

**Testimony
of
Daniel McGroarty
American Resources Policy Network
Oversight Hearing
of the
U.S. House of Representatives
Committee on Natural Resources
Sub-Committee
on
Energy and Mineral Resources**

**“America’s Mineral Resources:
Creating Mining & Manufacturing Jobs and Securing America”**

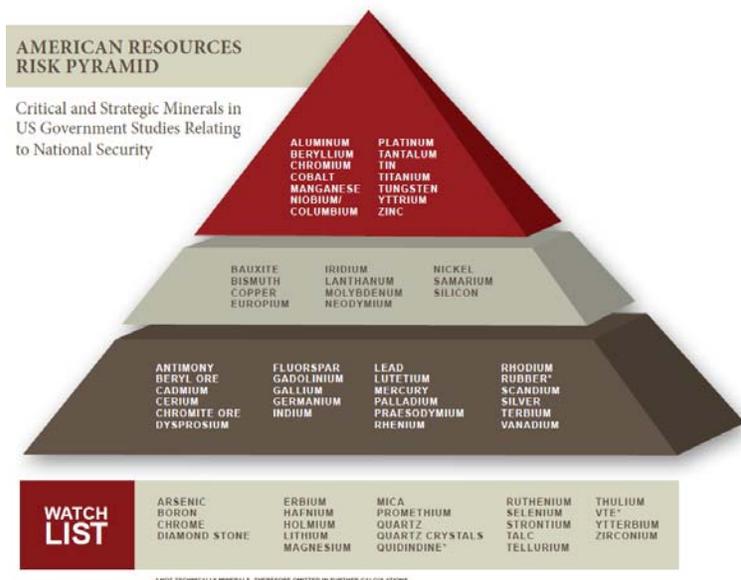
Thursday, March 21, 2013

Chairman Lamborn, my thanks to you and your colleagues on the House Sub-Committee on Energy and Mineral Resources for the opportunity to testify today. I am Daniel McGroarty, President of the American Resource Policy Network, a non-profit think tank and experts organization dedicated to informing the public -- and the ongoing policy debate -- on the importance of developing U.S. mineral and metals resources -- and reducing America’s dangerous dependency on foreign sources of supply.

I am also an officer and director of U.S. Rare Earths, a publicly-held company currently developing Rare Earths properties in three states, with the aim of adding to the domestic supply of metals critical to our high-tech and green-tech sectors, as well as the U.S. military’s advanced defense systems. The subject before this sub-committee this morning – America’s Mineral Resources: Creating Mining & Manufacturing Jobs and Securing America – is critical to so many of the pressing policy issues before the Congress today, whether it’s the restoration of American manufacturing prowess, or restoring our economy to sustainable growth, or supporting our high-tech sector and our green-tech transition – and of course, as the last portion of our title today suggests: “Securing America.”

As a significant first step towards aligning our public policy with the goal of strengthening our resource sector, I want to focus on one of the bills before this Committee and this Congress: HR 1063, the “National Strategic and Critical Minerals Policy Act of 2013,” introduced by Chairman Lamborn.

As the bill notes – and I quote -- “the United States has vast mineral resources but is becoming increasingly dependent on foreign sources.” The bill buttresses this statement with data on the degree to which the U.S. is 100% foreign-dependent on certain metals and minerals – 18 at present -- up from six 25 years ago. Last year, when my organization, American Resources, did a risk screen for metals and minerals used in defense applications, we derived a “risk pyramid,” with 46 metals on it – with China being the single largest supplier. But as we looked further at known resources located in the United States, we found that the U.S. is home to resources for 40 of the 46 metals and minerals on our risk pyramid.



In other words, if we are foreign-dependent for a wide range of hard rock resources, it is a dependency that is largely self-inflicted.

As I see it, the Lamborn bill takes three steps that would help the U.S. formulate a targeted policy to reduce -- and in the case of many metals, eventually eliminate – our foreign dependence.

First – via Section 4 – the bill strengthens our assessment capability. We can’t begin to systematically address our resource dependence if we lack current, comprehensive data on the depth of that dependence. And that assessment, in turn, requires solid data on the extent to which potential resources might be found on federal lands – including lands withdrawn from mineral exploration and development – as well as the uses to which various metals are put across our economy and in our defense sector – and finally, a review of our current foreign suppliers, with an assessment of the likelihood of shortfalls or supply

disruptions. Because in a world of resource nationalism, foreign dependence for critical metals can be used as leverage – commercial, but also military – that can induce economic shock to the American system.

And yet even before the U.S. Government begins collecting data, the agencies involved must begin by sorting through a half-dozen conflicting definitions of critical and strategic metals – one so tight that it produced a single strategic metal to the exclusion of all others – and some so vague that the entire Periodic Table might be eligible for inclusion.

The second key section in the Lamborn legislation concerns eliminating needless duplication in the mine permitting process – a process that today, in the leading independent study, earns the U.S. worst-in-the-world ranking, tied for last with Papua New Guinea, with the average mine permitting process in the U.S. taking 7-10 years. And this metric is getting worse, not better: Just 4 years ago, in 2009, the same study found the U.S. process took an average of 5 to 7 years.

And little wonder why. One day, the DoD releases a study showing 23 metals and minerals in potential shortfall, while the DoE declares a dozen minerals critical to the green-tech and clean-energy transition. But at the very same time the U.S. EPA moves to stop a proposed American copper mine – a metal whose short supply, DoD tells us, has already caused “a significant weapon system production delay” – before the permitting process has even begun.

So with so many mixed signals coming from the federal government, let’s ask ourselves: If you were an American manufacturer, dependent on metals and minerals engineered into your products, could you risk waiting for a reliable source of American supply? Or would you build your new facility where the metals are – in China, perhaps – exporting jobs and Intellectual Property, sacrificing GDP and feeding a negative balance of trade as we buy back products that could have been, should have been, made here in America?

Mr. Chairman, we need to recognize that Made in America often begins with Mined in America. The Lamborn bill puts us back on that track.

The third feature in HR 1063 that I want to mention today is the requirement for a National Mineral Assessment, updated at 2-year intervals. Critical metals are technology-dependent; and as technology evolves over time, so too will our tool-kit of critical metals. In Roman times, sodium chloride – salt – was a critical mineral, essential to preserving food for armies on the move. In Adam Smith’s time, he classed gunpowder and sailcloth as critical materials, and the father of free-market theory warned Britain against being dependent on foreign sources of supply. In our Moore’s Law world, as technology cycles are measured in months, not years, we will need to constantly update our understanding of what metals and minerals deserve to be called critical.

The Lamborn bill is a solid test of our seriousness on this issue. If enacted, it would provide the fact-base for a data-driven assessment of our domestic resource potential, our vulnerability to foreign supply, and the obstacles that stand between us and a greater degree of resource independence.

I commend the Chairman for his leadership on the critical issue of critical metals, and for the Committee's focus today on the various bills that are the focus of this hearing. America has the good fortune to be a resource-rich nation. Sound policy can help ensure that our resources will be used to support our economic strength and our national security – and reduce the dangers of resource dependence in our uncertain world.

Thank you.

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