

Opening Statement  
Chairman Ron Wyden  
Hearing on S. 1600, the Critical Minerals Policy Act of 2013  
January 28, 2014

Thank all of you for joining us today for this legislative hearing to receive testimony on S. 1600, the Critical Minerals Policy Act of 2013. It has been a pleasure to join with Senator Murkowski in negotiating a truly bipartisan bill, as evidenced by the 9 Democratic and 8 Republican co-sponsors. We have been joined by 17 of our Senate colleagues as bipartisan co-sponsors, including Committee members – Senators Udall, Franken, Risch, Hoeven, Landrieu, and Manchin. It seems to me, Senator Murkowski, this is a testament to the bipartisan effort to reach agreement, I want to tell you again how much I've enjoyed being part of the bipartisan effort through these negotiations.

As we learned during the Committee's recent work in passing the Helium Stewardship Act, our country depends on materials that are not burned or consumed for energy, but are key to many energy technologies, from wind turbines to batteries to oil refineries, as well as a whole host of other technologies. Our country is increasingly dependent on these minerals to increase efficiency, lower costs, and improve performance of manufactured products in these industries. Without them, many of our essential U.S. industries would struggle to survive. Critical minerals are minerals which are essential to American industries, and may be at risk for supply disruptions, such as by a small global market or geopolitical complexities.

This legislation tackles these issues head-on, and most importantly ensures a steady supply of the materials that are crucial to thousands of good-paying American jobs.

One of the keys to help putting Americans back to work and to help our businesses compete in a tough global economy is to get it right with respect to our essential domestic policies. If I were to sum it up on a sentence I would say our premier challenge is to, grow things in America, make things in America add value to things in America and then ship them somewhere. In order to do that, American businesses need access to raw materials and, especially in the high technology area, that means access to what is known as the critical mineral field.

Critical minerals are the key to stronger permanent magnets for wind turbines for clean energy and electric drive vehicles. They are vital to phosphors, which give us more efficient lighting and flat panel displays, and also give our military night-vision goggles and heads-up displays. Critical minerals are key for rechargeable batteries in hybrid and electric vehicles and the high-efficiency motors that power them. They serve as catalysts for fuel cells and for refining automobile fuel. We also know they are essential for many of our advanced weapons systems, MRI machines, and many other technologies that are vital to America's national and economic security.

Yet, for as critical these minerals are, our country is dangerously dependent on imports from foreign suppliers. The United States imports all our rare earth oxides, a special class of critical minerals. In fact, America imports the vast majority of them from a single supplier—97 percent of our rare earths come solely from China. And our country has seen how dangerous this dependence can be: in 2009, China

choked off the supply of these materials to the rest of the world, restricting exports by 72 percent, causing the prices of rare earths to skyrocket here at home.

Although China currently enjoys near-monopoly in the global production of critical materials—we're talking now about both mining and processing—the truth is that it didn't used to be this way, and I think it's the view of our bipartisan collation that it doesn't have to be this way in the future. Just 15 years ago, the U.S. was self-reliant for our rare earths. Today, China holds only 50 percent of the world's natural reserves, while the U.S. holds about 13 percent, according a recent study by the U.S. Geological Survey. In fact, a large part of the critical minerals supply shock in 2009 was due to uncertainty about the global distribution of critical minerals. When China began to restrict supply, the rest of the world was in the dark about what alternative sources of supply were, and were they even available.

A crucial but too often neglected part of this supply conversation is minerals processing. Although mining is an important part of the supply equation, and S. 1600 encourages Federal agencies to expedite permitting for new critical minerals extraction, it is the lack of processing capacity—transforming the raw materials that we pull out of the ground into the high-purity compounds needed for manufacturing—it is that challenge that is my concern and the concern of many experts. That is our Achilles heel. Mining more ore in the U.S. will not reduce our dependence on foreign suppliers if the U.S. doesn't develop the processing and refining technologies and infrastructure needed to turn that ore into useful products and to recycle them at the end of their useful lives.

S.1600 expands the U.S. supply of critical minerals by looking comprehensively at the entire domestic supply chain of critical minerals. The bill starts with the identification of which minerals and elements are truly in need of special attention. It then requires the Interior Department to conduct assessments of where these minerals are located, and expands research to find more efficient ways of extracting and processing those minerals.

The bill also requires the two lead agencies—the Department of the Interior and the Department of Agriculture—to take a fresh look at the permitting process. We ought to make sure with respect to hard rock minerals that we're looking at every possible way to reduce delays for mining projects that would extract critical minerals. This legislation includes programs to train our next generation of scientists. The bill also includes research programs to extract critical minerals.

Our witnesses today also represent the entire supply chain, from research and education, to mining and processing, to manufacturing of the final end products that our people use every day. I thank them for testifying. Two of my colleagues have spent an inordinate amount of time working with the committee trying to deal with both the substance and politics of putting together a bipartisan bill. Sometimes people wonder if the U.S. Senate can order a Coca-Cola, let alone do an important piece of legislation. I want to commend Senator Murkowski and Senator Udall.