

Industry and GOP lawmakers, citing shortage of rare earth materials, demand less red tape

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Mining industry leaders and some lawmakers say high taxes, burdensome regulations and litigation are keeping the United States from accessing the critical materials necessary for economic development and a clean energy future. At a hearing of the House Energy and Mineral Resources Subcommittee yesterday, Obama administration critics stressed the need to streamline the permitting process to ensure a domestic supply chain of rare earth elements and a wide array of other resources.

"Less than half of the mineral needs of U.S. manufacturing are met from domestically mined resources," said Hal Quinn, president of the National Mining Association. "And when secure and reliable mineral supply chains disappear from our shores so do the downstream industries, related jobs, innovation and technology that depend on them."

Lawmakers and industry leaders stressed former U.S. dominance in the mining of rare earth elements, which are important in numerous advanced technologies, from essential magnets to mobile phones. China is now the world's leading producer, with policies to train experts in the field and attract companies that depend on rare earths.

Mining is not the only issue, however. Many lawmakers and experts say industries and supply chains that are important to the global economy and national defense are increasingly flourishing overseas, leaving the United States vulnerable to supply disruptions.

Ed Richardson, president of the U.S. Magnetic Materials Association, said China now controls more than 75 percent of the production of neodymium iron boron magnets, which are used in motors and computer drives. Rare earth value chain assets are virtually nonexistent in the United States, he said.

"China is in full sprint, they see us standing at the starting line. They're saying 'We're doing this, you're talking about it,'" said Daniel McGroarty, president of the American Resources Policy Network, an advocacy group. He is also on the board of Colorado Rare Earths, one of the many companies working on exploring or mining the coveted elements.

While much of the focus has been on rare earths, especially since China announced its curtailment of exports, lawmakers have increasingly begun discussing a wider array of resources like lithium, essential in advanced batteries, and copper, used in hybrid cars.

For example, the United States has historically been a top producer of copper, but America's reliance on imports has been on the rise. At the hearing, Rep. Paul Gosar (R-Ariz.) touted legislation that would facilitate the mining in his home state of what is called the third largest undeveloped copper resource in the world.

Subcommittee Chairman Doug Lamborn (R-Colo.) said, "The United States has abundant copper resources and could benefit greatly from development of projects like Resolution Copper in Arizona."

Critics stressed the burden of environmental lawsuits and delays in the permitting of mining projects, a process that can sometimes take a decade or more. They also cite restrictions to mining on public and private land.

"It's almost as if those regulatory agencies have become the 'Department of No,'" said Rep. Bill Johnson (R-Ohio), a frequent critic of President Obama's environmental oversight policies, especially with relation to coal mining.

Similarly, Rep. Jeff Duncan (R-S.C.) asked, "Will we have a mine-there-and-not-here philosophy like we have a drill-there-and-not-here philosophy with this administration?"

Mine, baby, mine?

Even though industry critics and GOP lawmakers used the hearing as part of their longstanding battle against what they call the Obama administration's regulatory heavy hand, the critical elements debate is surfacing as an issue with significant bipartisan attention.

Rep. Rush Holt of New Jersey, the subcommittee's top Democrat, said, "It's vital to American competitiveness that we too develop a long-term strategy."

However, Holt and other experts have been warning that more domestic extraction is not necessarily the solution to the country's mineral and resource needs.

"An oversimplified 'mine, baby, mine' mantra won't create a domestic supply chain," Holt added.

And a renowned expert in the field, Massachusetts Institute of Technology professor Robert Jaffe, said, "The U.S. cannot mine its way to [energy critical element] independence. Yes, we should certainly pursue domestic mining when economically appropriate."

The military factor

Although the clean energy and technology sectors make up the lion's share of demand for rare earth materials, defense systems like laser gun sites and smart bombs also rely on the materials. That has got some members of Congress worried, especially since a 2007 National Academy of Sciences report found that the Defense Department did not have a good handle on its needs for critical materials, including rare earths, and that the department's stockpiling strategy was outdated.

Retired Air Force Maj. Gen. Robert Latiff, who led the academy committee that penned the damning report, said DOD has made some progress in recent years but that the issue is far from resolved.

A 2009 report from DOD to Congress on the issue of critical materials indicated that some weapons systems had been delayed by shortages of materials, including copper, Latiff said.

"Any disruption in the supply of materials when manufacturing weapons systems leads inevitably to increased costs, increased time line," he said.

That has some lawmakers pushing for DOD to begin stockpiling rare earths and other critical materials. Rep. Mike Coffman (R-Colo.), who also sits on both the minerals subpanel and the Armed Services Committee, introduced an amendment to next year's defense spending bill that would require DOD to come up with a plan for creating an inventory of rare earths. Separately, Coffman also introduced legislation in April that would create a defense stockpile of two critical types of magnet alloys and would use DOD purchasing power to support domestic production.

"These rare earths are found to be critical to the functionality of numerous weapons systems," Coffman said. "An inventory would help assure defense manufacturers that they will have access to a reliable domestic supply to meet national security requirements."

The issue of stockpiling is a controversial one -- several of the panelists argued that building a general U.S. stockpile would stifle innovation -- but experts including Jaffe and Colorado School of Mines professor Roderick Eggert said defense needs are an area where stockpiling may be useful.

New legislation this week

Despite the existence of numerous pieces of legislation dealing with rare earths and critical elements, Lamborn is getting ready to introduce yet another one this week, saying, "Our national mineral policy is failing our nation." His bill is expected to be along the lines of other measures that call for more government information about U.S. mineral needs and current barriers.

"We don't know fully the status of the workforce with mining and materials expertise or a decent assessment of permitting time lines for projects on federal lands, with its associated litigation and hurdles to domestic development," Lamborn said. "But we need these answers."