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Energy and Minerals Resource Sub-committee

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Statement of the National Mining Association
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My name is Connie Holmes, senior economist and director of international policy at the National Mining Association (NMA). NMA appreciates the opportunity to testify before the House Resources Committee in strong support of H.R. 6080, the Resources Origin and Commodity Knowledge or ROCK Act.

NMA is the principal representative of the producers of most of the nation's coal, metals, industrial and agricultural minerals; the manufacturers of mining and mineral processing machinery, equipment and supplies; and the engineering and consulting firms, financial institutions and other firms that serve the mining industry. Our association and our members have a significant interest in ensuring the widespread and public availability of critical information on mining and mineral commodities, the objective of the ROCK Act.

NMA commends the committee for your leadership in bringing a serious issue to light and for taking action to legislate a sound solution. The importance of accurate and timely information about metals and minerals cannot be underestimated. Metals and minerals and the products that they make possible form the basis of our economy and ensure our national security. Just as business requires sound, accurate, and timely data and analysis to use as the basis for making decisions, so too does the Congress, federal, state and local governments and the public require such data in order to form public minerals policies.

Unfortunately, over the last ten years various administrations have failed to recognize the importance of maintaining a central data base that includes information on US metals and minerals as well as international information on these same commodities. During this time, our capability to collect, maintain, analyze and disseminate this data has declined sharply. The timeliness of the data that remains has declined as well. Clearly, this is not the fault of the professional and exemplary efforts of the Minerals Information Team (MIT) – the group within the United States Geological Survey (USGS) charged with the collecting, maintaining and reporting minerals and metals data. The MIT collects and disseminates data on virtually every commercially important non-fuel mineral commodity produced worldwide.

Rather, it is due to the constant decline in appropriations for MIT activities that has resulted in a reduction in staff and expertise. This in turn has forced a reduction in the scope of the data collected, its timeliness and the ability to provide needed analysis of the U.S. minerals situation to Congress, other government agencies and the public. The United States has gone from possessing one of the best and most relied upon collection of metals and mineral information to holding a collection more akin to those found in second tier mineral producing countries. This downgrade has caused serious ramifications for U.S. business and most particularly to the U.S. government, including our defense sector. Both short and long term decisions are now being made without the benefit of needed information.

The public and private sectors rely on the MIT information to better understand the use of mineral materials and their ultimate disposition in the economy; to use national resources efficiently; and to forecast future supply and demand for minerals both in the United States and globally. Information provided by MIT is used in the analysis of policies, in formulating plans to deal with shortages and interruptions in metal and mineral supplies and in the development of strategies to maintain America's competitive position in the global economy.

MIT data is used by:

- National security agencies to develop an understanding of strategic and critical minerals and to understand the effect that changes in natural resource markets can have on the economic and political stability of developing countries.

- The Department of Defense to help manage the National Defense Stockpile.
- The Federal Reserve Board for critical economic forecasting.
- The Department of Commerce's Bureau of Industry and Security to analyze and resolve trade disputes.

And, of course, Congress uses the data and analyses stemming from it as the basis to determine public policy.

There are critical non-governmental uses for this data as well.

- Manufacturers need the data, because as primary users of minerals, they need to know production trends and other information to project price, availability and other factors.
- Financial institutions use the data to make loan decisions based on availability of minerals.
- For market analysts and academicians the data is the only source for the majority of the U.S. statistical data on mining and mineral commodities.
- The mining industry uses the data to make sound marketing, finance and land-use decisions.

The United States has an abundance of natural resources including the metals and minerals that are the foundation of our industrial economy. Only the combined countries of the former Soviet Union and Australia ranked higher than the U.S. in a recent study of the global distribution of 15 metals with important uses. However, our nation is becoming more dependent upon foreign sources to meet our metal and minerals requirements, even for minerals with adequate domestic resources. America now depends on imports from other countries for 100 percent of 17 mineral commodities and for more than 50 percent of 42 mineral commodities.

This increased import dependency is not in the national interest. Increased import dependency causes a multitude of negative consequences, including aggravation of the U.S. balance of payments, unpredictable price fluctuations and vulnerability to possible supply disruptions due to political or military instability. It is irresponsible to ignore the vast mineral resources we have within our nation's boundaries. But, what if our nation did not have the data required to tell us how our import dependency is increasing? Or how vulnerable we are to supplies from less than stable governments? Or why prices are increasing and supplies decreasing due to demand from other countries? Without the MIT and the data it collects we could not answer those questions or determine potential market problems in advance.

The Bureau of Land Management's (BLM) recent statement on "Energy and Non-energy Minerals" acknowledges the government's responsibility to decrease our nation's dependency on overseas sources of minerals. In particular, the policy reaffirms the importance of the Domestic Minerals Program Extension Act of 1953, which recognizes:

"... the continued dependence on overseas sources of supply for strategic or critical minerals and metals during periods of threatening world conflict or of political instability within those nations controlling the sources of supply of such materials gravely endangers the present and future economy and security of the United States. It is therefore declared to be the policy of the Congress that each department and agency of the Federal Government charged with responsibilities concerning the discovery, development, production, and acquisition of strategic or critical minerals and metals shall undertake to decrease further and to eliminate where possible the dependency of the United States on overseas sources of supply of each such material."

This act is still relevant to our country's increasing vulnerability to access strategic and critical minerals, and the potential adverse impact of that vulnerability on national and homeland security. This law and our government's responsibility to decrease dependency on foreign minerals cannot be implemented without the minerals information provided by MIT.

Our vulnerability to over-reliance on foreign supplies is exacerbated by competition from the surging economies of countries such as China and India. As these countries continue to evolve and emerge into the global economy, their consumption rates for mineral resources are ever-increasing as they build their economies using the same mineral resources that we used to build and maintain our economy. As a result, there exists a much more competitive market for global mineral resources and some mineral resources that we need in our daily lives are no longer as readily available to the U.S.

Increasing globalization and demand for minerals necessitate an understanding of the international factors that affect the supply and demand of the resources

U.S. is competing for, the demand for which is increasing both domestically and internationally. For example, China's consumption of copper has more than quadrupled in the last decade and China's consumption outstripped that of the U.S. in 2002. MIT's supply and consumption data is the only source of minerals information that provides the necessary understanding of international factors that could adversely affect the U.S. Creating an independent agency will ensure that such data continue to be collected and help insulate the MIT from repeated budget cuts.

As recently as last winter the Office of Management and Budget included the Minerals Resource Program on a list of programs for reduction or elimination. Administration budget requests consistently recommend eliminating our ability to collect and analyze international minerals data, at a time when the minerals industry is becoming more global and America is becoming more dependent on imports for more commodities. Even as you are holding this hearing, the Minerals Information Team is considering further staff reductions and taking other actions to meet another reduced budget in FY2007. Congress cannot act too soon to stem this tide by acting expeditiously to pass H.R. 6080.

The ROCK Act will ensure the wide availability of minerals information by making the United States Geological Survey's (USGS) Minerals Information Team (MIT) an independent agency within the Department of the Interior.

NMA appreciates the opportunity to express its support for H.R. 6080 and looks forward to the establishment of an independent Minerals Information Agency within DOI. I would be happy to answer any questions.