House Testimony

House Foreign Affairs Subcommittee on Oversight and Intelligence

"U.S. Economic Security and Investment Abroad: Assessing Economic Security Zones"

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Mr. Hollomon is responsible for Sales and Marketing, and Commercial matters. Mr. Hollomon was a physical commodities trader for two of the world's largest commodities trading houses, Glencore International and Gunvor SA and has been in the global mining and metals industry for over 26 years including roles as CEO and Director on multiple mining company Boards. Prior to joining USSM, Mr. Hollomon was the Head of the Coal Department for international trading company Gunvor Group Ltd, based in Geneva, Switzerland. He assisted Gunvor's transition from a pure oil trader to a diversified mining and trading firm. He helped build the solid energy fuels department from the ground up and oversaw the acquisition of mines in Russia, South Africa and the US, sitting on boards of three Gunvor entities.

Mr. Hollomon spent the bulk of his career with the world's largest commodities trading firm Glencore International AG. He started on the trading floor in Baar, Switzerland in 1996 as a Traffic operator working directly under Ivan Glasenberg and eventually moved to Moscow, Russia in 1999 as a Trader. He later became the Head of solid energy fuels department in Russia for Glencore and oversaw the growth of the division from 1 mm metric tons of the energy fuel per annum to the largest single exporter from Russia at 22mm metric tons per year. Mr. Hollomon was crucial to Russia opening its global exports to the largest buyers in the world by instituting world class logistics standards from Siberian and Yakutian mines to ports from the Baltic to the Black Sea to the Far East.

Mr. Hollomon's 27 years of international experience trading physical commodities make him uniquely qualified to discuss this important topic with respect to the urgent critical minerals supply chain crisis as much of the international commodities trading expertise has been hollowed out of the United States.

US Strategic Metals Background

US Strategic Metals (USSM) is a visionary American company headquartered in St. Louis, Missouri, that is onshoring the production of critical minerals essential to our national security and economic future. USSM is developing a multi-metallic hydrometallurgical facility to produce alloy grade cobalt metal, nickel, lithium, copper, and rare earth elements – materials vital for defense technologies, lithium-ion batteries, and advanced manufacturing. USSM owns and operates an 1,800-acre, fully permitted site on private land in Fredericktown, Missouri, a former lead mining operation that produced until the early 1960s.

In an era when supply chains for defense, energy and transportation sectors are increasingly weaponized by geopolitical rivals, USSM represents a bold and responsible solution made in America. Through commercially proven processing technologies, strategic partnerships and access to global and domestic feedstocks, USSM is onshoring production that will power our military readiness, bolster our energy supply chain independence and create high-quality jobs here at home.

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Chairman Mast, Ranking Member Meeks, and members of the Subcommittee, thank you for the opportunity to testify before you today.

I want to open with a simple, uncomfortable fact: the United States cannot build a fighter jet, a data center, an EV battery, or a smartphone today without materials that flow, at some point in the supply chain, through the People's Republic of China. This isn't a matter of preference. It's a matter of dependency, and that dependency has hardened into a strategic vulnerability that grows worse every year that we fail to act.

Let me walk through the numbers, mineral by mineral, because the scale of this problem is easy to understate in the abstract.

Cobalt. Cobalt remains a critical mineral with concentrated supply risks. Roughly 75% of the world’s mined cobalt comes from the Democratic Republic of Congo (DRC)[1]. Many of these mines, including around 15 of 19 major operating cobalt mines in the DRC, are owned, operated, or controlled by Chinese entities.[2]

China also dominates the downstream refining steps — converting cobalt intermediates like cobalt hydroxide into refined metal for defense/aerospace superalloys and cobalt sulfate for lithium-ion batteries.

According to the United States Geological Survey (USGS), approximately half of the cobalt consumed in the United States goes into aircraft engine superalloys and other high-performance alloys that are vital to the performance of airframes like the F-35. This is not merely a green-energy footnote — it is a foundational aerospace and defense input for which there is no substitute.

What the USGS currently does not comprehensively track is the cobalt embedded in imported lithium-ion batteries. These "cobalt containing product" imports represent a significant and growing portion of U.S. cobalt consumption, yet detailed, transparent data on them remains limited. This gap is particularly relevant because China controls about 80% of global lithium-ion battery manufacturing capacity[3] and dominates every processing step in the battery value chain.

Because the U.S. imports the vast majority of finished lithium-ion batteries and battery-containing products, a large share of this cobalt enters the country indirectly through these products — outside traditional mineral import tracking.

With China's dominant role in both refining and battery manufacturing, the U.S. remains one policy decision in Kinshasa or Beijing away from a potential supply shock that could ripple through defense, aerospace, EVs, consumer electronics, and beyond.

Nickel. Nickel is a critical component in stainless steel, high-performance alloys for defense and aerospace applications, and especially in the cathodes of lithium-ion batteries that power electric vehicles and grid storage. Yet today, Indonesia now dominates mined and refined nickel supply, but Chinese capital and companies control an estimated three-quarters of Indonesian smelting and High-Pressure Acid Leach (HPAL) capacity. In 2024, China and Indonesia together accounted for 90 percent of all new nickel refining capacity added worldwide[4]. So even where the ore isn't Chinese, the processing increasingly is.

Lithium. Lithium is the main energy-storage medium in modern batteries used in EVs as well as countless other security and commercial technologies. China refines somewhere between 60 and 90 percent of the world's lithium today, and despite global investment in alternative sources is projected to still control more than 60 percent of refined lithium supply in 2035 — a full decade from now. Global lithium demand is expected to grow fivefold by 2040.[5] If we do not build refining capacity here or with allies, we are locking in dependency for the batteries of the next generation of vehicles and grid storage.

Copper. Copper is the one mineral on this list where China's refining share — about 45 percent — looks almost moderate by comparison. But copper demand is set to grow 30 percent by 2040, and the International Energy Agency projects a possible 30 percent supply

shortfall by 2035 due to falling ore grades and stalled mine development. Copper is the metal every electrified and growing economy runs on, and we are heading into the deficit with our eyes open. No data center, battery or advanced aircraft, much less new housing, transmission line or solar array can be built without copper.

Rare Earth Elements. These are the materials behind the permanent magnets in every advanced fighter aircraft, EV motor, and precision-guided munition we build, as well as passenger cars and more common technologies. China controls roughly 90 percent of global rare earth refining capacity and nearly 94 percent of permanent magnet production.[6] Last year, China expanded, then partially suspended, export controls covering seven heavy rare earth elements, and in January of this year tightened controls further on dual-use goods. The U.S. is prioritizing investment in rare earth refining and magnet manufacturing, however, these refining processes are complex will require lengthy periods commercialize and stand up.

Step back and look at the whole picture. According to the U.S. Geological Survey's own 2026 assessment, America remains reliant on China as a leading import source for 14 of the 33 minerals we depend on most. We are 100 percent import-reliant for 13 critical minerals outright, and more than 50 percent reliant for 20 more. Across nineteen of the twenty most strategically important minerals, China is the world's leading refiner, with an average market share near 70 percent.

This is not a story about who mines the most rock. It is a story about who controls the choke point — the refining and separation step — where raw ore becomes usable material. And on that measure, one country holds the leverage over nearly everything we need to build a car, a missile, or a power grid. This is also a story about control and mercantilism, and how China has invested with an intent to control, seizing the marketplace and using prices and supplies in a manipulative way to deter foreign competition.

China has pursued this dominance through a deliberate mercantilist strategy — flooding global markets with low-priced materials to deter and bankrupt potential competitors abroad, while strategically constraining supply through export controls and quotas to impair adversaries and maintain geopolitical leverage. This is classic economic statecraft: using price and access as weapons to lock in dependency.

But American companies are seeking to fill this void. The Trump administration deserves credit for policies that are already beginning to change the trajectory through Defense Production Act funding, deals through the DoW/OSC and Commerce, tariffs, investment incentives, and a strong push for “Mine-to-Magnet” and allied supply chain initiatives. These efforts are helping accelerate domestic refining and processing capacity and

signaling to markets that the United States is serious about breaking its vulnerabilities. But this is not enough and requires a unified, allied approach to jointly share in the cost and opportunity of alternatives.

USSM Efforts Summary:

DRC–US Partnership (Critical Minerals & Economic Zone Potential): We are actively engaged in the Democratic Republic of the Congo through the U.S.-DRC Strategic Partnership Agreement, which prioritizes American access to cobalt, copper, and other critical minerals essential for defense and energy. An economic zone framework here could offer enhanced political risk insurance and investment protections — creating a durable platform for U.S. firms that withstands shifts in U.S. administrations.

Saudi Arabia-Pakistan Nexus – We maintain active engagement in deepening the Saudi Arabia-Pakistan strategic relationship highlighted by a joint venture to design, construct and operate a multi-metallic hydrometallurgical refinery in the Kingdom. This partnership is anchored by a working agreement with Pakistan's Frontier Works Organization and Glencore to provide feedstocks from Pakistan and the DRC respectively. Integrating an economic zone approach could facilitate joint infrastructure, trade, and investment tools, backed by enhanced political risk coverage and cross-border financial mechanisms designed for long-term stability across administrations.

Panama-US Nexus – we are deeply engaged in Panama to secure copper feedstocks for processing in the United States. This engagement is a strategic play to divert this material away from China as it currently flows into their sphere of dominance. An economic zone model in this corridor could deliver robust political risk insurance, investment safeguards, and innovative financial tools to secure supply chains and trade routes in a manner resilient to political transitions.

Why Economic Security Zones are a good step toward securing US supply chains for Critical Minerals"

1. Durability is what makes the investment bankable. A mine or processing facility is a 15-to-25-year commitment; a policy that lives and dies with one administration cannot finance it. What industry needs from Congress is a statutory framework — standing law, plus a standing agreement that partner countries ratify through their own legislatures — so the rules survive elections on both ends of the deal. Executive programs are welcome; only Congress can make them permanent enough to borrow against.

2. Political-risk insurance should cover what is actually at risk. Today's coverage is written project-by-project, after applications that run six to twelve months, and it reaches

invested capital, not the operating business. For a minerals producer, the value at risk is the developed resource, the built processing capacity, and the offtake relationships — the going concern. Reform means coverage that reaches the fair value of what is actually built and operating, issued at the zone level under umbrella facilities so that mid-size suppliers and contractors can be covered in weeks, not years.

3. Consequences that make expropriation a losing trade — visible before anyone breaks ground. Under the status quo, a government that takes a U.S.-backed project faces a decade of arbitration it can largely ignore; roughly half of such awards are ever paid voluntarily. A serious framework imposes immediate, reversible consequences on the responsible officials the day a taking is found, escalates pressure on the broader relationship if it isn't cured, and recovers the full cash cost once a neutral tribunal rules — with the whole ladder written down in advance. Deterrence that is visible at signing is what lowers the risk premium; if it works, it almost never has to run.

4. What does the PRC do for its companies? It moves as one machine. The Chinese Communist Party gives its national champions a coordinated package — financing, insurance, diplomacy, and infrastructure — moving on state timelines, signing whole corridors while our agencies underwrite one project at a time on multi-year clocks. The American answer is not to copy state capitalism; it is to mandate that our own tools — DFC, EXIM, and the trade agencies — move at commercial speed, as one coordinated package, for investments in qualifying zones. Speed and coordination are the competition; the PRC has made them state policy.

5. Partner countries are asking for this — that's the proof it works. The framework only functions where a host country opts in and ratifies the standards through its own legislature: transparent administration, enforceable contracts, neutral dispute resolution, and no adversary control of critical infrastructure. Countries do it because meeting the standard attracts capital they cannot otherwise reach — the United States doesn't impose the zone, it certifies and protects it. That pull dynamic is what makes the model durable, and what makes it scale.

Economic Security Zones are one of the most promising tools available to change the current unacceptable situation. But zones on paper do not refine an ounce of cobalt or separate a gram of neodymium. They need durable statutory authority, predictable financing, and a Congress willing to treat this with the urgency of a genuine national security threat — because that is exactly what it is.

Thank you, and I look forward to your questions.

Citations

1. Cobalt Institute 2025 Market Report
2. CSIS Stabilizing Cobalt Markets – Dr. Gracelin Baskaran and Meredith Scwartz
3. International Energy Agency Critical Minerals Outlook 2025
4. Reuters: Chinese Dominance in Indonesian Nickel, 2025
5. International Energy Agency (IEA), Global Critical Minerals Outlook 2025
6. International Energy Agency (IEA), “Rare Earth Elements” Executive Summary, Global Critical Minerals Outlook 2025