Critical Minerals Legislation

Witnesses
Jeff Doebrich
Mineral Resources Program Coordinator (Acting), U.S. Geological Survey

Accompanied by:
Marcilynn Burke, Deputy Director, Bureau of Land Management, Department of the Interior
Dan Sullivan
Commissioner, Alaska Department of Natural Resources
Steven Duclos
Chief Scientist and Manager-Materials Sustainability, General Electric
Jim Engdahl
President and Chief Executive Officer, Greater Western Minerals Group LTD

Subcommittee Members Present
Doug Lamborn, Chairman (R-CO)
Rush Holt, Ranking Member (D-NJ)
David Rivera (R-FL)
Bill Johnson (R-OH)
Bill Flores (R-TX)
Glenn Thompson (R-PA)

Full Committee Members Present
Doc Hastings, Chairman (R-WA)
Ed Markey, Ranking Member (D-MA)
Hank Johnson (D-GA)

Mounting concerns over the limited U.S. supply of critical minerals, as China continues to reduce exports, led the House Subcommittee on Energy and Mineral Resources to hold a hearing on June 3, 2011 to discuss two bills that address the issue. The National Strategic and Critical Minerals Policy Act of 2011 (H.R. 2011), presented by Subcommittee Chairman Doug Lamborn (R-CO) and Full Committee Chairman Doc Hastings (R-WA), would provide $ 1 million for a six month study that would cover all critical minerals. In contrast, the RARE Act of 2011 (H.R. 1314), co-sponsored by Subcommittee Ranking Member Rush Holt (D-NJ), Full Committee Ranking Member Ed Markey (D-MA), and Representative Hank Johnson (D-GA), would provide $10 million for a three year study that would focus only on rare earth elements.

Chairman Lamborn began the meeting with an opening statement that emphasized the importance of critical minerals to national security and the economy. This point was reiterated many times throughout the hearing by representatives from both parties. Lamborn further explained that although the two bills were created to address this issue, they differed in their approaches. Lamborn pointed out that domestic mining has been on the “back burner” for a long time. “Job creation is plummeting” in the United States, Lamborn said. He noted that mining jobs pay well and offer better benefits than any other rural job. He added that these jobs are not just for geologists but for biologists, the construction industry, and other skilled and non-skilled workers. Hastings added that creating these jobs is necessary in order for the U.S. to remain competitive in the global economy.

Holt, in his opening remarks, agreed that developing rare earth minerals is of critical importance. He noted that the national understanding of rare earths is “young and not highly developed.” His primary concern with H.R. 2011 is that the bill does not allot enough time or money to achieve the goals outlined. H.R. 1314 addresses these issues by providing more time and more money for the study, Holt argued, while narrowing the scope to only the area of greatest need, rare earth minerals. The bills differ in the amount of funding and time allotment that they would give to the United States Geological Survey (USGS) for an assessment of domestic critical minerals as well as the scope of the study.

Markey began his testimony by acknowledging that besides Holt, the committee’s “resident scientist,” no one else on the committee could probably name a single rare earth element. “Let’s call them all ‘importing-um,’” he joked, with reference to the fact that the U.S. imports 100 percent of critical minerals. He added that Holt’s bill is supported by the U.S. Magnet Materials Organization.

Jeff Doebrich, the Mineral Resources Program Coordinator for the USGS, discussed the research that the USGS has already done on rare earth element resource assessments and outlined the next steps in improving our knowledge of these resources. He stated that H.R. 1314 outlines a reasonable approach for achieving these next steps. However, he emphasized that the activities called for in the bill are already within the Department of the Interior authorities and any additional assessments would compete with existing administration priorities. In his testimony, Dan Sullivan, Commissioner of the Department of Natural Resources for the State of Alaska, stressed the significant role that Alaska will play in any plans for critical mineral development, as the state has “world class” deposits of many rare earth minerals. Alaska is taking a leadership role in the issue and seeks a partnership with the federal government. The government has hindered development through slow permitting processes, which can take seven to ten years, and he would like to speed up the process. Steven Duclos, Chief Scientist and Manager-Materials Sustainability at General Electric, testifying on behalf of the National Association of Manufacturers, called attention to the importance of addressing the shortage of critical minerals in the manufacturing supply chain. The last witness, Jim Engdahl, CEO of Greater Western Minerals Group, testified about the importance of having separate assessments for different critical minerals. Like Sullivan, he called for the streamlining of the permitting process for mineral extraction.

Lamborn began the question and answer session by asking Doebrich how data previously acquired by the USGS would be utilized in the assessment. Lamborn added that he wanted an ambitious six month plan because he assumed that the study would build upon existing data already stored on an Environmental Protection Agency (EPA) database. He stated firmly that he does not want to send geologists into the field to look at regions that have already been assessed. Doebrich countered that the scope of the desired assessment needs to be more clearly defined. He added that the USGS is in the preliminary process of implementing the assessment and plans to begin in 2013. Lamborn did not seem particularly pleased by this and stated firmly that he would like to jumpstart that process.

Lamborn then asked Duclos if a six month or three year study would be better, highlighting the major difference between the two bills. Duclos responded that a short and comprehensive study is the best option. Later in the hearing, Lamborn further questioned Duclos if he would prefer a study only on rare earths or on all critical minerals and Duclos responded that rare earths should be the focus of the study.

Johnson asked questions on the specifics that differentiate the two critical mineral bills. He asked Doebrich if he felt that a global assessment of rare earths, as called for in H.R. 1314, is a logical next step. Doebrich responded that it is important to have a global perspective as the critical mineral economy is global. Johnson then asked Engdahl if he felt that $10 million over three years was excessive to which Engdahl responded that it seemed like a reasonable ballpark figure.

Holt, whose bill is comprehensive in addressing the entire life cycle of critical minerals, asked several questions focused on the feasibility of reuse and recycling of rare earths. Holt asked Duclos if, from a manufacturer’s perspective, he felt that companies would give full cooperation in disclosing what is used and can be reused in the production process. Duclos responded that manufacturers would be very open to recycling and that they would be willing to share materials information with the government so long as that information is not disclosed to other corporations.

Representatives Holt, Lamborn, Johnson, Bill Flores (R-TX), and Glenn Thompson (R-PA) focused questioning on understanding the specific problems with the permitting process. Holt expressed frustration that many people complain about the permitting process and the “big bad Department of the Interior” but do not offer suggestions for improvement. Sullivan suggested that there be one single group that leads companies and state governments through the permitting process, rather than the multiple federal organizations that currently administer permits. He added that ideally the process should take one to two years rather than seven to ten. Marcilynn Burke of the Department of the Interior, who accompanied Doebrich to the witness stand, added that the average time for processing a permit request is actually around four years. Later in the questioning, she added that there are currently no mining permits for rare earth minerals pending. She noted that the permitting process is expedited for renewable energy sources as opposed to mining and oil and gas extraction. Lamborn expressed agitation that all projects are not given the same “equitable treatment.” He added curtly, “That’s something we’re going to want to delve more into, I can guarantee you that.”

Duclos explained that in Canada the permitting process is not much faster than in the U.S. while in South Africa the permitting process is more streamlined. Engdahl noted that environment and safety concerns are critical but the length of the process could be decreased through cooperation between state and provincial governments. Holt pointed out that Canada has equal or more stringent regulations than the United States but remains a leader in the mineral industry, to which Engdahl agreed.

Written testimony, text of the legislation, opening remarks and an archived webcast is available from the House Committee on Natural Resources web page.