central government. So the point is they then try to sell those cars, since they can't make a hundred car companies; they make too many cars. And they're not trying to crush you with them; they're trying to crush each other.

And then they have too many cars, so that's why you call it dumping. They need to get rid of them. So they take this 40,000-euro car and they bring it to Europe, and they're just trying to get rid of it. So they sell it for 17,000 euro. And then you walk into the showroom and you see a 17,000-euro car and you say, my God, that car is amazing for 17,000 euro. Of course it is. It's supposed to be for sale for 50,000 euro and they're selling it for 17,000 (euro) because they're just trying to dump it and get rid of it to somewhere, somewhere.

And then their central government uses it as prowess, right, because if I sell those cars for 17,000 euro your car companies are toast. They're toast. So they have internal fighting produces external power. And once you understand that, you understand how it's easy for them to kick capitalists in the tail, right? Because they produce huge amounts of something. And then they put it on us at below market price. And then you get things like critical minerals, like magnets, right? You find magnets. They pay for the raw material for the same price they sell the finished good. So everybody will all sell them the raw material if they pay the same price, $50 a pound, for the raw material, and they sell the finished good for $50 a pound. That's a loser. But of course, it's a loser, because it's done for either dumping, if they're not winning inside the market, they dump, and then prowess, the ability to have it over you, right?

And once you're in central government and you think about those things, you think about chokepoints, you think about critical minerals. So they've been mining – these other countries have been mining and trying to get the raw material for decades. Well, we slept through it because we're capitalists. We think—right, we think about things from how we're going to make money. How we're going to do things the right way for our economy, right? And so the challenge is to seek the weaknesses we have, to seek the weaknesses in our supply chains, and to start to strengthen those supply chains with clear thought, clear action with our allies, clear action in America to break those chokepoints.

Because what we had before was other countries producing and selling to us inexpensively. That's good. What's bad about that? Until it's weaponized. And the day it's weaponized, you say, holy moly, what was I thinking? What were we thinking? Where were we and why did we allow this to happen? So we know it now. It's been weaponized. Now, don't forget that the United States' $30 trillion economy, is awesome. And we have at least as many things that they need of ours as we need of theirs. So there is balance, right? So that's why things didn't go badly when this first came out, right?

I called it mutual assured annoyance, right? (Laughter.) They wouldn't send us battery—you know, they wouldn't send us magnets, and we wouldn't send them ethylene, which makes plastic, right? And so things like that, where it's just annoying because you could replace these types of magnets, right? We started using magnets in 1965. It's not like a new technology, right? And plastic isn't new. We used to use naphtha to make plastic. Now we all use ethylene. But so these things – we have a lot of balance.

And the United States of America has at least as long a list as they have. So I think there will be balance. Meaning I'm not afraid. I'm not scared. Nothing bad is going to happen in this category, because there are so many things the United States can do on the other side that it doesn't seem like that's where the world is going. Our president and President Xi have a nice relationship. They both understand each other. So I think there'll be a level of reasonableness to outcomes.

But imperfect. And we need to fix that, OK? So these are national priorities now. We need to fix our critical minerals. We need to do it ourselves. We need to mine. We need to process. And we need to refine. And we need to produce the products of advanced manufacturing. And we need our allies to do the same. If our allies do the same, that will make our life better. That will make our life better. But it doesn't make our life perfect unless we all do it, and we do it now. And we do it now. And it can't be later. So we have to un-stall all the projects that the United States has had.

We've had projects on the books, projects waiting for permits, projects waiting for this, that, and the other thing. Ridiculous. Ridiculous. We need to unleash them, permit them, get them out. We need to deal with price, right? We need to produce the product and then we need to deal with price, like we do with autos. We just don't let them dump autos in America. We just don't let them do it. Europe let them do it and they're going to learn a valuable lesson. I mean, Canada, I don't understand, it's going to take 50,000 cars. I mean, what is that? Now I have to worry about sealing our border from those cars? Like, really? So some things just don't make sense, and people should just be sensible.

So we need to make sure people understand that we have a long-term interest in solving these equations here, because you can't finance a 20- or 30-year project unless you're confident the government and the policies of America are going to be here. Now, I think it was beneficial the weaponization of these things because it woke everybody up. You know, everybody was asleep. All of a sudden they went, oh my God, I got to pay attention. And then, what else are we in the same position? And then we're going to go fix that.

So we've started. You know, our agencies are coordinating. We have a national security rationale. We've made it clear to everybody that we're going to be there across critical minerals and across all the other chokepoints that we are studying and we are seeking to address. Critical minerals is just the name that everybody understands that's been weaponized, but there's a broader list of things called things we need that we don't want to be beholden, right?

We need to bring semiconductors to America. You can't have all semiconductor manufacturing 80 miles from China. That's just – that's just illogical, right? It's illogical. So we need to bring it back, right? We've started, right? We had zero of leading-edge manufacturing of semiconductors in America, and when we leave office my goal, right, for this administration is 40 percent market share in leading-edge semiconductor manufacturing. That means we're going to see $1.2 trillion of semiconductor manufacturing. This is not datacenters, right? This is wafers that then create trillions of dollars of GDP while those datacenters buy those chips that are now made in America. We're now making 2 million Blackwell chips in America, where we used to make zero. So that's a beginning, and you're going to see a rollout in hundreds of billions, and it's going to be 1.2 trillion (dollars). You got – Micron just broke ground at a $100 billion mega-fab, right, that's making high-bandwidth memory in America, right?

So we need – we need semiconductors. We need pharmaceuticals. We need KSMs – the key starter materials. We need the chemical ingredients, because if we make it, like you all know with critical materials, if you – if you want to make semiconductors but you don't have gallium or yttrium, then you just – you need to solve for the full bill of materials so that you're not subject to the whims of others, right?

Now, we can do it with our allies, of course. But you know you're doing it right when capital starts to come into the market, when people are excited to invest in your market and come into the market, right? Nobody was interested in mining four years ago, and now everybody is interested in mining now. No one was interested in refining, but everybody's interested in refining now.

We need to do processing and we need to do midstream, right? We need to make sure that we're not just exporting our raw materials, right, and we're not exporting our used materials, because we want to be able to take those used materials, right, and recycle them – recycle the minerals, recycle the material. We want to make sure we're not exporting the raw material; that we're processing it here, we're processing it with our great allies. We can't congratulate ourselves based on our efficiency, right? We have to congratulate ourselves on our capacity to stand conflict if necessary.

So we're backing serious investments in lithium and rare earth separations. Think smelting, right? We need – we need steel. We need aluminum. We need zinc. We need copper. We need to smelt. We need to pour. We need to be capable of building and taking care of ourselves, and making sure our allies are building and capable so that we can trust our supply chains. These are trusted supply chains. We need to make sure we're doing it, right?

And then we need to make sure we have downstream demand, right, that our companies are going to buy our products, and our allies are going to buy our products. We're going to set pricing policy. We're going to set tariff policy. We're going to create industrial policy, which made you fall asleep earlier in my talk. You realize it's going to be a defining moment on why you're willing to invest capital, right? You're willing to invest capital.

Like, the president just came out with one of my favorite statistics, which was that the United States of America just became a larger steel producer than Japan, right – we haven't been a larger steel producer in Japan in almost 30 years – because we're focused now on we need to make steel, we need to make aluminum, we need to make copper, we need to make zinc, and we need to produce the products with them, us or our allies. So we have downstream demand.

And then, of course, we have to do things together with our allies. We have to make sure that we're working closely together, that we're permitting, right, that government and industry works closely together. So we need to permit and you need to let us know if you're having a pain permitting so we can help you, right, because this permitting, you know, was a way to infiltrate your business with other people's opinions, right? If I don't want you to build it, I just don't give you a permit, right?

You remember that I said that Micron built a $100 billion mega-fab? The reason they couldn't build it was because there was a theoretical habit of two different types of bat that was in the trees. So think about it. The bat in the trees – theoretically, by the way – the bat in the trees was keeping 25,000 Americans from having great jobs and 40,000 construction workers building the $100 billion factory for the bats. So really they should have had the bats over for Thanksgiving because your relatives weren't coming over because they were unemployed, but the bats should be feeling good about themselves.

You know, so you got to realize that's true. That's true. What America first means is, come on, let's make sure that mega-fab is being built. And that's what the Trump administration does. It takes common sense and drives the common sense through the process.

So we're going to clearly be focused on making sure all critical minerals are produced, that the whole supply chain is produced, right? And we're going to study it and understand it. We're going to make sure our tariff policy supports it. We're going to make sure our industrial policy supports it. We're making sure our government as a whole supports it. And that's who we are.

So while prior administrations were asleep at the wheel, the Trump administration is the opposite. We are the wheel. We are driving it forward. We're going to make investments where we need to make investments. We're going to put capital where we need to make capital. We're going to make partnerships where we need to have partnerships. We're going to design and develop outcomes that are good for the United States of America, good for our – think about this. We did a critical mineral stockpile not for the military – we already have that – but for business, so that if it gets weaponized the government can be there to support our industry. I mean, that's an administration that is forward-leaning, it is smart, it's thoughtful, it's moving, it's fast, and it understands scope and scale in a way that none of our predecessor administrations as far back that I can see has ever thought of that.

So the United States intends to lead. We're going to lead with our partners. But we are going to solve our chokepoints. We're going to do it fast. We're going to work really hard to make sure we do it before we leave office, right? We've got three years left. We got to work our tails off to get there. And I really appreciate you having me here today, and I look forward to you guys having a great – a great meeting. Thanks. (Applause.)

(END.)