



BEFORE THE

**UNITED STATE HOUSE OF REPRESENTATIVES
HOUSE COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES**

Examining the Biden Administration's Record on Federal Coal Leasing

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TESTIMONY OF

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INTRODUCTION

On behalf of the Alabama State Port Authority, I would like to thank Chairman Stauber, Ranking Member Ocasio-Cortez, and all of the members of the Energy and Mineral Resources Subcommittee for the opportunity to provide our perspective on the importance of metallurgical coal.

My name is John Driscoll, and I serve as the Director and CEO of the Alabama Port Authority. We are the only deep-water seaport in the state of Alabama, overseeing all cargo and waterborne vessel activity at the Port of Mobile. In addition to the Port of Mobile, the Alabama State Port Authority owns eight inland docks on waterways across the state and is investing in additional inland intermodal rail facilities to serve the Port's booming container business.

In 2021, the Port had an \$85 billion economic impact on Alabama, created one-in-seven jobs statewide, and generated more than \$2 billion in state and local tax revenue. We are one of the largest and most diverse ports in the country, moving commodities and consumer goods that are critical not only for the State of Alabama but the entire United States and our economic trading partners worldwide. Of the 36.4 million tons of cargo moved over the Port of Mobile in 2022, more than 10 million tons of that cargo was the incredible natural resource we are here to discuss today, metallurgical coal.[1]

As you know, metallurgical, or "met" coal, is not thermal coal, which has long been burned for energy. Instead, met coal is a high-grade coal that is a primary material used in steel production. When heated to high temperatures, met coal becomes a nearly elemental form of carbon called "coke." The coke is then combined with iron ore to make molten steel. From ships to scalpels, met coal is used to produce high-grade steel that you will find in things like cars, heavy construction equipment, and advanced manufacturing devices.

Metallurgical coal, specifically Alabama's met coal, is recognized industry-wide as some of the finest steel-making coal and is sought-after worldwide. Not only is it some of the highest quality metallurgical coal in the world, but its geographic proximity to a deep-water seaport, accessibility to inland waterways, and well-connected rail infrastructure render it some of the most competitively priced met coal available worldwide.

With this commodity in such high demand, McDuffie Coal Terminal operates 24 hours a day, seven days a week. We are the third-largest coal handling facility in the United States, and with major coal industry expansions underway in the Birmingham and Tuscaloosa areas, exports are expected to double in the next five years.

As such, the Port has embarked on a nearly \$200 million capital investment program to double our throughput capacity, better serve our met coal customers and make McDuffie the most modern and efficient met coal exporter in the U.S. Through these investments, McDuffie will reach its full potential of more than 20 million tons exported annually, ensuring the Port of Mobile offers the efficiency needed to keep up with the growing demand for met coal.

At the Port, our primary goal is to facilitate economic growth and serve our customers. However, burdensome regulations hinder our customers' capabilities and impede the expansion of Alabama's economy. With growing global demand and limited alternatives, it is more important than ever for the U.S. to tap into its bounty of natural resources and proceed with federal leases to meet global needs while also delivering economic and tax benefits to the U.S.

I urge the esteemed members of this committee to consider this testimony, collaborate with colleagues on both sides of the aisle and work with the Administration to enact the appropriate measures to promote the use of met coal. Together, we can leverage our natural resources to secure a prosperous and sustainable future for generations to come.

THERMAL VERSUS MET COAL

Thermal coal is for energy production. It is burned to produce steam, which drives turbines to generate electricity. Metallurgical coal, however, is used in the production of steel. Often referred to as coking coal, met coal is subjected to a specialized heating and carbonization process to remove impurities and create "coke," a solid carbonaceous material used as fuel in the steelmaking process. Once met coal is distilled down to coke, it is put into blast furnaces, converting iron ore into molten iron, which is then used to produce steel.

ENVIRONMENTAL SUSTAINABILITY AND MET COAL

As we strive to achieve a sustainable and resilient future, it is essential that we strike a balance between being good stewards of the environment and supporting economic imperatives that underpin our industrial development.

Steel is completely reusable. Instead of being discarded as waste, products or materials that have reached the end of their useful life and are no longer needed in their current form can be salvaged as scrap steel to undergo a recycling process that allows the scraps to be reintroduced to the steel production cycle.

Although scrap steel recycling is a great way to support sustainability in steelmaking, met coal is currently the only way to meet global steel production demands. While research is ongoing and the steel industry is actively exploring more sustainable alternatives to met coal, the adoption of these alternative methods is many years away and faces major challenges such as scalability, affordability, and structural integrity.

ALABAMA MET COAL

McDuffie Coal Terminal at the Port of Mobile is the third-largest coal handling facility in the United States. The terminal imports some thermal coal; however, the majority of our operations serve to export met coal.

Metallurgical coal, specifically Alabama's met coal, is sought-after worldwide. Not only is it some of the highest quality metallurgical coal in the world, but its geographic proximity to a deep-water seaport, accessibility to inland waterways, and well-connected rail infrastructure render it some of the most competitively priced met coal available worldwide. On average, an underground mine worker can earn upwards of \$130,000, and overall, Alabama's coal industry has an annual economic impact of nearly \$3 billion.

The complete lifecycle of Alabama met coal is as unique as it is impactful. Met coal comes from the ground in the Birmingham and Tuscaloosa areas, travels down by rail or barge to McDuffie Coal Terminal at the Port of Mobile, is exported to steel-makers, and comes back through the Port in a finished or semi-finished form that can become a vessel for the Navy built at Austal USA in Mobile or a brand new car from the Mercedes manufacturing plant in Vance or a rocket test station at NASA in Huntsville.

This story can be repeated over and over again nationwide. In California, it required 64,000 tons of met coal to make the steel for the Golden Gate Bridge. Whirlpool needs over 100 pounds of met coal to produce a refrigerator. Boeing needs around 10 tons of met coal to build its 787 aircraft. Renewable energy developers need met coal to construct wind turbines and solar panels. Cities need commuter rail lines. Farmers need tractors. Chefs need stoves. Teachers need computers. Met coal is simply everywhere and almost certainly touches at least one thing the average American consumer relies on daily.

NATIONAL ECONOMIC IMPACT OF MET COAL

The extraction and production of minerals stimulate economic activity in local communities. Mining operations require a workforce that includes miners, engineers, technicians, and support staff. Additionally, mining activities often lead to the establishment of ancillary industries, such as equipment manufacturing and supply chains, further boosting regional economies.

However, the economic impact extends beyond mining and includes the broader supply chain associated with metallurgical coal. The extraction, processing, and transportation of metallurgical coal involve various industries and sectors, such as mining equipment manufacturing, transportation services, and port facilities. These sectors generate employment opportunities and contribute to regional economic growth and development.

While the U.S. is a significant consumer of met coal, we play a broader role in the global supply chain as well. With an increasingly interconnected global economy dependent on international trade, the United States has the opportunity to maximize the economic benefits of metallurgical coal and ensure the resilience of the U.S. steel and related sectors.

On the export side, the United States benefits from its metallurgical coal reserves, which allow for the generation of export revenue and a positive trade balance. The demand for metallurgical coal is robust worldwide due to its essential role in steel production, and the United States' ability to supply high-quality metallurgical coal through natural resources in places like Alabama and globally connected assets such as the Port of Mobile positions this country as a reliable global exporter. These trade activities contribute to the nation's export earnings, support domestic mining and transportation sectors, and strengthen the overall trade competitiveness of the U.S.

GLOBAL DEMAND FOR MET COAL

The global demand for steel continues to rise, driven by population growth, urbanization, and the need for robust infrastructure systems. Metallurgical coal plays an integral role in meeting this demand, as it remains the primary source of carbon used in steel production. In fact, Metallurgical coal accounts for approximately 70 percent of the global steel market, affirming its significance in sustaining industrial development and economic progress on a global scale.

The U.S. was the second largest met coal exporter in 2019, supplying 14 percent of the global market from mines in Alabama, Arkansas, Pennsylvania, Virginia, and West Virginia. Approximately 70 percent of steel worldwide is produced with met coal, and in 2022, global steel production reached 1.875 million tons. Each ton of steel made through this process requires 0.6 tons of met coal.[2]

In the United States, our reliance on steel for critical infrastructure projects, such as bridges, roads, railways, and energy facilities, necessitates a stable and accessible supply of metallurgical coal. The consistent availability of this essential resource directly impacts the cost, quality, and competitiveness of our domestic steel industry. To maintain our nation's economic strength, it is imperative that we prioritize the development and responsible extraction of metallurgical coal reserves within our borders. Moreover, the mining of metallurgical coal presents valuable employment opportunities for communities across the United States, particularly in regions with significant coal deposits. These jobs provide economic stability and contribute to the well-being of local economies.

MET COAL AND THE NATIONAL DEFENSE

The United States takes pride in having a strong and prepared military force. While adequate funding for defense programs and modernization initiatives is essential to equipping troops with the latest technologies and capabilities, metallurgical coal is critical to building the physical assets the military needs to respond to any threat to our national interests, protect our allies, and maintain peace through strength.

From armored vehicles, aircraft carriers, destroyers, submarines, and amphibious assault ships to fighter jets, firearms, munitions, and communication systems, the U.S. Military relies on steel. As such, an investment in met coal means an investment in military readiness, ensuring the safety and security of our great nation and its citizens.

FISCAL RESPONSIBILITY AND MET COAL

Mining royalties on minerals from federal lands provide financial, economic, and strategic benefits to the United States, supporting various public programs, regional development, natural resource management, and national security priorities.

Mining royalties generate significant revenue for the federal government. The royalties collected from mining activities on federal lands contribute to the national treasury, which can be allocated towards various public programs and services, including infrastructure development, education, healthcare, and conservation initiatives.

Mining royalties are often shared with states and local governments. These revenues provide financial support for state and local infrastructure projects, schools, healthcare facilities, and other essential services. The funds can be utilized to address specific regional needs or invest in economic diversification efforts.

The United States, as a major consumer and exporter, should prioritize the responsible extraction of metallurgical coal to maintain economic strength, trade competitiveness, and national security. By reinvesting mining royalties, the industry can ensure responsible resource extraction and contribute to regional development and environmental conservation. By ensuring a stable and accessible supply of metallurgical coal, the United States strengthens its trade competitiveness, generates export revenue, and supports domestic mining and transportation sectors.

Furthermore, mining royalties on minerals from federal lands provide significant financial, economic, and strategic benefits to the United States, where revenue generated from mining activities can be allocated towards public programs, regional development, natural resource management, and national security priorities. By reinvesting mining royalties, responsible resource extraction, environmental protection, and conservation initiatives can be implemented, ensuring the long-term sustainability of the industry.

CONCLUSION

The value of metallurgical coal cannot be overstated, and as the global demand for steel continues to rise, enacting policies to support responsible extraction is critical.

The complete lifecycle of Alabama met coal, from extraction to export and eventual use in the production of Alabama-made automobiles, is an excellent case study of met coal's impact not only to the economic vitality of communities across America but to the broader, global supply chain in which the United States and our vast resources are of paramount importance.

From automotive manufacturing to infrastructure development, met coal remains the primary material for steel production, and while research is ongoing to find more sustainable alternatives, the adoption of these alternatives is still years away and faces significant challenges. As the world transitions to more sustainable energy sources, the reality is that met coal remains indispensable in delivering the infrastructure to support the capture of renewable sources such as solar and wind.

The United States must prioritize the development and accessibility of metallurgical coal reserves to maintain its economic strength, ensure military readiness and invest in long-term renewable energy to support a resilient and prosperous future.

REFERENCES

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