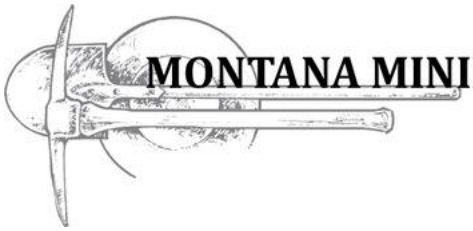

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June 11, 2024
Written Testimony of
Matt Vincent, Executive Director
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U.S. House of Representatives, Energy and Commerce Committee
Subcommittee on Environment, Manufacturing and Critical Materials hearing,
"Securing America's Critical Materials Supply Chains and Economic Leadership,"
Scheduled for Thursday, June 13 at 10:30 a.m. EST

Summary of Key Points: Introductory; Montana as a state example of U.S. mineral policies and supply chains, historic and present; Positive developments in recognizing the problems; Challenges (regulatory/permitting, policies, refining and processing capacity, federal coordination, global markets) facing U.S. efforts to meet critical minerals and materials demand with secure, domestic supply chains; Opportunities (resources/deposits, incentives and regulatory/permitting, policies; workforce and training) to overcome supply chain challenges; Concluding.

The Montana Mining Association (MMA), incorporated in its current form in 1973, is the state's trade organization representing the hard rock mining industry, which includes metals (e.g., copper, molybdenum, PGMs) and industrial materials (e.g., cement, lime, talc, sulfides)[1]. MMA does not represent Montana's coal industry (Montana Coal Council[2], nor sand, gravel or construction stone (Montana Contractors Association[3]) or rock products, which is customary for other state mining associations. The mission of the Association is "to promote and protect responsible mining in Montana" and its member include over a hundred mining companies, associates providing goods, services and technologies to the industry and collaborative partners, including other trade associations, NGOs and academia. MMA is an associate member of the National Mining Association (NMA)[4], which we would like to recognize for its contributions to our industry and for MMA's participation in this important subcommittee hearing, as well as the American Exploration and Mining Association (AEMA)[5], another vital resource to our association's ability to serve its members.

[1] Montana Mining Association website: https://www.montanamining.org/
[2] Montana Coal Council website: https://www.montanacoalcouncil.org/
[3] Montana Contractors Association website: https://www.mtagc.org/
[4] National Mining Association website: https://nma.org/
[5] American Exploration and Mining Association website: https://www.miningamerica.org/

Per a 2023 economic impact report[6] Montana's hard rock mining industry accounted for over 18,000 permanent, year-round jobs across a wide-spectrum of industries and contributed over $7.3 billion in economic output to the state's economy and over $425 million in taxes and non-tax revenues to state and local governments. It's notable that these numbers, particularly the economic output and tax revenues, are largely dependent upon market prices of mineral commodities and production of these materials. For instance, Montana is home to the nation's largest Platinum Group Metals (PGM) producer and the only US mining company of PGMs (Sibanye-Stillwater); global palladium prices have decreased by more than 50% in the last year[7], which significantly affects our state's industry and economic output.

A historical perspective. Montana moniker is "The Treasure State" and its state seal prominently features a pick and shovel and the motto "oro y plata," which is Spanish for "gold and silver." Mining is our flagship industry, along with agriculture, and continues to be an important part of our heritage and economy. Historically, Montana's mines, smelters and processing facilities were responsible for the state periodically being a world-leading producer of many metals, including copper, manganese and zinc. While there is still much "treasure" in our mineral resources, development of these resources has dwindled from its mining heydays. This last sentence can also be said of our country's mining and refining history.

Much of Montana's historic mining prowess is due to the Anaconda Copper Mining Company (The Anaconda Company) and its mining, smelting and refining facilities in Butte, Anaconda and Great Falls, respectively. Butte was dubbed "The Richest Hill on Earth" in the 19th century, providing our country and roughly a third of the world's copper from the late 1880s through World War I. The Anaconda Company realized itself as one of the nation's largest and most powerful companies through its corporate slogan "***from mine to consumer***." At its peak, the company had mines, smelters and refineries for copper, brass and other mineral commodities across North America, Europe and South America[8] and was a driver of both Montana's and the U.S. mineral economy. A common urban legendary quip by old timers in Butte is that its copper electrified America and helped it win two World Wars. Whatever amount of truth lies in this statement, and despite the Anaconda Company's strength and size, it ultimately failed as a company shortly after the Chilean government nationalized its copper mining industry in the early 1970s[9], losing control of its largest producing mines at Chuquicamata and Porterillos. Other factors contributed to the demise of Anaconda within the same timeframe, including the advent of the U.S. environmental movement with formation of the Environmental Protection Agency and subsequent passage of the Federal Clean Air and Clean Water Acts, changing the way industry was allowed to operate within the country.

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[6] The Economic Contribution of Montana's Hard Rock Mining Industry, May 2023, Bureau of Business and Economic Research, University of Montana

[7] Communication w/ Sibanye-Stillwater MMA member, 2024

[8] Anaconda. By Isaac F. Marcosson. New York, Dodd, Mead & Company, 1957.

[9] González, A., Sánchez, F. & Castillo, E. The nationalization of the large-scale copper mines in Chile: successful investment or financial failure?. *Miner Econ* (2023).

Increased environmental regulation and protections led to great improvements in our nation's ecosystems and society from an environmental perspective. This time also marked the beginning of what could be described as the systematic offshoring of America's mining and mineral processing, refining and manufacturing industries to other, "less regulated" global locations.

Viewing the present critical materials supply chain crisis through this simplified historical lens, it shouldn't come as a surprise to find we are in this vulnerable position. Citing one recent example, NMA provided to Department of Energy[10] a much more current and detailed market analysis and relevant explanation of our current mineral supply chain challenges. At a time when our country needs minerals for energy transition, technology and manufacturing and national security, we are importing over half of what it takes to meet our demands[11]. Analysis shows that demand for critical minerals is expected to double by 2040[12], with many minerals requiring increases in supply much greater. It has become well understood that China controls the supply and processing of many of these critical materials, including rare earth elements (REEs). Montana's mining economic output has directly experienced the control Russia has over the global supply of palladium (40%)[13]. It is no secret that producing critical minerals in other jurisdictions is much, much cheaper than producing them under the sophisticated regulatory structure of the U.S. We as a country need to do more to overcome these challenges if we are ever to accomplish a secure domestic supply chain in the long term.

Positive developments. Recognizing a problem is the first step to solving it, and the US has taken that first positive step, including many programs and policies to address our most critical minerals and material needs. Examples of these are the CHIPS Act, Securing America's Mineral Supply Chain Act, Regulatory Clarity Act, Investment in Infrastructure and Jobs Act, the Infrastructure Act, Mining Schools Act and recent advancements of a Good Samaritan Act that could lead to more environmental cleanup of legacy mine sites while at the same time reprocessing these wastes for valuable critical commodities. Montana submitted a joint letter signed by MMA to its Congressional delegation touting the need for more federal funding to go to the Abandoned Mines Cleanup budget, which is another potential source to reprocess historic wastes for good. Other examples are federal departments funding vital incentives, research and development including the Department of Defense, Department of Energy and Department of Commerce. In that regard, the Montana Bureau of Mines and Geology and Montana Technological University have utilized federal funding to evaluate our state for viable deposits of critical minerals and REEs, of which we now know Montana has significant occurrences of a majority of the elements

[10] NMA, Critical Minerals Market Dynamics, Request for Information, Department of Energy, May 20, 2024

[11] U.S. Geological Survey, 2024, Mineral commodity summaries 2024: U.S. Geological Survey, 212 p., https://doi.org/10.3133/mcs2024.

[12] "The Role of Critical Minerals in Clean Energy Transitions," International Energy Agency, March 2022.

[13]https://www.usitc.gov/publications/332/executive_briefings/ebot_russia_palladium_and_semiconductors.pdf

and materials on both the USGS Critical Minerals[14] and Department of Energy Critical Materials[15] lists. Furthering the role Montana can play in meeting our nation's critical minerals needs, MMA currently has a Defense appropriations request in to both Senator Tester and Congressman Zinke to develop a processing facility in state for both historic and currently permitted critical minerals and REEs and to further identify our most viable mineral resources for stabilizing the U.S. domestic supply chain. Montana is still a "treasure state" and the U.S. is still recognized as a country with vast natural resource development potential, second only to Russia.[16]

Challenges to progress. At the same time, we have recognized our vulnerability to supply chains controlled by our geopolitical adversaries and begun to develop ways to secure our future, there are too many actions being taken that are counterproductive to our efforts. For instance, China has recently restricted the export of gallium, germanium and graphite to the U.S. and its Western allies, exposing our near total dependence on them for these critical materials for technology, energy and national defense. Regrettably, there are many instances of us standing in the way of our own progress with policies and actions that will prevent us from resolving the problem. Led by the Department of Interior, the following are examples of some of these counter measures: the Interagency Working Group on Mining Reform, federal mineral withdrawals over areas where mineral potential is great, the BLM Conservation Rule elevating conservation over other multiple uses and its current Sage Grouse rules revisions; failure to include mining and initial processing in the 45x incentives and conservation area designations in areas of viable mineral potential. In Montana, our association has spent considerable effort weighing in with the federal agencies overseeing these and other actions, which we see as counterproductive to achieving minerals independence. Two recent examples in our state are the US Fish and Wildlife Service proposal to designate almost 6 million acres of southwest Montana, which includes 65% public lands, as the Missouri Headwaters Conservation Area[17]. This area includes roughly 20% of our state's known mineral resources, including significant deposits of critical minerals and REEs. Another example is the BLM's recently released Resource Management Plan prohibiting all future leases for coal reserves within the Powder River Basin of SE Montana and Wyoming. Ironically, the DOE has been funding research in the same area that has identified coal deposits for their elevated potential for REEs[18]. There is clearly a disconnection between the factions of our federal government, and we must coordinate our efforts and policies if we are ever to accomplish our stated goals. Talking the talk needs to become walking the walk. Otherwise, we will be left standing in place while China, Russia continue to exert their dominance of supply and other global players pass us by.

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[14] https://www.usgs.gov/index.php/news/national-news-release/us-geological-survey-releases-2022-list-critical-minerals

[15] https://www.energy.gov/eere/articles/us-department-energy-releases-2023-critical-materials-assessment-evaluate-supply

[16] https://www.investopedia.com/articles/markets-economy/090516/10-countries-most-natural-resources.asp

[17] https://www.fws.gov/project/proposed-missouri-headwaters-conservation-area

[18] https://netl.doe.gov/sites/default/files/netl-file/24RS_CMM_Philips.pdf

Policies aside, permitting remains the greatest obstacle to meaningful improvement for increasing our domestic minerals production. Presently, it is expected that the average mine takes over 10 years to permit from exploration to development. In Montana, Sandfire Resources America's Black Butte Copper Project recently received the first large-scale hard rock mining permit in nearly 30 years. From exploration to a granted permit (note: the project is still roughly two years from production), Black Butte has taken 14 years, produced over 90,000 pages of permit and supporting documents and has been met with litigation nearly every step of the way. The last major mine to receive a permit in Montana (and purportedly the last major mine to be permitted *ANYWHERE* in the US on Forest Service ground) was Stillwater's East Boulder Mine in 1998. Meanwhile, there is a major push for companies, states and countries – including our own –to achieve "net zero" goals for energy transitions and EVs as early as 2026 in some cases. To quote Dr. Patrick Barkey from his presentation at Montana's annual statewide Economic Outlook Seminar series, "these two things are simply incompatible."

Concluding. We as a country through its federal government and Congressional partners need to do a better job coordinating and developing a consistent approach to minerals policy in order to secure our supply chain and our nation's ability to advance. To quote NMA in the previously cited RFI, we need to be "enacting policies that support the entirety of the supply chain from mining all the way through to the manufactured product." In essence, we need to refocus on the Anaconda motto of "from mine to consumer." We have the resources available to us beneath our feet and the globally leading regulations and track record to ensure it's done right.