HOUSE COMMITTEE ON
NATURAL RESOURCES
RANKING MEMBER BRUCE WESTERMAN

To: House Committee on Natural Resources Republican Members
From: Subcommittees on Energy and Minerals and Oversight and Investigations Staff; Ashley Nichols (Ashley.Nichols@mail.house.gov) and Sang Yi (Sang.Yi@mail.house.gov)
Date: October 18, 2021
Subject: Republican Forum: "Biden's Afghanistan Crisis: Forfeiting U.S. Investment in Critical Minerals to the Taliban"

The Committee on Natural Resources Republicans will host a virtual forum titled "Biden's Afghanistan Crisis: Forfeiting U.S. Investment in Critical Minerals to the Taliban" on **Friday, October 22, 2021, at 10:00 a.m. EDT** via Zoom.

Member offices are requested to notify Baylee Seeman (Baylee.Seeman@mail.house.gov) by **10:00 a.m. EDT on Thursday, October 21, 2021.** This is a virtual forum, but Members may participate virtually from Room 217 of the Capitol Visitor Center if they choose, using their own devices and headphones. Committee Republican staff will be present to assist during the forum. Please contact Bailey Mailloux (Bailey.Mailloux@mail.house.gov) should any technical difficulties arise.

I. KEY MESSAGES

- President Biden's disastrous withdrawal from Afghanistan opens the door to China to expand their control of the critical minerals supply chain.
- Contrary to President Biden's statements of accounting for every contingency during the military withdrawal from Afghanistan, U.S. investments to map and survey Afghanistan's critical minerals are now available for use by the Taliban or other hostile foreign actors.
- As the Biden Administration's renewable energy goals rapidly accelerate mineral demand, the United States should meet our resource needs with domestically produced or ally-supplied minerals, not rely on geopolitical foes.

II. WITNESSES

- Dr. Joe Felter, Research Fellow at the Hoover Institution, Former Deputy Assistant Secretary of Defense for South Asia, Southeast Asia, and Oceania.
- Ms. Mary Hutzler, Distinguished Fellow, Institute for Energy Research

- Dr. Hugh B. Miller, Associate Professor and Research Director, Energy, Mining and Construction Safety Program, Mining Engineering Department, Colorado School of Mines.

III. BACKGROUND

This forum presents an opportunity for Members to highlight one of the many consequences of President Biden's disastrous withdrawal from Afghanistan: the detailed information on critical mineral reserves left behind for the Taliban. This forum will analyze the scope of this problem and identify potential ways to prevent the Taliban from profiting from Afghanistan's natural resources.

U.S. Withdrawal from Afghanistan

To the dismay of the nation, President Biden abandoned Americans, Afghan allies, and military assets during his botched withdrawal from Afghanistan in August 2021. Throughout the withdrawal process, President Biden claimed his Administration "planned for every contingency."[1] Despite these assurances, the Biden Administration clearly failed to adequately account for many consequences. During the withdrawal, a suicide bomber at Kabul's airport tragically took the lives of at least 180 people, including thirteen American service members.[2] Through the combined efforts of the United States and its allies 124,000 civilians were evacuated, but as many as 200 Americans and the majority of tens of thousands of Afghans who worked for the United States or its allies were left behind.[3] Although the military supported keeping 2,500 troops in the country, President Biden opted for a complete withdrawal.[4] He also chose to abandon the military's base at Bagram, leaving behind an estimated 3.5 million items, including vehicles, weapons, and ammunition.[5]

Prior U.S. Investment in Afghanistan's Oil, Gas, and Mineral Industry

Not only did President Biden leave people and equipment behind, but he also abandoned U.S. investments in the Afghan oil, gas, and mineral industries. Between 2004 and 2019, the U.S. Geological Survey (USGS) spent more than $81 million to survey Afghanistan's minerals, with scientists making more than 250 trips to research the country's natural resources.[6] The minerals

[1] The Honorable Joseph R. Biden, President, Remarks on Afghanistan (Aug. 16, 2021), *available at* https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/08/16/remarks-by-president-biden-on-afghanistan/.
[2] Michael R. Gordon, Gordon Lubold, Vivian Salama, & Jessica Donati, *Inside Biden's Afghanistan Withdrawal Plan: Warnings, Doubts But Little Change*, The Wall St. J. (Sept. 5, 2021), https://www.wsj.com/articles/inside-the-biden-administrations-push-to-exit-afghanistan-11630855499.
[3] *Id.*
[4] *Id.*
[5] Ehsanullah Amiri & Gordon Lubold, *After U.S.'s Bagram Exit, Afghans Face the Taliban Alone*, The Wall St. J. (July 5, 2021), https://www.wsj.com/articles/after-u-s-s-bagram-exit-afghans-face-the-taliban-alone-11625517960?mod=article_inline.
[6] *The Importance of and Path to Achieving Mineral Security, and Consideration of S. 1052, The Rare Earth Element Advanced Coal Technologies Act, and S. 1317, The American Mineral Security Act*, 116th Cong. (2019), Questions for the Record at 68-69.

discovered are estimated at a combined value between one and three trillion dollars.[7] For example, based on the amount of lithium in the country, the Department of Defense (DoD) anticipated that Afghanistan could become the "Saudi Arabia of lithium."[8] Other resources discovered included rare earth elements, gold, platinum, silver, copper, iron, aluminum, uranium, coal, chromium, lead, zinc, gemstones, talc, sulphur, travertine, gypsum, and marble.[9]

In addition to mapping Afghanistan's resources, USGS also provided technical and legal support to stimulate the mining industry's growth.[10] For example, USGS collected and shared data with the Afghanistan government to promote economic development.[11] USGS also invested significant time into educating and training Afghan scientists, engineers, and mining officials.[12]

DoD's Task Force for Business and Stability Operations (TFBSO) and the U.S. Agency for International Development (USAID) invested more than $480 million in efforts to develop extractive industries in Afghanistan.[13] TFBSO and USAID focused on assisting the Afghan Ministry of Mines and Petroleum, as well as developing regulatory reforms aimed at attracting private sector investment.[14]

President Biden clearly failed to account for every contingency. The Taliban not only gained control of Afghanistan's wealth of natural resources, but also the critical investments the United States made in the country's oil, gas, and mineral industries. The research funded by American taxpayer dollars is now available for the Taliban to use to their benefit.

IV. DEMAND FOR CRITICAL MINERALS

President Biden is driving up demand for the very resources his Administration abandoned in Afghanistan. Critical minerals are integral to our economy and modern way of life. They are used in almost all high-tech devices, including smart phones, computers, lasers, and satellites, and are also essential to renewable energy technologies, electric vehicles, and battery storage.

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[7] Frank Holmes, *Afghanistan is Sitting on a Gold Mine. Literally.*, FORBES (Aug. 30, 2021), https://www.forbes.com/sites/greatspeculations/2021/08/30/afghanistan-is-sitting-on-a-gold-mine-literally/?sh=184e14107ca8.
[8] *Id*.
[9] *Id*.; *Factbox: What Are Afghanistan's Untapped Minerals and Resources?*, REUTERS (Aug. 19, 2021), https://www.reuters.com/world/asia-pacific/what-are-afghanistans-untapped-minerals-resources-2021-08-19/.
[10] SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION: QUARTERLY REPORT TO THE UNITED STATES CONGRESS (Jan. 30, 2018) at 10.
[11] News Release, U.S. GEOLOGICAL SURVEY, *New Maps of Afghanistan Provide 'Fingerprint' of Natural Resources* (Mar. 10, 2014), https://www.usgs.gov/news/new-maps-afghanistan-provide-fingerprint-natural-resources.
[12] *See* Kathryn Hansen, *Afghanistan's Mineral Resources Laid Bare*, Earth (Jan. 23, 2012) https://www.earthmagazine.org/article/afghanistans-mineral-resources-laid-bare/; Patricia Waldron, *The Wealth Under Afghanistan*, Inside Science (Sept. 17, 2014), https://www.science20.com/inside_science/the_wealth_under_afghanistan-145048.
[13] SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION: AFGHANISTAN'S OIL, GAS, AND MINERALS INDUSTRIES - $488 MILLION IN U.S. EFFORTS SHOW LIMITED PROGRESS OVERALL, AND CHALLENGES PREVENT FURTHER INVESTMENT AND GROWTH (Jan. 2016) at 1.
[14] *Id*. at 2.

The World Bank predicts that consumer demand will drive up production of commodities like graphite, lithium, and cobalt by almost 500 percent by the year 2050.[15] Increasing demand is not limited to minerals listed as "critical" by the Department of the Interior (DOI). For example, copper will be vital to the future energy sector due to its ability to conduct electricity. Copper demand for power lines is expected to more than double over the next twenty years.[16] USGS has estimated that Afghanistan may hold 60 million metric tons of copper.[17]

President Biden issued several Executive Orders that will increase the United States' demand for critical minerals. By 2030, the Biden Administration aims for 50 percent of new cars and light trucks to be zero-emission vehicles[18] and to double the nation's offshore wind production.[19] Access to critical minerals is crucial for meeting these targets. For example, in comparison to a conventional car, an electric car requires six times the mineral input.[20]

V. CHALLENGES TO U.S. PRODUCTION

Developing a mine is a lengthy and capital-intensive process, and American regulatory hurdles add further challenges. The first task requires locating an economically viable deposit, which takes years. In the United States, exploration is followed by almost a decade of permitting due to environmental review requirements under the National Environmental Policy Act, and other laws, before production can even begin.[21] It routinely takes over ten years and $1 billion in start-up capital before a company produces any product.[22] This overly burdensome and litigation heavy process threatens our national security, and significantly hampers our economy. According to a DoD mineral supply chain report, "annual domestic mining activities, valued at less than $100 billon, enable more than $3 trillion in domestic value-added industry sectors, out of a $20 trillion economy."[23] DoD also highlighted the impact of critical minerals, stating that, "without these materials, history shows that industrialized nations have been compelled to make performance trade-offs and suboptimal capital allocations, which contributed to their defeat on the battlefield."[24]

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[15] Press Release, WORLD BANK GROUP, *Mineral Production to Soar as Demand for Clean Energy Increases* (May 11, 2020), https://www.worldbank.org/en/news/press-release/2020/05/11/mineral-production-to-soar-as-demand-for-clean-energy-increases.
[16] James Marshall, *Insufficient Minerals Threaten Energy Transition — report*, E&E NEWS (May 5, 2021), https://www.eenews.net/greenwire/stories/1063731805.
[17] Ahmad Shah Katawazai, *Afghanistan's Mineral Resources Are a Lost Opportunity and a Threat*, THE DIPLOMAT (Feb. 1, 2020). https://thediplomat.com/2020/02/afghanistans-mineral-resources-are-a-lost-opportunity-and-a-threat/
[18] Exec. Order 14037, 86 Fed. Reg. 43583 (Aug. 10, 2021).
[19] Exec. Order 14008, 86 Fed. Reg. 7619 (Feb. 1, 2021).
[20] *The Role of Critical Minerals in Clean Energy Transitions*, INTERNATIONAL ENERGY AGENCY (May 2021) at 30, https://iea.blob.core.windows.net/assets/278ae0c8-28b8-402b-b9ab-6e45463c273f/TheRoleofCriticalMineralsinCleanEnergyTransitions.pdf.
[21] Briefing from the National Mining Association (March 2019).
[22] *Id*.
[23] *Building Resilient Supply Chains*, DEP'T OF DEFENSE (June 2021) https://www.whitehouse.gov/wp-content/uploads/2021/06/100-day-supply-chain-review-report.pdf at 153-154.
[24] *Id*. at 153.

Despite substantial mineral reserves in the United States, the vast majority of hardrock resources are imported, particularly from China.[25] Complications in foreign relations with China or other foreign suppliers, could cause severe shortages in resources for the United States. Moreover, since the United States employs some of the best environmental and human labor standards in the world, maximizing domestic production of these metals and materials are preferable.[26] Creating barriers for domestic production may satisfy environmental activists, but these impediments are detrimental for our nation.

Twin Metals

The Duluth Complex in Northern Minnesota is one of the largest undeveloped mineral reserves in the world, estimated to contain 7.7 billion short tons of ore in total.[27] Vast amounts of copper and nickel, as well as cobalt and platinum metal groups, began to attract investment from prospective developers decades ago, but production has yet to begin due to actions by the Obama Administration, litigation, and very high capital and exploration costs. The current operator, Twin Metals Minnesota, is planning to mine 180 million short tons over 25 years.[28]

Resolution Copper

Another U.S. mining project is the proposed Resolution Copper mine located near the town of Superior, Arizona. The land exchange facilitating the project was signed into law in 2014, as part of the Fiscal Year 2015 NDAA.[29] Public engagement on the Resolution Copper project has been occurring since 2011, with Resolution Copper consulting with the U.S. Forest Service, local tribes, non-governmental organizations, local elected officials, and other stakeholders.[30] Despite these efforts, in March 2021 the Biden Administration rescinded the Final Environmental Impact Statement and draft Record of Decision on the final day of the public comment period citing the consultation process.

These examples highlight why domestic critical minerals production continues to lag and investment in domestic mining projects is rare.

VI. CONCERNS TIED TO ACTIVITY BY GEOPOLITICAL FOES

As demand for these minerals continues to grow, foreign adversaries may reap the benefits of U.S. taxpayer funded research and efforts to develop Afghanistan's natural resources.

The Taliban

Prior to overtaking the Afghanistan government, the Taliban was estimated to profit between $200 and $300 million annually from illegal mineral extraction, three hundred times more than

[25] *Mining the Future,* Foreign Policy (May 1, 2019), https://foreignpolicy.com/2019/05/01/mining-the-future-china-critical-minerals-metals/

[26] Testimony of Abigail Wulf on behalf of Securing America's Future Energy (SAFE), Committee on Natural Resources Republican Forum, "Critical Minerals: Addressing Supply Chain Challenges and Rising Demand" (May 18, 2021), https://2uj256fs8px404p3p2l7nvkd-wpengine.netdna-ssl.com/wp-content/uploads/2021/05/2021-18-May-GOP-mineral-forum-testimony_Final.pdf

[27] Twin Metals Minnesota. Staff briefing. (Feb. 3, 2020); Mining Minnesota, *Minnesota's Vast Mineral Resources*, http://www.miningminnesota.com/duluth-complex/

[28] *Id.*

[29] Public Law 113-291.

[30] Briefing from Resolution Copper (March 6, 2020).

the Afghanistan government's revenues from the same industry.[31] In 2019, Afghanistan's Ministry of Mines and Petroleum released a report on the country's resources.[32] The report estimated that the country possessed copper worth billions of dollars, and enough iron ore to be worth $350 billion.[33] After conducting surveys of Afghanistan's natural resources, a USGS geologist stated, "if Afghanistan has a few years of calm, allowing the development of its mineral resources, it could become one of the richest countries in the area within a decade."[34] Although the Taliban would need to address the existing infrastructure challenges hampering immediate development, they now have access to a trove of valuable resources.

China

China is unquestionably the biggest player in the global minerals market, controlling much of the global extraction and refinement capacity. If raw materials are not mined in China, then they are often produced in Chinese-owned mines in Africa or other continents.[35] China is also the world's dominant leading producer of rare earth elements.[36] Conversely, the United States has only one developed deposit — the Mountain Pass Mine near Las Vegas, owned by MP Materials — which supplies about 15.8 percent of the world's rare earth elements.[37]

China has existing investment in a copper mine near Kabul,[38] and alarmingly, is prepared to participate in the reconstruction of Afghanistan under the Taliban's rule.[39] Biden's withdrawal provided China with an opportunity to become a key economic partner, constructing necessary infrastructure, as the Taliban seeks to develop Afghanistan's natural resources.[40] China continues to communicate with the Taliban,[41] categorizing the current Taliban as "more sober and rational."[42] China may also expand its Belt and Road Initiative[43] to include Afghanistan,

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[31] SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION: QUARTERLY REPORT TO THE UNITED STATES CONGRESS (Jan. 30, 2018) at 8.
[32] *Factbox: What Are Afghanistan's Untapped Minerals and Resources?*, REUTERS (Aug. 19, 2021), https://www.reuters.com/world/asia-pacific/what-are-afghanistans-untapped-minerals-resources-2021-08-19/.
[33] *Id*.; Ahmad Shah Katawazai, *Afghanistan's Mineral Resources Are a Lost Opportunity and a Threat* (Feb. 1, 2020), https://thediplomat.com/2020/02/afghanistans-mineral-resources-are-a-lost-opportunity-and-a-threat/.
[34] Julia Horowitz, *The Taliban are Sitting on $1 Trillion Worth of Minerals the World Desperately Needs*, CNN (Aug. 19, 2021), https://www.cnn.com/2021/08/18/business/afghanistan-lithium-rare-earths-mining/index.html.
[35] Aaron Ross and Karin Strohecker, *EXCLUSIVE Congo reviewing $6 bln mining deal with Chinese investors*, Reuters (August 30, 2021), https://www.reuters.com/world/africa/exclusive-congo-reviewing-6-bln-mining-deal-with-chinese-investors-finmin-2021-08-27/
[36] Tom Daly, *China Hikes 2021 Rare Earth Quotas by 20% to Record Highs*, REUTERS (Sept. 30, 2021), https://www.reuters.com/business/energy/china-hikes-2021-rare-earth-quotas-by-20-record-highs-2021-09-30/.
[37] *Supra* note 7.
[38] Iain Marlow &Enda Curran, *As US Exits Afghanistan, China Eyes $1 Trillion in Minerals*, BUSINESS AND ECONOMY NEWS | AL JAZEERA (Aug. 24, 2021), https://www.aljazeera.com/news/2021/8/24/as-us-exits-afghanistan-china-eyes-1-trillion-in-minerals.
[39] *Id*.
[40] *Supra* note 35.
[41] Julia Horowitz, *The Taliban Are Sitting on $1 Trillion Worth of Minerals the World Desperately Needs*, CNN (Aug. 19, 2021), https://www.cnn.com/2021/08/18/business/afghanistan-lithium-rare-earths-mining/index.html.
[42] *The CCP Embraces the Taliban but the Chinese People Do Not Buy It*?, BREAKING LATEST NEWS (Aug. 21, 2021), https://www.breakinglatest.news/world/the-ccp-embraces-the-taliban-but-the-chinese-people-do-not-buy-it-partners-good-friends/.
[43]Andrew Chatzkey & James McBride, *China's Massive Belt and Road Initiative*, COUNCIL ON FOREIGN RELATIONS (Jan. 28, 2020), https://www.cfr.org/backgrounder/chinas-massive-belt-and-road-initiative (Launched in 2013 by

which would be welcomed by the Taliban[44] and could alleviate many of the current infrastructure challenges facing mineral production in the country.

VII. REPUBLICAN SOLUTIONS AND INITIATIVES

Minerals, or products made with minerals produced by the Taliban, should not be purchased by the United States or our allies. The best way to ensure such avoidance is to support domestic mineral production. The United States employs world-class scientific advancements and operates under some of the world's most rigorous environmental and safety standards. It is in the best interest of the United States to maximize production and development domestically or in conjunction with our allies, so that we can ensure minerals will be sourced in a safe, sustainable manner.

Efforts Through the Amendment Process
During markup of the Reconciliation package, Republican Members offered amendments to thwart this threat. The amendments included proposing efforts to assess Afghanistan mineral development, production, and trade while Afghanistan is under the control of the Taliban and prohibiting funds from being used to finance, construct, or maintain renewable energy projects or batteries with materials sourced from or manufactured in China or Afghanistan. Unfortunately, these efforts failed to garner any support from Committee Democrats.

Potential Legislative Solutions
Congressional Republicans have introduced legislation to counter the consequences of the Taliban gaining control of Afghanistan's natural resources:

H.R. 5088 (Gosar), the Stopping Terrorist Minerals Trade Act. This bill prohibits the importation of any mineral or product produced with minerals from Afghanistan unless the minerals were produced before the Taliban takeover or a fair, free, and democratic government has control of Afghanistan and is not funding, supporting, or engaging in global terrorism.

H.R. 5404 (Steube), the Taliban Rare Earth Minerals Sanctions Act. This legislation seeks to impose sanctions on foreign persons or entities sourcing rare earth minerals in Afghanistan.

H.R. 2637 (Waltz-Gosar), American Critical Mineral Independence Act of 2021. This bill streamlines the domestic permitting process, increases mineral mapping, and supports research and development efforts to promote the domestic production and processing of critical minerals.

H.R. 2604 (Stauber), Accessing America's Critical Minerals Act of 2021. This legislation simplifies the mining permitting by establishing deadlines for environmental review, establishing a lead federal agency, and other changes to expedite mineral development on federal lands.

President Xi Jinping, the Belt and Road Initiative is a massive infrastructure project meant to stretch from East Asia to Europe).
[44] *Afghanistan: Taliban to Rely on Chinese Funds, Spokesperson Says*, ALJAZEERA (Sept. 2, 2021), https://www.aljazeera.com/news/2021/9/2/afghanistan-taliban-to-rely-on-chinese-money-spokesperson-says.