KEYNOTE ADDRESS
Technology and Rare Earth Metals Center's 12th Annual Conference
March 13, 2012
Sen. Lisa A. Murkowski

Good morning, and thank you, Jim, for that kind introduction. It's great to be here with you for the twelfth installment of this important conference. Last year I was forced to record a video message – played on a DVD player containing rare earth magnets, no doubt – so it's really nice to be here in person with such an impressive crowd.

Let me start by thanking you for your hard work to meet the challenges and opportunities presented by rare earth elements. As you all know, we have a very real problem on our hands right now.

Minerals are the building blocks of our nation's economy. From rare earths to molybdenum, we rely on minerals for everything from the smallest computer chips to the tallest skyscrapers. Minerals make it possible for us to innovate and invent – and in the process they shape our daily lives, our standard of living, and our ability to prosper.

There is no question that a stable and affordable supply of minerals is critical to America's future competitiveness. And yet – despite that – our mineral-related capabilities have been slipping for decades. Rare earths garner most of the headlines, but we are 100 percent dependent on foreign sources of 17 other minerals and more than 50 percent dependent on foreign sources for some 25 more. For years, the government has been content to report on those facts – without doing much to change them.

The good news is that awareness of these trends is increasing. Thanks in no small part to your efforts, more members of Congress are now realizing that we face a big problem

that must be addressed. In the Senate alone, 24 different Senators – nearly a quarter of those serving – are supporting legislation to address some aspect of this problem.

The bad news is that so far, those efforts have fallen victim to the new normal in Congress: they've gone nowhere. Not one bill on this topic has been reported from a Senate committee – even when the votes are likely there to do so.

My own legislation is no exception. To revitalize the domestic, critical mineral supply chain, last year I introduced the "*Critical Minerals Policy Act*" along with 19 bipartisan cosponsors. The bill would provide programmatic direction to help keep the U.S. competitive and ensure that federal mineral policies – some of which have not been updated since the 1980s – are brought into the 21st century.

What sets my legislation apart is not only the broad, bipartisan support it has attracted, but also its attention to the broader supply chain for all domestic critical mineral production. From resource assessments to recycling and alternatives, we took a holistic approach to ensure the development of strong national mineral policies.

I also chose to address permitting, and for a simple reason: the U.S. ranks dead last in the world in the amount of time it takes to make a 'yes or no' decision on permit applications. Many of you are reminded of that on a daily basis. In my view, Congress has a responsibility to understand why this is the case, if there is any real purpose served by these delays and – if not – what can be done about them.

Of course, as soon as the word 'permitting' appears in legislative text, alarm bells go off for some of my colleagues who prefer to ignore or avoid the issue. That's regrettable.

Some are mischaracterizing what my bill would do, claiming that we're "rushing the environmental reviews and permitting process" or that we're somehow "speeding up the permitting process."

Here's the truth. My bill would require the creation of an interagency working group to make sure the government is operating efficiently when it reviews permits.

It would require a report about how long the permitting process takes, why it takes that long, and what we can do to optimize efficiency without reducing environmental standards.

Now, brace yourselves. It would also require the development of a performance metric so we can determine whether or not improvements in the permitting process are actually being made.

That's literally all it would do. But let me also tell you what it would not do.

It would not force any permits to be expedited or rushed.

It would not circumvent the permit review process or curtail judicial review.

And, most important, it would not change existing environmental standards in any way.

You may wonder – how is that objectionable? My only conclusion is that on a substantive basis, it is not. And I'm equally convinced that the longer we fail to improve the permitting process, the longer we will continue to hurt our nation's ability

to attract investment, create new jobs, and supply the raw materials needed to manufacture both new and existing technologies.

Now some have tried to attribute the decline in domestic minerals investment to commodity prices and fickle markets. But make no mistake: this ignores the fact that money is being invested, and jobs are being created, throughout the world. It's just not happening here in the United States, at least not like it used to. According to the Metals Economics Group, the U.S. attracted 20 percent of the worldwide exploration investment dollars in 1993. Today, that has eroded to just 8 percent.

It is clear that our inability to consider permits in a timely manner is contributing to this decline. Yet while the federal government cannot set global commodity prices, it can create a situation where capital that might be invested in American minerals production is stranded for long periods of time. This is exactly what's happening, and it's unacceptable.

The federal government's share of the blame for our rare earth supply problems doesn't end with what it has failed to do in a timely manner. It includes what it hasn't bothered to do at all. And nowhere is this more apparent than in geologic surveying.

In September of last year, the USGS issued a statement describing progress made in the geological surveying of Afghanistan. The use of hyper-spectral imaging has played a prominent role in those efforts, with more than 96 percent of that country now mapped using this advanced technology. A Defense Department official, quoted in the release, stated that "The mineral resources in Afghanistan have the potential to completely transform the nation's economy," and that "This important new work by the USGS will

be a powerful tool for those attempting to accurately evaluate potential investments in Afghanistan."

I agree that surveying is important, and that it facilitates investment, but I also believe that mineral resources in the United States provide an equally significant opportunity to transform our own economy. What concerns me is that, in comparison to the 96 percent of Afghanistan that has been geologically surveyed using modern technologies, I'm told that a mere 5 percent of the United States has been mapped using these same methods. That disparity is unacceptable, and my legislation would begin to correct it.

For all of these shortcomings, one thing the government has become incredibly good at is issuing reports and strategy documents on rare earth elements and other minerals. But I'm not concerned about our increasing reliance on foreign sources of spiral-bound studies.

The magnetic attributes of paper are not the same as neodymium.

And precision-guided munitions are not made in a printing press.

Instead of addressing permitting in even the mildest, most bipartisan fashion, some of my colleagues are proposing additional studies on the topic. But in so many ways, it is the congressional tendency to study a problem – rather than fix it – that has left us in the mess we're in. And I do not intend to fall victim to that habit. Congress often wrestles with tough issues that don't have clear answers. But this is not one of those times. This is not one of those debates.

The permitting and resource assessment sections of my legislation are not the problem. Denying that we have a problem is the problem. Instead of conducting studies, I think we should get to work on modest steps to fix these shortcomings. We can do a great deal to improve our critical mineral capacity in this country, and we can do it without weakening environmental standards in any way, shape, or form.

Of course, there is no question that mining has an environmental impact – it is a process that involves digging holes in the ground. But clearly, it is in our national interest to reduce our reliance on foreign, critical mineral supplies, and to understand that these projects are pursued in a more modern and responsible way here at home.

The U.S. has some of the strongest environmental standards in the world. Mining operations are subject to no less than 30 federal, state and local regulatory programs. A regime that, even prior to updates in the 1990s, the National Academy of Sciences called "complicated but generally effective." As a country, we should be proud of and maintain the commitment we have displayed – over generations – to being good stewards of our natural environment.

What we should not do, however – and particularly in the case of minerals critical to our global competitiveness and national security – is subject mining projects to an unnecessarily long permitting process. Delaying projects, stranding capital, and allowing bureaucratic intransigence is not a strategy for environmental protection. To the contrary, it is a disingenuous and dangerous thing to do as the U.S. struggles to create private-sector jobs and attract long-term investment.

So you can likely understand my frustration. I've gone to great lengths to take measured, inquiry-based steps to address the permitting process in my legislation. I

think that is reflected in the broad, bipartisan support that it has attracted. But I stand here today, 278 days after its introduction with no additional progress having been made.

The Critical Minerals Policy Act offers us an opportunity, not just to update our mineral policies, but to ensure that our country produces its fair share of the rare earths and raw materials that make so much of our modern world possible. This is about strengthening our economy, creating jobs, attracting investment, and competing with other nations around the world. This is an opportunity to help ensure that new products and technologies continue to bear the stamp that means so much to us: "Made in the U.S.A."

The obstruction we have encountered is deeply unfortunate. But it does bear a silver lining: only a minority of my colleagues hold this position. A larger portion of Congress is beginning to understand the predicament we are in and what is at stake. That, of course, is what makes your work so vitally important. Your progress is reflected in the fact that such a large number of Senators are already supporting legislation to address these problems. But we need to do more, and we can do more, to elevate this topic and ensure it receives the attention it deserves.

This will be hard work. There is educating to do, and I thank you for all you do to close that gap and generate an understanding of the challenge we face and our options for taking action. If we fail to act – if we fail to even consider legislation to address very real challenges we face – it will be our own fault, and it will be to our own detriment.

Thank you again for the opportunity to speak here today – and for your contributions to one of our nation's most invaluable industries.

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