March 19, 2014

The Honorable Mary Landrieu
Chair
Senate Committee on Energy & Natural Resources
304 Dirksen Senate Building
Washington, DC 20510

The Honorable Lisa Murkowski
Ranking Member
Senate Committee on Energy & Natural Resources
304 Dirksen Senate Building
Washington, DC 20510

RE: S. 1600, the Critical Minerals Policy Act of 2013

Dear Senators Landrieu and Murkowski,

Thank you for taking the time to focus on one of the most critical, yet little-known, issues today: rare earths mining in the United States. Your committee’s hearing on S. 1600, the Critical Minerals Policy Act, marks an important step towards reforming our country’s mining policy.

The problem of Chinese dominance in the rare earths market cannot be overstated, given the United States’ – and in fact, the globe’s – significant reliance on rare earths for practically all modern technology. Computers, calculators, flat screen televisions, wind turbines, fuel cells, LED lights, electric car batteries – not to mention defense weapons, medical equipment, and even cancer drugs – all require rare earths to operate. The world’s demand for these minerals is only increasing. A disruption in supply could be incredibly problematic, and China has already cut its rare earths export quota significantly.

The United States need not, however, be reliant on other countries for our rare earths needs. Despite its production dominance, China holds only 36 percent of the globe’s rare earths reserves, while the United States actually has 13 percent of the world’s supply. Our problem is not a lack of minerals, but an unnecessarily cumbersome permitting process marked by confusion and duplication. As the 2013 report from Behre Dolbear on where not to invest in mining noted, “Permitting delays are the most significant risk to mining projects in the United States.”

It takes an average of 7 to 10 years to receive a mining permit in the United States. The permitting process in Canada and Australia, on the other hand, takes only two years. The U.S. must take steps to shorten the regulatory process so that American mining
companies can access rare earths on a reasonable timetable. State and local mining laws differ, so there is no single uniform process to which companies can look for direction. Moreover, states often have regulations that mirror federal permitting requirements, which means that applicants spend their time conducting duplicative, expensive, and repetitive reviews. It is little wonder that the U.S. is not the most attractive place for mining investment, given that it can take a full decade’s time simply to get permission to begin extracting rare earths.

Most notably, the U.S. needs to bring some level of coordination into the mining process. Many of Canada’s provinces, for example, have entered into cooperative agreements with their federal government for conducting environmental assessments, establishing leaders at each government level that coordinate the process and can conduct single, rather than multiple, environmental reviews. Formalizing federal, state, and local coordination in a similar way and establishing strict timelines for permitting review would allow the United States to cut down on delays and would bring some clarity to the permitting process, both for applicants and government actors. H.R. 761, the National Strategic and Critical Minerals Production Act of 2013, would impose such timelines and establish a “project lead” to coordinate among agencies. While S. 1600 is to be commended for encouraging agency collaboration and adherence to schedules, it would benefit from concrete timelines and a more formal process of coordination.

Thank you again for the Committee’s interest in this matter and for your efforts to bring greater efficiency to the permitting process. Access to rare earths is critical, and we look forward to further action on this bill.

Sincerely yours,

Brian Williams  
Legislative Director

Ann Norman  
Legislative Analyst