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July 12, 2011

The Honorable Doc Hastings  
Chairman, House Natural Resources Committee  
1324 Longworth House Office Building  
Washington, D.C. 20515

The Honorable Edward J. Markey  
Ranking Member, House Natural Resources Committee  
1329 Longworth House Office Building  
Washington, D.C. 20515

**RE: Wednesday, July 13 Full Committee Markup**

Dear Chairman Hastings and Ranking Member Markey:

The Northwest Mining Association (NWMA) appreciates the opportunity to provide the following statement to the committee in support of the markup of six bills focusing on expanding American energy production. Part of Speaker of the House John Boehner's American Energy Initiative, the six bills (H.R. 2011, H.R. 2150, H.R. 2170, H.R. 2171, H.R. 2172 and H.R. 2173) focus on oil and gas extraction in the National Petroleum Reserve – Alaska (NPR-A), American strategic and critical mineral production, and easing access and regulation for renewable energy development on federal lands.

We particularly want to highlight our support for H.R. 2011, the "*National Strategic and Critical Minerals Policy Act of 2011*" introduced by Rep. Doug Lamborn and 33 bipartisan co-sponsors.

NWMA is a 116 year old, 2,000 member, non-profit, non-partisan trade association based in Spokane, Washington. NWMA members reside in 42 states and are actively involved in exploration and mining operations on public and private lands, especially in the West. Our diverse membership includes every facet of the mining industry including geology, exploration, mining, engineering, equipment manufacturing, technical services, and sales of equipment and supplies. NWMA's broad membership represents a true cross-section of the American mining community from small miners and exploration geologists to both junior and large mining companies. More than 90% of our members are small businesses or work for small businesses. Most of our members are individual citizens.

NWMA supports Speaker Boehner's American Energy Initiative, and we believe H.R. 2011 is a vitally important component of the initiative. The bottom line is that all energy production, including renewable energy, requires minerals and lots of them. And they need American minerals – unless, of course, we are willing to trade our unhealthy dependence on foreign oil for a dangerous dependence on foreign sources of critical minerals.

Strategic and critical minerals are essential to our economy, livelihood, standard of living and national security. Renewable energy, national defense equipment, agriculture and everyday items such as televisions, telephones, computers and light bulbs are all dependent on minerals. H.R. 2011 will help strengthen and improve our national mineral policy by requiring a government wide survey of American mineral resources, as well as demands and factors impacting mineral development, including workforce, permitting and regulations.

H.R. 2011 seeks to revitalize the United States' critical minerals supply chain and reduce the nation's growing dependence on foreign suppliers by directing the Secretary of the Interior (Secretary) to coordinate a government wide assessment of the Nation's mineral resources and availability to meet current and future strategic and critical mineral needs.

According to a report by Behre Dolbear entitled 2011 Ranking of Countries for Mining Investment -- Where "*Not to Invest*," the U.S. ranks dead last in terms of permitting time among the top 25 mining countries in the world. Consequently, the U.S. is seeing fewer investment dollars for new projects, leading to an increased reliance on foreign imports. In fact, the U.S. has become increasingly vulnerable and dependant on foreign sources of strategic and critical minerals and this vulnerability has serious national defense and economic consequences. According to the USGS, the U.S. is more than 50% import reliant for 43 critical minerals and 100% import reliant for 18 critical and strategic minerals despite being the third largest source of mineral wealth in the world.

Workforce issues are part of problem regarding permitting delays. Mining Law/Minerals Program managers and BLM/USFS field personnel responsible for the locatable minerals programs have been retiring at an unprecedented rate. Within the next five years, more than 60% of BLM and USFS employees responsible for the respective locatable minerals programs will retire or be eligible for retirement, and this issue must be addressed.

Importantly, H.R. 2011 requires the Secretary to evaluate factors impacting domestic mineral development, including workforce, access, permitting and duplicative regulatory requirements as well as identify areas for improvement, directing the Interior Department to assemble the report within six months.

Furthermore, the legislation requires an annual progress report, beginning one year after the date of enactment of the Act for the following two years, outlining the progress made in reaching the policy goals described in the bill.

The U.S. minerals industry operates in a highly competitive global environment. The search for new mineral deposits occurs around the globe. Major mining companies operate internationally and weigh many factors in determining whether the potential return on mineral investment is worth the geologic, economic and political risk.

There can be no question that mining creates new wealth and provides high paying jobs with an indirect job multiplier more than twice the national average. As mining companies weigh the geology/mineral potential, economic and political risk, they will invest in mineral development where they can obtain access to the land; access to regulatory approvals; access to capital; and access to the resources necessary to build and operate the mine such as people, water and energy. While the United States scores high in terms of its economic and political systems, lack of

government corruption and currency stability, it ranks last or near the bottom in terms of permitting delays, social issues and tax policy. Thus, in the Behre Dolbear 2011 Ranking of Countries, the United States is sixth behind Australia, Canada, Chile, Brazil and Mexico.


We also are entering a period of resource nationalism where many countries, led by China, are asserting control over natural resources located within their country. Unlike the Arab oil embargo of the early 70's, countries like China are using resource nationalism not to control the market or the market price for a given commodity, but to attract long term manufacturing jobs. Manufacturing require minerals. Manufacturing concerns require a stable and affordable supply of metals and minerals. In a nut shell, resource nationalism says "if you want our minerals, locate your manufacturing facility in our country."

This is most evident and transparent in China with rare earth minerals. China currently controls 97% of global rare earth production. China has announced that it is cutting back on rare earth exports in favor of internal consumption. Rare earths are required not only in wind turbines and hybrid vehicles, but also in dozens of consumer products like flat screen TV's, computer monitors, and energy saving CFL light bulbs. China is telling these manufacturing concerns that they have a choice. They can hope to obtain the rare earths they need in the global market place at the global commodity price, or they can relocate their manufacturing facility in China and be guaranteed a supply of rare earths at a discount. China has been very transparent in this policy because first and foremost they want to create manufacturing jobs.

If the United States is going to compete in this global mineral environment fueled by resource nationalism, it must adopt policies that guarantee access to lands with mineral deposits, must provide a competitive tax regime, and must reduce permitting delays. We should be embarrassed that we rank last among the twenty-five largest mineral producing countries in terms of permitting delays. The fact that a country with a mineral resource base as rich as the United States attracts only 8% of world-wide exploration spending should be a call to action.

NWMA believes H.R. 2011 is an important first step in strengthening our national mineral policy and revitalizing the nation's manufacturing supply chain, and we strongly urge the Committee to vote favorably on its passage.

Sincerely,



Laura Skaer  
Executive Director