

Admin outlines critical minerals efforts, promises push against China

Manuel Quinones, Environment & Energy Publishing, 6-15-11

A key Obama administration official told lawmakers on Capitol Hill yesterday that efforts were being made to address the domestic supply of important materials for economic growth and energy independence.

"The executive office of the president in this administration has been focused on this issue for well over a year," John Holdren, director of the White House Office of Science and Technology Policy, told lawmakers at a hearing of the Investigations Subcommittee of the House Science, Space and Technology panel. The comments come amid criticism that the White House is not paying enough attention to the issue.

Holdren detailed efforts by an interagency working group on the issue that has been meeting since last March. He also spoke about research and development efforts, and a \$20 million proposal in the president's 2012 budget blueprint for a Department of Energy Innovation Hub on critical materials.

"Yes, it is more cost effective and more productive to bring more disciplines together," said David Sandalow, assistant secretary of Energy for policy and international affairs, defending the idea. He added that it would bring together "some of the best minds in a single place."

Holdren and Sandalow highlighted the need to gather more information on the issue, promote recycling of critical materials and find alternatives. While they expressed support for domestic mining and exploration efforts, they also touted international cooperation.

Holdren said, "In the short term, the administration can use diplomacy and trade relations, as well as taking steps to facilitate domestic production."

Pressed for more details, Holdren touted efforts by the State Department to engage countries on the subject and ongoing efforts at the World Trade Organization and with Chinese officials to address that country's decision to curtail exports of rare earths -- a series of elements essential in the production of numerous technologies.

Rep. Sandy Adams (R-Fla.) asked, "Are we making any headway?"

"It is my impression that we are making some headway there," Holdren responded.

When it comes to domestic production, Holdren said, "I am prepared to agree with you that we need to simplify the permitting as well." He made the comment under pressure from panel Republicans who have made cutting red tape for mining projects a priority.

Many Democrats have been pushing back on efforts to streamline the permitting process, fearful that Republicans want to bypass environmental safeguards.

Subcommittee ranking member Donna Edwards (D-Md.) said that lawmakers who blame red tape for China's dominance in rare earths "are overlooking the reality that the key lever the Chinese used to win a virtual global monopoly in mining in the first place was cut-throat pricing."

Not only is China the leading producer of rare earths, the country is also benefitting from downstream highly

coveted industries that rely on the elements.

With numerous bills and executive efforts to rebuild American dominance, skeptical lawmakers wondered how the United States could prevent China from retaking the market once again through price manipulation.

"We will out innovate them," Holdren said. "If we out innovate them, they won't be able to."