

**The Federal Perspective on a  
National Critical Materials Strategy  
Representative Donna F. Edwards (D-MD)  
Subcommittee on Investigations & Oversight  
House Committee on Science, Space, and Technology  
Tuesday, June 14, 2011,  
2:00-4:00 p.m., Room 2318 Rayburn**

I want to thank the Chairman for taking up this important issue. I also want to acknowledge the work of the former Chairman of this Subcommittee, Mr. Miller, who held the first hearing on this matter for the Committee, and who worked with his then-Vice Chair, Kathy Dahlkamper, to craft legislation designed to help address the shortage of rare earth elements.

Rare earths are just one class of materials that are crucial to our economy and our national security. This Committee has a thirty year-long history of trying to establish an ongoing institutionalized focus on potential shortages of such materials, but at different times Republican and Democratic administrations have let this matter slip off the table.

That said, the Obama Administration is to be congratulated for grasping the challenge of critical materials and organizing to develop a coherent set of policies. I am very pleased to see Dr. Holdren here to talk about those efforts.

The public focus on shortages is largely on rare earth elements, but tomorrow the challenge may be scarce isotopes or metals or minerals. I think we need to recognize that the government should have an on-going capacity to work to identify potential shortages and adopt policies designed to avoid or diminish the disruptions that come with shortages.

Some argue that the rare earth element story will end up validating the power of markets to address demand. It is true that there are aggressive efforts underway in Malaysia, the United States and other places to develop rare earth extraction capacity.

However, even if those efforts prove fruitful, the reality is that China's aggressive use of access to their rare earths reserves will have succeeded in moving manufacturing facilities and jobs to China. Once there, those facilities are unlikely to move away. Further, there is nothing to keep China from reversing its rare earth policies if they face competitors.

At the moment, China has cut export quotas to create incentives for firms to move there and to capture exorbitant profits from those reserves they do export. There is nothing to stop the Chinese government from reversing course in the future and flooding markets with rare earths to drive their competition out of business.

When faced with a state-controlled economy the size of China's, we cannot assume that markets alone can solve our problems. I want to warn that those who blame our loss of

mining in rare earths on environmental regulations that they are overlooking the reality that the key lever the Chinese used to win a virtual global monopoly in mining in the first place was cut-throat pricing.

That said, rare earth mining and processing has proven to be a very dirty business in the past, with pollution—including radioactive wastes—a trademark of this industry. I expect that our work to develop a domestic industry will not ignore the real dangers inherent in rare earth mining and process and that we will see Molycorp, and others, set a global standard for environmental compliance and safety.

I look forward to the testimony today and hope that this marks the beginning of an ongoing dialogue about how to protect our jobs, our economy and our national security from unfair trade policies and resource scarcities.

I would like to yield my remaining time to my distinguished colleague, Mr. Miller of North Carolina.