Statement for the Record
U.S. Department of the Interior
before the
Senate Energy and Natural Resources Committee
Subcommittee on Energy
Committee on Energy and Natural Resources
United States Senate
on
S. 1113
June 9, 2011

Good afternoon and thank you for the opportunity to discuss S. 1113, the Critical Minerals Policy Act of 2011. The bill directs the Secretaries of Energy and of the Interior to perform a large number of activities intended to support and enhance the Nation's critical mineral supply chain, beginning with developing a methodology to determine which minerals are critical to the Nation's economy. In this statement, we will address the provisions relevant to the Department of the Interior.

The Department of the Interior supports the goal of facilitating the development of critical minerals in an environmentally responsible manner. We note that many of the activities called for in S. 1113 are within the scope of existing Department of the Interior authorities. We would like to work with the Committee toward the goal of improving the coordination and efficiency of the mining permitting process while maintaining environmental standards.

Background

The U.S. Geological Survey (USGS) is responsible for conducting research and collecting data on a wide variety of nonfuel mineral resources. Research is conducted to understand the geologic processes that concentrated known mineral resources at specific localities in the Earth's crust and to estimate (or assess) quantities, qualities, and areas of undiscovered mineral resources, or potential future supply. USGS scientists also conduct research on the interactions of mineral resources with the environment, both natural and as a result of resource extraction, to better predict the degree of impact that resource development may have on human and ecosystem health. USGS mineral commodity specialists collect, analyze, and disseminate data and information that document current production and consumption for about 100 mineral commodities, both domestically and internationally for 180 countries. This full spectrum of mineral resource science allows for a comprehensive understanding of the complete life cycle of mineral resources and materials—resource formation, discovery, production, consumption, use, recycling, and reuse—and allows for an understanding of environmental issues of concern throughout the life cycle.

Global demand for critical mineral commodities is on the rise with increasing applications in consumer products, computers, automobiles, aircraft, and other advanced technology products. Much of this demand growth is driven by new technologies that increase energy efficiency and decrease reliance on fossil fuels. To begin the process of understanding potential sources of critical mineral commodities, the USGS has recently completed an inventory of known domestic rare-earth reserves and resources (Long and others, 2010). This study restates basic geologic facts about rare earths relevant to assessing domestic security of supply and reviews current U.S. consumption and imports of rare earths, current knowledge of domestic resources, and possibilities for future domestic production. The report also includes an overview of known global rare-earth resources and discusses the reliability of alternative foreign sources of rare earths.

Though rare earth elements are currently of most concern to many, including the Department of Defense, which funded the inventory, it should be noted that in 2010 the United States was 100 percent dependent on foreign suppliers for 18 mineral commodities and more than 50 percent dependent on foreign sources for 43 mineral commodities. Import partners include Brazil, Canada, China, France, Germany, Japan, Mexico, Russia, and Venezuela. In 2008, a National Research Council committee, funded largely by the USGS, developed a "criticality matrix" that combines supply risk with importance of use as a first step toward determining which mineral commodities are essential to the Nation's economic and national security (National Research Council, 2008).

S. 1113

S. 1113, the Critical Minerals Policy Act of 2011, directs the Secretary of the Interior, through the Director of the USGS, to perform a number of actions that build on current USGS activities and capabilities, including the recent rare-earths inventory. The bill directs the USGS to develop a rigorous methodology for determining which minerals are critical, and then to use that methodology to designate critical minerals. It calls for a comprehensive national mineral resource assessment within four years of the bill's enactment for each mineral designated as critical under Sec. 101, and it authorizes field work for the assessment, as well as technical and financial assistance for States and Indian tribes. The bill establishes a collaborative effort between USGS and the U.S. Energy Information Administration for annual reviews of domestic mineral trends as well as forward-looking analyses of critical mineral production, consumption, and recycling patterns. The bill repeals the National Critical Minerals Act of 1984 and parts of the National Materials and Minerals Policy, Research, and Development Act of 1980 but retains Sections 1604(e) and (f) of the 1980 Act, which authorize the mineral information tracking and analysis activities of the USGS.

Sec. 104 calls for the establishment of a high-level Working Group whose members would be the Secretaries (or designees) of the Interior, Energy, Agriculture, Defense, Commerce, and State,

the U.S. Trade Representative, the Administrator of the U.S. Environmental Protection Agency, and the Chief of Engineers of the Army Corps of Engineers, as well as a designee from the Executive Office of the President. The Working Group would review, assess, and evaluate the permitting process for exploration and development of domestic, critical minerals, while maintaining environmental standards. Sec. 104 requires the Working Group to submit a report to the President and Congress on the Working Group's findings. The Department would like to work with the Committee to clarify and focus the duties of this Working Group. We are also concerned that the bill provides insufficient time to both carry out the duties of the Working Group and to report back to Congress.

Section 104 also calls for the development of a performance metric. The Department of the Interior issued its FY 2011-2016 Strategic Plan in January 2011. As part of developing this plan, The Department developed performance metrics. Throughout the process, and in accordance with the Government Performance and Results Act (GPRA), the Department sought public input into the plan, goals, and performance measures selected. Within the Department's Strategic Plan framework, the BLM already measures and reports in its Budget Justifications information regarding non-energy mineral (which include critical minerals) exploration and development leases, permits, and licenses.

Sec. 105 addresses new "critical mineral manufacturing facilities" and seeks to facilitate the permitting processes for them for all Federal agencies as well as facilitate coordination and consideration of permit applications that are under state review. The bill defines one category of "critical mineral manufacturing" to include "the production, processing, refining, alloying, separation, concentration, magnetic sintering, melting, or beneficiation of critical minerals within the United States" (Sec. 2(4(A))). In its permitting processes, the BLM sometimes reviews and analyzes such operations if they are to occur on BLM-lands. Oftentimes, however, these and other manufacturing operations are located on non-Federal lands.

Section 105 of the bill also lists several activities that the President may undertake in cooperative agreements with states regarding the processing of critical mineral mining permits, including memoranda of agreement for the coordination and concurrent review of state and Federal permit applications. The bill also provides for use of consolidated permit applications for all Federal authorizations and memoranda of agreement between Federal agencies to coordinate review of permit applications. The Department supports the goals of optimizing efficiencies in the review of permit applications and would welcome the opportunity to explore with the Committee the circumstances under which a consolidated application for all permits required by the Federal government would be efficient and effective, bearing in mind the diverse missions and authorities of the Federal agencies involved. The Department also supports the goal of coordinating consideration of mining operations across Federal agencies and is working on many levels to improve interagency cooperation.

With respect to concurrent Federal and state review of permit applications (Sec. 105b(3)), while the Department supports the idea of sharing information and coordinating with states to the extent practicable, we must remain mindful of the multiple authorities governing the authorization of mineral development, including those delegated to the states to regulate in certain areas such as the Clean Air Act and the Clean Water Act.

Conclusion

The Department maintains a workforce of geoscientists (geologists, geochemist, geophysicists, and resource specialists) with expertise in critical minerals and materials. The Department continuously collects, analyzes, and disseminates data and information on domestic and global rare-earth and other critical mineral reserves and resources, production, consumption, and use. This information is published annually in the USGS Mineral Commodity Summaries (USGS, 2011) and includes a description of current events, trends, and issues related to supply and demand.

The Department, through the USGS, stands ready to fulfill its role as the federal provider of unbiased research on known mineral resources, assessment of undiscovered mineral resources, and information on domestic and global production and consumption of mineral resources for use in global critical-mineral supply chain analysis.

Similarly, we welcome the opportunity to work with the Committee toward the goal of improving the coordination and efficiency of the mining permitting process while maintaining environmental standards

We note, however, that many of the activities called for in S. 1113 are already authorized by existing authorities. Any activities conducted to fulfill the objectives of the bill would require substantial resources and would need to compete for funding with other priorities.

Thank you for the opportunity to present the views of the Department on S. 1113. We will be happy to answer any questions.

For More Information

Long, K.R., Van Gosen, B.S., Foley, N.K., and Cordier, Daniel, 2010, The principal rare earth elements deposits of the United States—A summary of domestic deposits and a global perspective: U.S. Geological Survey Scientific Investigations Report 2010–5220, 96 p. Available at http://pubs.usgs.gov/sir/2010/5220/

National Research Council, 2008, Minerals, Critical Minerals, and the U.S. Economy: Washington, D.C., National Academies Press, 264 p.

Orris, G.J., and Rauch, R.I., 2002, Rare earth element mines, deposits, and occurrences: U.S. Geological Survey Open-File Report 2002-0189, 174 p. Available at http://pubs.usgs.gov/of/2002/of02-189/

USGS, 2011, Mineral Commodity Summaries 2011, p. 128-129 http://minerals.usgs.gov/minerals/pubs/commodity/rare_earths/mcs-2011-raree.pdf)