



Our membership and services span the globe

10 N Post St Ste 305 | Spokane WA 99201-0705

Phone: 509.624.1158 | Fax: 509.623.1241

E-mail: nwma_info@nwma.org | Web: www.nwma.org

September 13, 2013

The Honorable John Boehner
Speaker
United States House of Representatives
Washington, D.C. 20515

The Honorable Eric Cantor
Majority Leader
United States House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Majority Whip
United States House of Representatives
Washington, D.C. 20515

RE: H.R. 761, the National Strategic and Critical Minerals Production Act of 2013

Dear Mr. Speaker, Mr. Leader, and Mr. McCarthy:

The Northwest Mining Association (NWMA) appreciates the opportunity to provide the following statement in support of H.R. 761, the *National Strategic and Critical Minerals Production Act of 2013*, introduced by Rep. Mark Amodei and 57 co-sponsors. Importantly, H.R. 761 seeks to more efficiently develop domestic sources of the minerals and mineral materials of strategic and critical importance to U.S. economic and national security and manufacturing competitiveness, while ensuring continued environmental protection.

NWMA is a 2,400 member national association representing the mining industry with members residing in 42 U.S. states, seven Canadian provinces or territories, and 10 other countries. NWMA represents the entire mining life cycle, from exploration to reclamation and closure, and is the national voice for exploration, the junior mining sector, and maintaining access to public lands. Our membership represents every facet of the mining industry including geology, exploration, mining, engineering, equipment manufacturing, technical services, and sales of equipment and supplies. Our broad-based membership includes many small miners and exploration geologists as well as junior and large mining companies. More than 80% of our members are small businesses or work for small businesses. Most of our members are individual citizens.

NWMA members are all too familiar with permitting uncertainties and delays that unnecessarily inhibit investment, job creation and economic recovery; and increase our dangerous dependence on foreign sources of critical and strategic minerals. Delays in receiving permits in the U.S. is the primary reason mineral investors put their dollars elsewhere.

According to a report by Behre Dolbear entitled 2013 Ranking of Countries for Mining Investment -- Where “*Not to Invest*,” the U.S. is tied for last with Papua New Guinea in terms of permitting time among the top 25 mining countries in the world. The report found that **“[p]ermitting delays are the most significant risk to mining projects in the United States.”**

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 dependent 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 42 critical minerals and 100% import reliant for 17 critical and strategic minerals despite being the third largest source of mineral wealth in the world. In 1996, the U.S. was 100% reliant on just 9 critical and strategic minerals and more than 50% reliant on 22 minerals. Given our 95% reliance on rare earths in 2012, it is hard to imagine that we were only 32% import reliant for rare earths in 1996 (see attached charts).

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. 761 will help strengthen and improve our national minerals policy by defining “strategic and critical minerals” as minerals necessary:

- for national defense and national security requirements;
- for the Nation’s energy infrastructure, including pipelines, refining capacity, electrical power generation and transmission, and renewable energy production;
- to support domestic manufacturing, agriculture, housing, telecommunications, healthcare, and transportation infrastructure; and
- for the Nation’s economic security and balance of trade.

H.R. 761 is an important step toward bringing certainty to the mine regulatory process and decreasing our growing dependence on foreign sources of strategic and critical minerals, and will help revitalize the United States’ critical minerals supply chain.

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 2013 Ranking of Countries, the United States is sixth behind Australia, Canada, Chile, Brazil and Mexico.

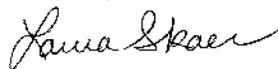
We are in a period of resource nationalism where many countries, led by China, are asserting control over natural resources located within their country. Unlike the Arab oil embargo of the early 70's, countries like China are using resource nationalism not to control the market or the market price for 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, tied with Papua New Guinea, 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, down from more than 20% in the 1990's, should be a call to action.

H.R. 761 provides the framework necessary to reverse our 30-year trend of increasing reliance on foreign sources of strategic and critical minerals, and we strongly urge the House of Representatives to pass this important piece of legislation.

Sincerely,



Laura Skaer
Executive Director