

COMPANION BRIEF • CONTRACTOR READINESS

Before the First of January

A working checklist for suppliers to the Department of War, drawn from NPSI Special Briefing NPSI-20261027, *The 2027 Cliff*. It reads public texts as of 27 October 2026. It is not legal advice, and a contracts lawyer should read your own clauses.

Who is caught

- Any item, at any tier, containing a covered material: samarium-cobalt or neodymium-iron-boron magnets, tantalum metals and alloys, tungsten metal powder or tungsten heavy alloy. Commercial items included. [Source: 10 U.S.C. § 4872; DFARS 252.225-7052]
- From 1 January, material mined, refined or separated in China, Russia, Iran or North Korea, as well as melted or produced there. [Source: Pub. L. 119-60 § 848]
- Off-the-shelf items escape only if they are less than 50% covered material by weight. Mill products not yet in an end item stay covered. [Source: 48 CFR 225.7018-3]
- Molybdenum is in the statute but not yet in the clauses. Gallium and germanium join on 18 December 2027. [Source: Pub. L. 119-60 § 844]
- Prime purchases at or below the simplified acquisition threshold, and most electronic devices, remain excepted in the DFARS. [Source: 48 CFR 225.7018-3]

Which clause is in your contract

CLAUSE	WHAT TRIGGERS IT	WHAT IT MEANS FOR YOU
252.225-7052 (May 2024)	Delivery date. The upstream bar applies to material delivered on or after 1 Jan 2027, even under older awards	Stock bought years ago can be caught. Seek an amendment
252.225-7961 (June 2026)	Award date. The upstream bar applies to contracts awarded on or after 1 Jan 2027	Map your bill of materials before you bid
Both in one contract	7961 does not expressly displace 7052	Ask for a written amendment deleting 7052

Clause readings follow Pillsbury, 21 Oct 2026, and Wiley, 24 Jul 2026. Class Deviation 2026-O0041 Rev. 1 itself could not be retrieved.

TEN ACTIONS

What to do before 1 January

- 01 **Pull every open contract, subcontract and purchase order.** Record the clause number, award date and each delivery date. [Source: Pillsbury, 21 Oct 2026]
- 02 **Rank by exposure.** Deliveries due on or soon after 1 January under clause 7052 come first. [Source: Pillsbury, 21 Oct 2026]
- 03 **Ask for the amendment.** Where an award predates 2027, seek a written change deleting 7052 and inserting 7961. [Source: Pillsbury, 21 Oct 2026]
- 04 **Push it down the tiers.** A modification at the prime does not flow to your suppliers by itself. [Source: Pillsbury, 21 Oct 2026]
- 05 **Build the indentured bill of materials.** Trace each covered material to the mine of origin. The coming rules will require it. [Source: EO 14415 § 3(b)]
- 06 **Flag the hard parts first.** High-temperature NdFeB with dysprosium or terbium, samarium-cobalt, tungsten heavy alloy and powder, and tantalum powder processed in China. [NPSI assessment]
- 07 **Keep the paper.** Hold records of where each stage happened: mining, refining, separation, melting, production and final manufacture. [Source: Pillsbury, 21 Oct 2026]
- 08 **Draft the mitigation plan now.** Name the non-compliant source, document exhaustive efforts, set the removal steps and a timeline. Without one, no nonavailability waiver. [Source: EO 14415 § 2(b)]
- 09 **Fund the alternative.** Qualification efforts must be "active, adequately funded, and ongoing". Failing to qualify a source is not, by itself, nonavailability. [Source: EO 14415 § 2(c)]
- 10 **Vet your suppliers.** Financial risk, foreign ownership or control, and supply concentration. Expect a 15-day risk notice and a 45-day corrective plan in the rules. [Source: EO 14415 § 3(b), (c)]

DO NOT ASSUME

That the age of your inventory protects you under 7052; one law firm reads it as offering no general grandfather. That a waiver is routine; from 1 January it needs a plan. That Congress will repeal the bar; the House text would, but nothing is law. That China's suspension dates are settled; the notices still read 10 and 27 November. [Source: Pillsbury, 21 Oct 2026; EO 14415; H.R. 8800 § 1803; MOFCOM, 2025 to 2026]

MATERIAL BY MATERIAL

Where the risk sits

MATERIAL	CHINA'S SHARE	HIGHEST-RISK FORM	NON-COVERED OPTIONS	WATCH
NdFeB magnets	Separation 91%; magnets 94%	Grades with dysprosium or terbium	MP, eVAC, Noveon, USA Rare Earth; Neo in Estonia	Heavy rare earths priced at up to 16× outside China
SmCo magnets	Controls on samarium since Apr 2025	Any SmCo	Arnold, Electron Energy; Less Common Metals	Lynas samarium oxide only since Mar 2026
Tungsten	79% of mine output	Heavy alloy and powder	Korea (Sangdong), allied processors; Nevada from 2027 to 2028	APT about 9× its 2025 low
Tantalum	47% of US metal and powder imports	Powder and wire processed in China	Global Advanced Metals; Brazil, Australia, Rwanda ore	Ore about 3× the 2025 average
Gallium, germanium	99% and 91% of primary output	GaN devices; infrared optics	Alcoa, Atalco, Umicore, Teck, 5N Plus	Covered from 18 Dec 2027

Sources: USGS Mineral Commodity Summaries 2026; IEA, Oct 2025; Benchmark Mineral Intelligence, 25 Sep 2026; S&P Global, Aug 2026; company releases. Supplier names are illustrative, not endorsements.

The dates

10 Nov	Expiry in the text of China's suspension notice for its October 2025 controls.
27 Nov	Expiry of China's pause on its US gallium and germanium ban.
31 Dec	House NDAA repeal trigger, if enacted.
1 Jan	Upstream bar; waiver cut-off without a plan.
10 Jan	End of the extended US-China arrangement.
~16 Jan	EO 14415 guidance due; rules about 90 days later.
18 Dec 2027	Gallium and germanium covered.

The full assessment, with sources, figures and a line-by-line check of the circulating draft, is in NPSI Special Briefing NPSI-20261027, **The 2027 Cliff**, at npsi.ca.