

Opening Statement
Ranking Member Rush Holt
Natural Resources Committee Oversight Hearing
*“Strategic and Critical Minerals Policy: Domestic Minerals Supplies and Demands in a time
of Foreign Supply Disruptions”*
May 24, 2011

Over the past year, the issue of rare earth elements and other critical minerals has jumped to the front burner. We have witnessed a collective realization—rightly I believe—that allowing our domestic rare earth supply chain to disintegrate over the past two decades may be a threat to both our national security and economic competitiveness.

In 1992, the Chinese president Deng Xiaoping [shou-ping] famously noted that “the Middle East has its oil, but China has rare earth.” So began China’s march to monopoly producer of 97 percent of the world’s rare earth mineral ores and oxides. At the same time, the U.S. has gone from the world’s leading producer to near total reliance on imported rare earths.

This has serious repercussions for our military. Rare earth minerals are essential to our missile guidance systems, lasers for enemy mine detection, satellite communications, and radar and sonar systems. The Department of Defense is currently working on a report on its plan to ensure near-term availability of rare earth minerals, and I look forward to that report.

But this is more than a national security concern. It also has significant implications for the development of clean energy. Over the next two decades, the global market for sustainable energy products and equipment is estimated to be worth more than \$12 trillion. If American companies and workers are to participate in this rapidly growing sector, access to rare earths and the ability to domestically refine and process reliable supplies of these minerals will be absolutely critical.

Today, a hybrid vehicle contains 2 pounds of neodymium in its motor and nearly 25 pounds of lanthanum in its battery. Those are just two of

the 17 minerals categorized as rare earths. Several hundred pounds of these minerals may be used to make the advanced magnets needed in a large wind turbine. Today, China has the ability to shut down production of all of these products if it wishes. Based on current Chinese export quotas and tariffs, as well as the unofficial rare earth embargo to Japan last fall, relying completely on China for these critical minerals is clearly not a sound approach.

It is clear that China is acting strategically to dominate the entire clean energy supply chain, from mine to solar module. It is vital to America's economic competitiveness that we too develop a long-term strategy for competing in this and other high-tech sectors. This strategy must include a plan for securing reliable supplies of critical minerals.

So we need the U.S. Geological Survey, and geological surveys from around the world, providing the best and most transparent data on critical mineral resources in the ground. We need the Department of

Energy researching material substitutes, developing reuse and recycling methods, and improving technologies for critical mineral extraction and refining. We need the Department of Defense to develop a plan for securing adequate supplies to meet national security requirements in the near-term. But let's be clear. An over-simplified "Mine Baby Mine" mantra will not create a domestic supply chain, it will not develop substitute materials, and it will not enhance our national security or economic competitiveness. Moreover, since rare earth deposits are typically found among radioactive uranium, thorium, and radon, a haphazard "Mine Baby Mine" strategy could leave us with contaminated water supplies and radioactive Superfund sites across the country.

This is a very important hearing and, I hope, the first of more on the subject. I thank the witnesses for being here today and look forward to their testimony.