

OPENING STATEMENT
The Honorable Randy Hultgren
Subcommittee on Investigations & Oversight
“The Federal Perspective on a National Critical Materials Strategy”

June 14, 2011

The subject of today’s hearing is one which this Subcommittee is very familiar with. A little over a year ago, under the then-Democratic Majority, the Investigations and Oversight Subcommittee held a hearing on rare earth minerals. Rare earths, as most of you know, possess unique physical and chemical properties that make them particularly suitable for use in advanced technologies, such as high powered magnets, petroleum refining catalysts, batteries, and lasers, among others. They are also important components in everyday items that everyone in this room probably has right now, such as cell phones and blackberries.

This Committee did some very good work last year, as we heard from industry folks, academics, and scientists. Today, we follow up on that work, and take the next step in this process by hearing from government officials.

I am pleased to welcome our distinguished guests. While they represent different agencies within the Administration, they are here today because of their collaboration on an interagency working group on critical and strategic materials supply chains. Critical materials include rare earth elements, which are more widely recognized today than they were when this Committee last addressed the topic.

That the issue is still of interest to Congress is evidenced by the number and variety of bills introduced in both the House and Senate. I myself recently introduced H.R. 2090, the Energy Critical Elements Advancement Act, and Mr. Miller from the Democratic side has a bill too.

In 1980, the National Materials and Minerals Policy, Research and Development Act was enacted because the United States lacked a “coherent national materials policy and a coordinated program to assure the availability of materials critical for national economic well-being, national defense, and industrial production, including interstate commerce and foreign trade...” Thirty-one years later, this Committee is presented with similar issues, and to quote Yogi Berra, “it’s déjà-vu all over again.”

Our witnesses today will provide us with some insight into the Administration’s perspective on critical materials. Dr. Holdren will discuss the activities of the interagency working group that was created last year, and Mr. Sandalow and Mr. Doebrich will discuss their respective agencies’ involvement in the group, as well as provide us with an overview of their agencies’ responsibilities relative to the topic of this hearing.

Taking it a step further, I look forward to some honest conversations about appropriate roles that should - and shouldn’t - be played by the federal government. While I appreciate the need for federal research, I believe we should distinguish between basic and applied research, recognizing

that the government may have a role to play in the former, but that it should not duplicate, nor preempt work that rightfully should be done by industries.

For about two decades, the price of rare earths and critical materials were low, perhaps artificially so, because of Chinese policies. As a result of these policies, and our own stringent rules regarding environmental standards, U.S. suppliers were unable to compete. Now that the Chinese have restricted exports, prices have gone up because non-Chinese suppliers have all but vanished. These policies have led to various international trade protests that remain unresolved.

Conversely, there are those who say that we shouldn't fret over these conditions because the financial markets will ultimately correct the situation. The expansion of Lynas Corporation in Australia, and the growth of Molycorp in the United States, provides hope that alternatives to Chinese rare earths will be available shortly.

In the interim though, we still need a plan, one that should assess issues such as: stockpiling, permitting, research and development, workforce development, recycling, information gathering, and manufacturing and production incentives. I look forward to exploring these options, and hearing from our government witnesses today.

I now turn to the Ranking Member from Maryland.