

1

Welcome to today's hearing of the Subcommittee on Oversight and Investigations.

Our country's national security and economic prosperity depends on stable access to the products and materials our energy producers need.

Unfortunately, we currently depend on international rivals such as China and Russia for much of these energy supply chain inputs.

According to a recent report by the Heritage Foundation, of the 35 minerals identified as “critical” by the Department of the Interior in 2021, the United States is 100 percent reliant on imports for at least 20 of them<sup>1</sup>. Additionally, the same report reveals, that, while China only possesses about 36 percent of the world’s rare earth element reserves, it controls more than 70 percent of the world’s extraction capabilities and 90 percent of world-wide processing capacity.<sup>2</sup>

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<sup>1</sup> [https://www.heritage.org/sites/default/files/2023-03/SR270\\_0.pdf](https://www.heritage.org/sites/default/files/2023-03/SR270_0.pdf)

<sup>2</sup> [https://www.heritage.org/sites/default/files/2023-03/SR270\\_0.pdf](https://www.heritage.org/sites/default/files/2023-03/SR270_0.pdf)

3

Last year, the White House drew attention to the fact that China controls 87 percent of the global market for magnets, which are used for everything from electric vehicle motors to electronics, and all manner of power-producing turbines.<sup>3</sup>

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<sup>3</sup> <https://www.whitehouse.gov/briefing-room/statements-releases/2022/02/22/fact-sheet-securing-a-made-in-america-supply-chain-for-critical-minerals/>

4

The Biden Administration has extolled the billions of dollars in grants and incentives in the Infrastructure Investment and Jobs Act and the Inflation Reduction Act as a key component of our national strategy to secure our energy sector supply chains and support a domestic manufacturing base.

However, as Department of Energy Inspector General, Teri Donaldson, testified before this Subcommittee just a few weeks ago, this speedy spending spree carries risks, such as funding flowing through new programs that may lack appropriate internal controls and the push to get money out the door without adequate oversight of who that money is actually going to.<sup>4</sup>

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<sup>4</sup> [https://www.heritage.org/sites/default/files/2023-03/SR270\\_0.pdf](https://www.heritage.org/sites/default/files/2023-03/SR270_0.pdf)

6

This Committee has led the way in expressing concern and inquiring into how the Department is vetting the entities competing for its large awards.

7

Last December, Chair McMorris-Rodgers and I sent a letter to Secretary of Energy Jennifer Granholm requesting more information regarding the Department's selection of Microvast as an awardee under its Battery Materials Processing and Battery Manufacturing & Recycling Funding Opportunity. Microvast's selection raised concerns regarding Chinese Communist Party influence. Just last night, our Committee was informed that the DOE has decided not to proceed with this award.

Others have expressed concern about the nature of partnerships, and joint ventures between United States companies and Chinese companies, as these entities attempt to take advantage of the Inflation Reduction Act's tax credits and other incentives.

9

In just one example, in my home, the Commonwealth of Virginia, our governor, Glenn Youngkin withdrew our state from the process of incentivizing Ford Motor Company's proposed electric vehicle battery factory because of Ford's subservient role in a partnership with a Chinese company.

Today, we will take a closer look at some of our federal policies and programs designed to address reliance on foreign adversaries for important energy sector products and materials and scrutinize whether they are really serving their purported goals.

While I appreciate the Department of Energy's efforts to update the Committee on its new "Research, Technology, and Economic Security" measures and the opportunity to discuss this issue briefly with Secretary

Granholt a couple of weeks ago, many questions remain on awardee vetting.

I commend the Department for its increased scrutiny of the Microvast award.

I had originally hoped to have the Department of Energy Office of Manufacturing Director to join us today for this hearing, he could have delivered the good news in person. Unfortunately, they refused to come before us, citing inadequate notice despite receiving an invitation to testify on May the 9th. This in and of itself makes me somewhat wary of the

12

Department's vetting. Since they are supposed to be doing the work, I would expect two weeks to be more than enough time for the Office to provide a well-informed witness who could articulate the program goals and the award review processes. And if here, without letting us know, we are prepared to receive their testimony.

Even though not in attendance today, this conversation is too important to postpone.

First, the Subcommittee welcomes Mrs. Diana Furchtgott-Roth, Director of the Center for Energy, Climate, and Environment at the Heritage Foundation and Adjunct Professor at the George Washington University. We are also joined by Mr. Jeremy Harrell, Chief Strategy Officer at ClearPath. Dr. Ellen Hughes-Cromwell, Senior Resident Fellow for Third Way's Climate and Energy Program will also be testifying. And finally, we have Mr. Kenny Stein, Vice President for Policy at the Institute for Energy Research.

Again, we are disappointed by the Department's decision not to attend but thank our witnesses for sharing their ideas. I look forward to today's discussion and hope we can further the conversation on reshoring and near shoring of our essential supply chains.