AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

H.R. 6080, TO ESTABLISH THE "MINERAL COMMODITY INFORMATION AGENCY (MCIA)" WITHIN THE DEPARTMENT OF THE INTERIOR

LEGISLATIVE HEARING

BEFORE THE

SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

OF THE

COMMITTEE ON RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

Wednesday, September 20, 2006

Serial No. 109-62

Printed for the use of the Committee on Resources

Available via the World Wide Web: http://www.gpoaccess.gov/congress/index.html
or
Committee address: http://resourcescommittee.house.gov

U.S. GOVERNMENT PRINTING OFFICE

30-099 PDF WASHINGTON : 2006

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2250 Mail: Stop SSOP, Washington, DC 20402–0001

COMMITTEE ON RESOURCES

RICHARD W. POMBO, California, *Chairman*
NICK J. RAHALL II, West Virginia, *Ranking Democrat Member*

Don Young, Alaska
Jim Saxton, New Jersey
Elton Gallegly, California
John J. Duncan, Jr., Tennessee
Wayne T. Gilchrest, Maryland
Ken Calvert, California
Barbara Cubin, Wyoming
Vice Chair
George P. Radanovich, California
Walter B. Jones, Jr., North Carolina
Chris Cannon, Utah
John E. Peterson, Pennsylvania
Jim Gibbons, Nevada
Greg Walden, Oregon
Thomas G. Tancredo, Colorado
J.D. Hayworth, Arizona
Jeff Flake, Arizona
Rick Renzi, Arizona
Stevan Pearce, New Mexico
Henry Brown, Jr., South Carolina
Thelma Drake, Virginia
Luis G. Fortuño, Puerto Rico
Cathy McMorris, Washington
Bobby Jindal, Louisiana
Louie Gohmert, Texas
Marilyn N. Musgrave, Colorado
Vacancy

Dale E. Kildee, Michigan
Eni F.H. Faleomavaega, American Samoa
Neil Abercrombie, Hawaii
Solomon P. Ortiz, Texas
Frank Pallone, Jr., New Jersey
Donna M. Christensen, Virgin Islands
Ron Kind, Wisconsin
Grace F. Napolitano, California
Tom Udall, New Mexico
Raúl M. Grijalva, Arizona
Madeleine Z. Bordallo, Guam
Jim Costa, California
Charlie Melancon, Louisiana
Dan Boren, Oklahoma
George Miller, California
Edward J. Markey, Massachusetts
Peter A. DeFazio, Oregon
Jay Inslee, Washington
Mark Udall, Colorado
Dennis Cardoza, California
Stephanie Herseth, South Dakota

Steven J. Ding, *Chief of Staff*
Lisa Pittman, *Chief Counsel*
James H. Zoia, *Democrat Staff Director*
Jeffrey P. Petrich, *Democrat Chief Counsel*

SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

JIM GIBBONS, Nevada, *Chairman*
RAÚL M. GRIJALVA, Arizona, *Ranking Democrat Member*

Don Young, Alaska
Barbara Cubin, Wyoming
Chris Cannon, Utah
John E. Peterson, Pennsylvania
Stevan Pearce, New Mexico
Thelma Drake, Virginia
Vice Chair
Bobby Jindal, Louisiana
Louie Gohmert, Texas
Richard W. Pombo, California, *ex officio*

Eni F.H. Faleomavaega, American Samoa
Solomon P. Ortiz, Texas
Jim Costa, California
Charlie Melancon, Louisiana
Dan Boren, Oklahoma
Edward J. Markey, Massachusetts
Nick J. Rahall II, West Virginia, *ex officio*

CONTENTS

	Page
Hearing held on Wednesday, September 20, 2006	1
Statement of Members:	
Cubin, Hon. Barbara, a Representative in Congress from the State of Wyoming, Statement submitted for the record	7
Drake, Hon. Thelma, a Representative in Congress from the State of Virginia	5
Prepared statement of	6
Gibbons, Hon. Jim, a Representative in Congress from the State of Nevada	1
Prepared statement of	3
Grijalva, Hon. Raul M., a Representative in Congress from the State of Arizona	4
Prepared statement of	4
Statement of Witnesses:	
Brown, David S., President, Wyo-Ben, Inc., and Vice Chairman, Bentonite Section, Industrial Minerals Association—North America	16
Prepared statement of	17
Copulos, Milton R., President, National Defense Council Foundation	35
Prepared statement of	36
Holmes, Constance D., Senior Economist and Director of International Policy, National Mining Association	19
Prepared statement of	21
Kaas, L. Michael, Mining Engineer, Retired, Arlington, Virginia	29
Prepared statement of	30
Kanagy, David L., Executive Director, Society for Mining, Metallurgy, and Exploration, Inc.	32
Prepared statement of	34
Meyer, Drew A., Vice President, Marketing and Transportation Services, Vulcan Materials Company, on behalf of The National Stone, Sand & Gravel Association	8
Prepared statement of	9
Additional materials supplied:	
American Concrete Pavement Association, American Concrete Pipe Association, Michigan Concrete Paving Association, National Concrete Masonry Association, National Ready Mixed Concrete Association, and Portland Cement Association, Letter submitted for the record	41
Billingsley, Lee T., President, American Association of Petroleum Geologists, Letter submitted for the record	42
Ellis, Mark G., President, Industrial Minerals Association—North America, Letter submitted for the record	43
Morgan, John D., EM, Ph.D., Statement submitted for the record	45
Naasz, Kraig R., President & CEO, National Mining Association, Letter submitted for the record	46
Skaer, Laura, Executive Director, Northwest Mining Association, Letter submitted for the record	47
Stewart, Shelley, Jr., Senior Vice President, Opertional Excellence and Chief Procurement Officer, Tyco International (US) Inc., Letter submitted for the record	48
Wilson, Jennifer Joy, President & CEO, National Stone, Sand & Gravel Association, Letter submitted for the record	49

H.R. 6080, TO ESTABLISH THE MINERAL COMMODITY INFORMATION AGENCY (MCIA) WITHIN THE DEPARTMENT OF THE INTERIOR, AND FOR OTHER PURPOSES.

Wednesday, September 20, 2006
U.S. House of Representatives
Subcommittee on Energy and Mineral Resources
Committee on Resources
Washington, D.C.

The Subcommittee met, pursuant to call, at 2:02 p.m. in Room 1324, Longworth House Office Building, Hon. Jim Gibbons [Chairman of the Subcommittee] presiding.

Present: Representatives Gibbons, Drake, Grijalva.

STATEMENT OF THE HON. JIM GIBBONS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEVADA

Mr. GIBBONS. Good afternoon. The legislative hearing by the Subcommittee on Energy and Mineral Resources will come to order. The Subcommittee is meeting today to hear testimony on H.R. 6080, a bill to establish the Mineral Commodity Information Agency, and that would be within the Department of Interior, and for other purposes today as well.

As I said, today the Subcommittee is going to hear testimony on H.R. 6080, introduced by our good friend and colleague, Mrs. Drake. This bill will establish the Mineral Commodity Information Administration within the Department of Interior using the existing Department personnel and resources.

For more than 100 years, the United States has been collecting information on mineral commodity statistics. In the last years of the 19th and the first quarter of the 20th century, this task was performed by the U.S. Geological Survey. In 1925, this task was transferred to the Bureau of Mines, where it resided for 70 years.

In that time, the Bureau of Mines prepared annual mineral commodity reports on just about every mineral of economic importance, and the Bureau of Mines became the trusted source of mineral commodity information used by government agencies, industry, and academia.

In 1995, the Bureau of Mines was eliminated, and the mineral commodity information function was transferred back to the USGS, as we here in Congress place great importance on continued reporting of mineral commodity information. In 2002, the

President's Fiscal Year 2003 budget proposed to eliminate the collection of international mineral commodity information by the USGS. The appropriators wisely rejected the proposal and restored funding to the program.

The attempts to eliminate international minerals commodity information collection have continued with each subsequent budget proposal, and each subsequent proposal damaged the morale of those charged with reporting the minerals commodity information to the public. Indeed, these budgetary assaults are likely to continue unless we at the authorizing committee take action.

Significantly, these budgetary assaults have continued throughout the commodities bull market, which started in 2002 and marked the first time prices increased in mineral commodities in a generation. The bull market in commodities has been driven by the surging consumption and economies of India and China. The "Free World" versus "Evil Empire" dichotomy of mineral and energy availability has been replaced by a rough-and-tumble marketplace for mineral commodities.

The United States now finds itself competing for access to mineral commodities with state-owned or state-financed companies. In contrast to our competitors, the U.S. mineral policy has been to rely on private investment, domestic and international commercial decisions on investment and trading activities, and access to a set of international mineral commodity markets to ensure that the needed mineral commodities are supplied to the United States' economy.

This strategy only works because it is supported with sound, publicly available data on mineral commodities that take into account all aspects of the international commodity markets. The Administration's repeated attempts to eliminate the collection of international mineral commodity data are at best unwise and at worst potentially harmful to the nation's economic security and national security.

The competition for mineral commodities has driven the prices of goods up for all Americans. It could threaten the vital national security interest of this nation by fully depriving us of foreign sources of supply and, in some cases, the denial of access to mineral resources needed for our communities could result in a decision to commit U.S. forces to maintain that access.

In this circumstance, commodity knowledge is both power and security. With H.R. 6080, we will put into place the policies that reflect the often repeated but sadly ignored views of the Congress in this matter. In short, H.R. 6080 would help the nation's mining industry, the manufacturing industry, and the U.S. consumers. It will ensure that they continue to have access to information that they need to make good decisions about the basic minerals that help to enhance our way of life.

Making sound decisions about the basic commodities that go into our daily lives will help to preserve the jobs of the hardworking men and women of the Nation in an era of competition for resources. I want to thank Mrs. Drake for introducing this legislation to create a stable source of mineral commodity information for all our citizens.

I also welcome our witnesses here today as well as our Subcommittee members to this important Subcommittee hearing. I will turn now to Mr. Grijalva for his opening statements, and then I will allow Ms. Drake, who is the author of this bill, to have time for her remarks as well. Mr. Grijalva.

[The prepared statement of Mr. Gibbons follows:]

Statement of The Honorable Jim Gibbons, Chairman, Subcommittee on Energy and Mineral Resources

Today, the Subcommittee on Energy and Mineral Resources will hear testimony about H.R. 6080, introduced by Mrs. Drake. This bill will establish the Mineral Commodity Information Administration within the Department of the Interior using the existing Departmental personnel resources.

For more than 100 years, the United States has been collecting information on mineral commodity statistics. In the last years of the 19th and the first quarter of the 20th centuries, this task was performed by the U.S. Geological Survey. In 1925, this task was transferred to the Bureau of Mines, where it resided for the next 70 years. In that time, the Bureau of Mines prepared annual mineral commodity reports on just about every mineral of economic importance. The Bureau of Mines became the trusted source of mineral commodity information used by government agencies, industry and academia. In 1995, the Bureau of Mines was eliminated and the mineral commodity information function was transferred to the USGS as we here in the Congress placed great importance on the continued reporting of mineral commodity information.

In 2002, the President's Fiscal Year 2003 budget proposed to eliminate the collection of international mineral commodity information by the USGS. The appropriators wisely rejected the proposal and restored funding to the program. The attempts to eliminate international mineral commodity information collection have continued with each subsequent budget proposal. And each subsequent proposal damaged the morale of those charged with reporting the mineral commodity information to the public. Indeed, these budgetary assaults are likely to continue unless we as the authorizing committee take action.

Significantly, these budgetary assaults have continued throughout the commodities "bull market" which started in 2002 and marked the first long-term price increases in mineral commodities in a generation. The bull market in commodities has been driven by the surging economies of India and China. The old "Free World" versus "Evil Empire" dichotomy of energy and minerals availability has been replaced by a rough-and-tumble marketplace for mineral commodities. The United States now finds itself competing for access to mineral commodities with state-owned or state-financed companies.

In contrast to our competitors, the U.S. minerals policy has been to rely on private investment, domestic and international commercial decisions on investment and trading activities, and access to a set of international mineral commodity markets to ensure that the needed mineral commodities are supplied the United States economy. This strategy works because it is supported with sound, publicly available data on mineral commodities that takes into account all aspects of the international commodity markets.

The Administration's repeated attempts to eliminate the collection of international mineral commodity data are at best foolhardy, and at worst potentially harmful to the Nation's economic security and national security. The competition for mineral commodities has driven up the prices of goods to all Americans. It could threaten the vital national security interests of this nation by fully depriving us of foreign sources of supply. In some cases, the denial of access to mineral resources could result in a decision to commit U.S. forces to maintain that access. In this circumstance, commodity knowledge is both power and security. With H.R. 6080 we will put into place the policies that reflect the often repeated, but sadly ignored views of the Congress in this matter.

In short, H.R. 6080 would help the Nation's mining industry, the manufacturing industry and consumers. It will ensure that they continue to have access to the information they need to make good decisions about the basic materials that help to enhance of our way of life. Making sound decisions about the basic commodities that go into our daily lives will help to preserve the jobs of the hard working men and women of the Nation in an era of competition for resources.

I want to thank Mrs. Drake for introducing this legislation to create a stable source of mineral commodity information for all of our citizens. I also welcome our witnesses as well as our Subcommittee members to this Subcommittee hearing.

STATEMENT OF THE HON. RAUL GRIJALVA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARIZONA

Mr. GRIJALVA. Thank you, Mr. Chairman, and I join with you in welcoming our panel of expert witnesses today on this legislative hearing on H.R. 6080. In effect, H.R. 6080 would reestablish the United States Bureau of Mines within the Department of Interior. It is ironic that as we approach the end of the 109th Congress with a 2006 midterm election only weeks away, we are hearing testimony on a new bill introduced only last week that would actually undo one of the accomplishments of the Republican 1994 Contract with America.

That GOP manifesto threatened to terminate hundreds of Federal programs in the name of smaller government. Ultimately, only two small Federal agencies, the Interstate Commerce Commission and the United States Bureau of Mines, were dissolved as the public began to realize the real consequences of that contract's proposals.

While I was not a Member of Congress at the time, our Ranking Member Congressman Rahall and many other Democrats opposed the abolishment of the Bureau of Mines, recognizing the public benefits this agency provided. The Bureau of Mines, for example, conducted research to enhance the safety, health, and environmental impact of mining and processing of minerals and materials.

The many fine professionals of the Bureau collected, analyzed, and disseminated information about mining and processing of more than 100 mineral commodities across the nation. In addition, it was a focal point for new and emerging science and technology in the minerals field. But it was the Republican-led House-proposed elimination of the Bureau that after extensive budget negotiations with the Senate, Presidential vetoes, the Republican proposal prevailed and the Bureau of Mines was eliminated.

I would suggest that perhaps H.R. 6080 is an indication that our friends on the other side of the aisle have seen the error of their ways. I would like to make it clear that we believe it is appropriate for the Federal Government to address the nation's critical need for dependable, accurate mineral information and to support the development of government policies that will ensure mineral supplies are available to meet our future needs.

But having gone through the expense and the strain of abolishing the Bureau a decade ago, we question the timing and the need for H.R. 6080 at this time. We would also strongly urge the Chair to secure a cost estimate for the bill before the full committee considers it next week. Given the fact that Federal spending has gone up more than 40 percent under this Administration, it is no wonder that no one is here present to give us information about that expense from the Administration. I look forward to the testimony today, Mr. Chairman, and yield back.

[The prepared statement of Mr. Grijalva follows:]

Statement of The Honorable Raul Grijalva, Ranking Democrat, Subcommittee on Energy and Mineral Resources

Mr. Chairman/Madame Vice-Chair, I join you in welcoming our panel of expert witnesses to today's legislative hearing on H.R. 6080, "The Resources and Origin Commodity Knowledge Act of 2006." In effect, H.R. 6080 would re-establish the United States Bureau of Mines within the Department of the Interior.

It is ironic that as we approach the end of the 109th Congress, with the 2006 midterm elections only weeks away, we are hearing testimony on a new bill introduced only last week that would actually undo one of the "accomplishments" of the Republicans' 1994 "Contract With America", the GOP's manifesto that threatened to terminate hundreds of federal programs in the name of smaller government. Ultimately, only two small federal agencies—the Interstate Commerce Commission and the United States Bureau of Mines—were dissolved as the public began to realize the true consequences of the Contract's sweeping proposals

In fact, the Bureau of Mines did provide public benefits, including research to enhance the safety, health, and environmental impact of mining and processing of minerals and materials. Further, the many fine professionals of the Bureau collected, analyzed, and disseminated information about the mining and processing of more than 100 minerals commodities across the nation. In addition, it was a focal point for new and emerging science and technology in the minerals field.

But, it was the Republican-led House that proposed elimination of the Bureau and after extensive budget negotiations with the Senate, and Presidential vetoes, the Republican proposal prevailed and the Bureau of Mines was eliminated. Perhaps H.R. 6080 is an indication that our friends on the other side of the aisle have seen the error of their ways.

I would like to reiterate that we believe it is appropriate for the federal government to address the Nation's critical need for dependable, accurate mineral information and to support the development of government policies that will ensure mineral supplies are available to meet future needs. But, having gone through the expense and strain of abolishing the bureau a decade ago, we question the timing and need for H.R. 6080 at this time.

Further, we strongly urge the Chair to secure a cost estimate for this bill before the full Committee considers it next week. Given the fact that federal spending has gone up 40% since President Bush took office, it is no wonder that Administration officials are not present to argue in support of taking on yet another government expense.

I look forward to a spirited discussion with today's witnesses.

Mr. GIBBONS. Thank you, Mr. Grijalva. I will turn now to the author of the piece of legislation, Ms. Drake, and welcome her remarks.

STATEMENT OF THE HON. THELMA DRAKE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Ms. DRAKE. Thank you, Mr. Chairman, and thank you for having this legislative hearing today on H.R. 6080, as you said, known as the Resources Origin and Commodity Knowledge Act or ROCK. Great name I think by the way. This bill would make the Mineral Information Team with the United States Geological Survey, an independent agency in the Department of the Interior with much the same charter as the Energy Information Administration housed in the Department of Energy.

The MIT collects and disseminates data on virtually every commercially important nonfuel mineral commodity produced worldwide. This is information that is critical to businesses, the government, and importantly the Department of Defense to help manage the national defense stockpile. Due to the importance of this data, the MIT should be an independent agency reporting directly to the Secretary of the Interior.

Virtually every manufacturing sector from aviation to textiles relies on the unbiased, thorough, and comprehensive data reported by the MIT. This data is essential for effective use of our natural resources and for accurate forecasting. The information for a number of the MIT reports is derived from proprietary information given by our members precisely because the government is a trusted third party.

The United States is the world's largest user of mineral commodities, with processed materials of mineral origin accounting for over $487 billion in the economy in 2005. This is an increase of 8 percent in 2004 on top of an increase of over 13 percent in 2003.

Mr. Chairman, you have already mentioned the need because of the budgetary assaults, but our nation is facing a global resources future where we are more dependent than ever on foreign sources of energy and minerals while at the same time we are no longer guaranteed to be the major recipient of energy and minerals from our traditional foreign suppliers.

Businesses operate in a global economy. In 2005, imported raw and processed mineral materials increased in value by more than 14 percent to $103 billion. This is why the comprehensive data provided by MIT becomes even more important. An independent agency is the goal that this bill will accomplish.

The mission of the newly created Mineral Commodity Information Administration will continue to collect, analyze, and disseminate information on the domestic and international supply of and demand for minerals and mineral materials essential to the U.S. economy and our national security. So thank you, Mr. Chairman, for holding this hearing on what I think is a very important piece of legislation, and I look forward to the testimony of our witnesses.

[The prepared statement of Ms. Drake follows:]

Statement of The Honorable Thelma Drake, a Representative in Congress from the State of Virginia

Good afternoon, Mr. Chairman. Thank you for having this legislative hearing today on H.R. 6080, the Resources Origin and Commodity Knowledge Act.

This bill would make the Mineral Information Team (MIT) with the United States Geological Survey, an independent agency in the Department of the Interior, with much the same charter as the Energy Information Administration housed in the Department of Energy.

The MIT collects and disseminates data on virtually every commercially important non-fuel mineral commodity produced worldwide. This is information that is critical to businesses, the government, and importantly, the Department of Defense to help manage the National Defense Stockpile. Due to the importance of this data, the MIT should be an independent agency reporting directly to the Secretary of the Interior.

Virtually every manufacturing sector, from aviation to textiles, relies on the unbiased, thorough, and comprehensive data reported by the MIT. This data is essential for effective use of our natural resources and for accurate forecasting. The information for a number of the MIT reports is derived from proprietary information given by our members precisely because the government is a trusted third party.

The United States is the world's largest user of mineral commodities, with processed materials of mineral origin accounting for over $487 billion in the economy in 2005. This is an increase of 8% in 2004 on top of an increase of over 13% in 2003.

Some may ask, why this legislation is necessary? In 2002, the Administration's FY 2003 budget proposed to eliminate the collection of international mineral commodity information. The attempts to eliminate international mineral commodity information collection have continued with each subsequent budget proposal. The congressional appropriations committees have wisely continued to reject calls to eliminate this critical data. It is time for Congress to step in and prevent this yearly battle.

Our Nation is facing a global resources future where we are more dependent than ever on foreign sources of energy and minerals while at the same time we no longer are guaranteed to be the major recipient of energy and minerals from our traditional foreign suppliers. Businesses operate in a global economy. In 2005, imported raw and processed mineral materials increased in value by more than 14% to $103 billion. This is why the comprehensive data provided by the MIT becomes ever more important.

Currently, the continued viability and availability of mineral commodity information is caught up in the bureaucracy and under budgetary assault. It is imperative that the importance of the MIT mission be recognized by establishing it as an independent agency of the Department of the Interior.

This is the goal that my bill will accomplish. The mission of the newly created Mineral Commodity Information Administration will continue to collect, analyze, and disseminate information on the domestic and international supply of and demand for minerals and mineral materials essential to the U.S. economy and national security.

Again, thank you Mr. Chairman for holding this hearing on such an important piece of legislation. I look forward to the testimony from all our witnesses.

Mr. GIBBONS. Thank you very much, Mrs. Drake. We will turn now to our first panel of witnesses. We would like to welcome them to the hearing today, as we will each of the panels, and they consist of Drew Meyer from the National Stone, Sand & Gravel Association; Mr. David Brown from the Industrial Minerals Association of North America. And in the absence of Mrs. Cubin, who wanted to be here personally to introduce Mr. Brown, I would submit for the record without objection a letter to the Chairman from Ms. Cubin introducing Mr. Brown and would like to say that she is very complimentary to you, Mr. Brown.

In part, it says, "The trona and bentonite producers in my home state provide important jobs and an economic driver for several local communities, and Mr. Brown's Association does a commendable job of representing this significant sector of Wyoming's mineral industry." I will submit that for the record. Mr. Brown, welcome, and also welcome on behalf of Representative Cubin from Wyoming.

And we also have Ms. Constance Holmes, Senior Economist and Director of International Policy from the National Mining Association. Ms. Holmes, welcome very much. We will turn now to Mr. Meyer, and we will just go right down the row, and the floor is yours. Mr. Meyer, excuse me. We have a policy here which I have completely overstepped, which is if each of you will stand and raise your right hand. We do swear our witnesses in.

[The prepared statement of Mrs. Cubin follows:]

Statement of The Honorable Barbara Cubin, Representative for All Wyoming

Mr. Chairman:

Unfortunately, I will be unable to attend today's legislative hearing on the Resources Origin and Commodity Knowledge Act (ROCK Act), as I have the sad duty of attending a family funeral.

In my absence, however, I would like to extend my welcome and thanks to David Brown from the Industrial Minerals Association of North America. The trona and bentonite producers in my home state provide important jobs and an economic driver for several local communities and Mr. Brown's association does a commendable job of representing this significant sector of Wyoming's mineral industry.

I would also like to express my strong support for the bill under consideration today. Collecting and making available to America's producers accurate and detailed global mineral commodity information is paramount to maintaining a competitive playing field in a growing international market. I am therefore proud to be an original cosponsor of this important legislation and look forward to moving the bill forward.

[Witnesses sworn.]

Mr. GIBBONS. Let the record reflect that each of the witnesses answered in the affirmative. I will turn now to Mr. Meyer. Mr.

Meyer, welcome. Before you get started, we have a little stop and go light system here. We like to say that if you have your written testimony prepared, we will accept your written testimony in whole for the record, and you may give a summary of it. We would like to keep it within five minutes just so that we can get all of our witnesses in. So the floor is yours, Mr. Meyer. Welcome, and we look forward to your remarks.

STATEMENT OF DREW A. MEYER, NATIONAL STONE, SAND & GRAVEL ASSOCIATION'

Mr. MEYER. Good afternoon, Mr. Chairman and members of the Subcommittee. Thank you for the opportunity to appear today on behalf of the National Stone, Sand & Gravel Association and to speak in support of the Resource Origin and Commodity Knowledge Act introduced by Congresswoman Thelma Drake. My name is Drew Meyer. I am Vice President of Marketing and Transportation Services for Vulcan Materials Company. During my 38-year tenure with the company, I have spent time working in the corporate group and division levels both domestically and overseas.

I have served the National Stone, Sand & Gravel Association and its predecessor associations in a number of leadership positions, most recently as Vice Chairman. I am a member of the Committee on Earth Resources of the National Research Council of the National Academies. In 2002-2003, I served on the Committee to review the U.S. Geological Survey's mineral resources program that culminated in the report entitled "Future Challenges for the U.S. Geological Survey, Survey's Mineral Resources Program," published by the National Academy's Press in 2003.

Based near the nation's capital, NSSGA is the world's largest mining association by product volume. Without crushed stone, sand, and gravel, the nation's infrastructure could not be built or maintained, and the commerce and quality of life would be severely reduced.

There are five important points I would like to leave you with today. The mining community relies upon the information provided by the MIT to meet the needs of our customers across the nation. Mineral and mineral products contributed almost one half trillion dollars to the U.S. economy in 2005. The USGS Minerals Information Team is an essential government function that if lost would be irreplaceable.

The MIT information is crucial to many government entities, notably the Department of Defense and the Federal Reserve. The MIT function should be recognized, and the team should be elevated as an independent agency reporting directly to the Secretary of the Interior. For these reasons, NSSGA strongly supports H.R. 6080, the Resource Origin and Commodity Knowledge Act, and urges the Subcommittee to approve this bill.

The United States is the largest user of mineral commodities in the world. In 2005, domestic users were importing 100 percent of 16 crucial minerals, and another 26 minerals saw an import rate of 50 percent or higher. As demand for minerals and mineral products continues to grow, we can expect reliance on imports to increase.

The information on foreign mineral production issued by the MIT helps domestic companies know where, how much, approximate value, demand, accessibility, and more to meet their production needs. Not surprisingly, the U.S. Government is also an avid consumer of this information. The Departments of Interior, Defense, and State, the CIA and the Federal Reserve use this information. The Federal Reserve Board uses this data to calculate the indexes of industrial production, capacity, and capacity utilization, which are among the most widely followed monthly indicators of the U.S. economy. Clearly, the U.S. Government highly values the information provided by the MIT.

While I do not claim to have national security qualifications, I believe my experience provides me the credentials to state that the MIT function plays an important role in the security of the nation. First, the DOD relies on the MIT to develop and maintain the capability to provide strategic and critical material demand estimates to help manage the national defense stockpile. Second, the analysis of foreign country mineral supply and demand provides the State Department and our intelligence agencies with information on the direction of foreign governments.

While I strongly believe the MIT is properly housed in the government, this does not mean the government is a good caretaker. It is more like an absentee landlord. The MIT function deserves to be enhanced by establishing it as an independent agency that reports directly to the Secretary of the Interior.

In summary, the MIT provides valuable information to both the public and private sectors, information that is critical to the economy and national security to the United States. For these reasons, we urge you to support the ROCK Act. Thank you for the opportunity to testify today, and I would be pleased to answer any questions.

[The prepared statement of Mr. Meyer follows:]

Statement of Drew Meyer, Vice President, Marketing & Transportation Services, Vulcan Materials Company, on behalf of The National Stone, Sand & Gravel Association

Good afternoon Mr. Chairman and Members of the Subcommittee.

Thank you for the opportunity to appear today on behalf of the National Stone, Sand and Gravel Association and to speak in support of the Resource Origin and Commodity Knowledge (ROCK) Act, introduced by Congresswoman Thelma Drake.

My name is Drew Meyer. I am Vice President, Marketing & Transportation Services, Vulcan Materials Company. During my 38-year tenure with the company, I have spent time working in the corporate, group, and division levels, both domestically and overseas. I have served the National Stone, Sand & Gravel Association (NSSGA) and its predecessor associations in a number of leadership positions, most recently as Vice Chairman. I was elected to Honorary Life Membership of the Board of Directors in January 2004. In 2003, I was also honored when Aggregate Manager Magazine selected me as The AGGMAN Professional of the Year for 2002.

In addition, I am a 40-year member of the Society of Mining, Metallurgy and Exploration (SME), where I serve on the Board of Directors. I was Chairman of the Construction Materials and Aggregates Committee; am currently a member of the Mineral Education Sustainability Task Force; and, serve as Vice-President of the Board of Trustees of the SME Foundation. I am a member of the Board of Directors of the Mineral Information Institute (MII) and serve as Chairman of the Nominating Committee. I am also a member of the Committee on Earth Resources of the National Research Council of The National Academies, a member of the American Marketing Association, and a member of the National Association of Business Economists. In 2002-2003, I served on the Committee to Review the U.S. Geological Survey's Mineral Resources Program that culminated in the report entitled, "Future

Challenges for the U.S. Geological Survey's Mineral Resources Program" published by The National Academies Press in 2003. I graduated from Pennsylvania State University where I earned B.S. and M.S. Degrees in Mineral Economics.

Based near the nation's capital, NSSGA is the world's largest mining association by product volume. Its member companies represent more than 90 percent of the crushed stone and 70 percent of the sand and gravel produced annually in the U.S. and approximately 117,000 working men and women in the aggregates industry. During 2005, a total of about 3.2 billion tons of crushed stone, sand and gravel, valued at $17.4 billion, were produced and sold in the United States. Without these important commodities, the nation's infrastructure could not be built or maintained, and the commerce and quality of life would be severely reduced. In 30 of the 50 states, crushed stone, sand and gravel are the principal nonfuel minerals produced, and in another 10 states, our product is the second most valuable nonfuel mineral produced. With over 11,000 operations nationwide, approximately 70 percent of the nation's counties house an aggregates operation, many with multiple operations.

There are five important points I would like to leave you with today.

1. The mining community relies upon the information provided by the MIT to meet the needs of our customers across the nation.
2. Mineral and mineral products contributed almost one-half a trillion dollars to the U.S. economy in 2005.
3. The USGS Minerals Information Team (MIT) is an essential government function that if lost, would be irreplaceable.
4. The MIT information is crucial to many government entities, notably the Department of Defense and the Federal Reserve.
5. The MIT functions should be recognized and the team should be elevated as an independent agency reporting directly to the Secretary of the Interior.

For these reasons, NSSGA strongly supports H.R. 6080, the Resource Origin and Commodity Knowledge Act and urges the Subcommittee to approve this bill.

Returning to my first point regarding use by the mining industry of the MIT data let me use my company as an example. It is difficult to give a concise statement about the value of the data collected and published by the Mineral Information Team because our use of the data is extensive. While Vulcan's primary focus is on the production and use of construction aggregates, our position as a major supplier to the more than $1 trillion construction industry requires us to incorporate information about the many other commodities used, some of which are competitive and others of which are complementary. The availability of cement, lime, gypsum, and dimension stone, to name a few are integral to the construction industry and the use of aggregates in construction. Materials flow analysis and information on recycling of aggregate materials and other recycled products are also valuable. Materials flow analysis helps us to assess the way our products contribute to sustainability and how to increase our contribution.

Vulcan is actively involved in recycling construction materials in a number of markets. Information collected and published by the MIT on recycling helps us to assess the market for recycled materials and adjust the production of virgin aggregates to accommodate those products.

The aggregates industry is highly fragmented and aggregates' high bulk density generally restricts shipments to local and regional markets. The quarterly survey conducted by the MIT (and in which Vulcan participates) is vital to our understanding of the differing demand levels in various regions of the U.S., on a nearly real-time basis, which allows us to more closely match supply with demand.

And most importantly, as a mineral economist, I cannot overstate the importance of having long-term continuous data streams collected in a professional and consistent manner for helping our industry predict the future. It might surprise some members of the committee to learn that based on very conservative assumptions, the MIT predicts that more crushed stone will be consumed in the first 25 years of the 21st century than were consumed in the entire 20th century. That information assists us in our strategic planning and has important policy and environmental implications that the Congress and other public entities must consider.

As for the industry as a whole, I use history as a guide. In 2004, the nation was facing a surge in the price of steel and cement. Many transportation and construction projects saw prices soar. Local governments, which had estimated prices in the years prior, saw project bids submitted at prices far above what they had budgeted for a specific project. Many projects were scaled back and others were simply dropped. Private contractors experienced the same difficult price increases and outcomes. There seemed to be no end in sight to the price increases until the Minerals Information Team released data showing the steel and cement shortages were not due to a supply shortage, but a logistical problem because ships that normally transport the products were busy elsewhere—notably loading or offloading in China.

The MIT data helped to calm the markets, and we were able to weather the storm. While prices remained high, and still are in some cases, identifying the cause of the problem was important. No private sector entity could mimic the MIT in this respect and be able to influence the market in such a way.

The United States is the largest user of mineral commodities in the world. As a matter of fact, processed materials of mineral origin accounted for over $487 billion in the U.S. economy in 2005. This was an increase of 8 percent over 2004 on top of an increase of almost 13 percent in 2003. Minerals went into every manufactured product imaginable, from concrete and steel to hybrid vehicles and medical devices. Minerals and the products produced with them are the basis of the superior quality of life enjoyed by the nation.

Not all minerals are mined in our backyard, however, which required domestic manufacturers and consumers to import approximately $103 billion worth of minerals in 2005. I have attached two charts, appendix A and B, produced by the MIT that show the increasing reliance of the nation on imported minerals. In 1985, 29 important minerals were imported at various levels to meet the needs of domestic users. In 2005, domestic users were importing 100 percent of 16 crucial minerals, and another 26 minerals saw an import rate of 50 percent or higher. As domestic manufacturers find new and innovative uses for minerals and mineral products, we can reasonably expect this list to grow.

The information on foreign mineral production issued by the MIT helps domestic companies know where, how much, approximate value, demand, accessibility, and more to meet their production needs. The era of U.S. prominence in being served first has ended. Today companies operate in a global marketplace that does not necessarily give preference to U.S. customers, which makes the information gleaned from the MIT essential to companies in order to serve their customers today and plan for those of tomorrow.

Not surprisingly, the U.S. government also is an avid consumer of this information. To complement coverage of mineral production, information is collected, analyzed and disseminated on individual country mining, environmental, investment, and other laws that affect the minerals industry; trade with emphasis on the interactions with the United States; structure and ownership within the industries; types of deposits; labor force; official reserves data; and other pertinent information. The Departments of Interior, Defense, and State, the CIA, Federal Reserve, and private sector companies use this information. The Federal Reserve Board uses this data to calculate the indexes of industrial production, capacity, and capacity utilization, which are among the most widely followed monthly indicators of the U.S. economy. [See attachment 3 for more information.] Clearly the U.S. government highly values the information provided by the MIT.

While I do not claim to have national security qualifications, I believe my experience provides me the credentials to state that the MIT function plays an important role in the security of the nation. First, the DOD relies on the MIT to develop and maintain the capability to provide strategic and critical material supply and demand estimates to help manage the National Defense Stockpile. Second, the analysis of foreign country mineral supply and demand provides the State Department and our intelligence agencies with information on the direction of foreign governments. For example, if a newly installed government starts repossessing foreign-owned mines, limiting property rights, or enacting tough new taxes, this would raise red flags within our government. Conversely, if the opposite actions were taking place, it would also draw the attention of the government. The value of foreign mineral reporting transcends the simple market price of a particular commodity.

It has been suggested that if the MIT function were to be dissolved, a private company or perhaps a university might assume the responsibility. Nothing could be further from the truth. The information for a number of the reports is derived from proprietary information given by NSSGA members precisely because the government is a trusted third party. The data Vulcan Materials Company provides the MIT is considered proprietary, and I would be extremely hesitant to recommend handing such valuable information over to another company or a university without ironclad guarantees of the security of that information. I predict that if the MIT function was dissolved, it would take a long time, if ever, before any company could develop personnel equipped to produce and publish data equal to that produced by the MIT.

In response to the Administration's repeated attempts to curtail foreign mineral reporting, I fully agree with the statement included in the FY 2006 Interior, Environment and Related Agencies Conference Report (109-188):

> *The managers strongly disagree with the Administration's proposed reductions to the minerals assessment program and believe it is irresponsible for*

the Administration to decrease or eliminate funding for what is clearly an inherently Federal responsibility.

In a 2003 report, the National Academy noted that, "The Minerals Information Team (MIT), funded by the Mineral Resources Program (MRP), is among the longest-running, systematic information collection, analysis, and dissemination functions within the federal government." It would be a serious loss if even a portion of this data collection were dissolved.

While I strongly believe the MIT is properly housed in the government, this does not mean the government is a good caretaker; it is more like an absentee landlord. The MIT function deserves to be enhanced and transferred out of the USGS so that it reports directly to the Secretary of the Interior.

Despite the importance of the information to the public and private sectors, the MIT is buried within the Geology Division of the USGS. Serious people have wondered why the MIT function, which has national and international customers, is housed under the Regional Executive - Eastern Region Geology. This is a full five levels down from the Director of the USGS. There are another three levels before one reaches the Secretary of the Interior. In comparison, the Energy Information Agency, which provides a similar type of information, is separated from the Secretary of Energy only by the Deputy Secretary.

The placement of the MIT within the organization lends credence to the idea that the MIT function is not a high priority of the USGS. In fact, at a March 3, 2005, hearing of the House Interior Appropriations Subcommittee, Charles Groat, then USGS Director, seemed to say that the proposed cut of $2 million to the MIT could be made because the minerals reporting function was not a core mission of the USGS.

In November 2005, the USGS released the Minerals Resource Program (MRP) Five Year Plan 2006-2010, outlining four long-term goals. The MRP houses the MIT. The fourth goal of the plan is aptly titled "Ensuring availability of long-term data sets describing mineral production and consumption for national security needs." Despite being an identified goal, the plan flat funds the MIT for the entire five years. While the MRP itself is statically funded over the timeframe, the MIT function is clearly not a priority. Continued funding at the current level over that long a period means that the MIT will not be able to do tomorrow what it does today, even with an extremely low inflation rate. In addition, the Director's Outlook for FY 2007, signed by P. Patrick Leahy, acting director of the USGS, fails to mention in any capacity the important role the MIT serves.

These facts lead us to believe the MIT should be removed from USGS to ensure the data and analysis, essential to the economy and national security of the nation, are given the proper priority.

The Committee to Review the U.S. Geological Survey's Mineral Resources Program, on which I served, issued a report entitled, "Future Challenges for the U.S. Geological Survey's Mineral Resources Program" and recommended a number of changes. I am pleased to note that the ROCK Act incorporates two of the primary recommendations into the legislation. First, the ROCK Act would strengthen the analysis capabilities of the MIT so that more comprehensive reports on material flows are available. In addition, the legislation establishes a permanent advisory committee consisting of a wide range of users of MIT data and analysis to ensure its activities are fully updated and relevant to the users. These two important provisions will enhance the value of the data and reports issued by the MIT and ensure "bang for the buck."

In summary, the MIT provides valuable information to both the public and private sectors, information that is critical to the economy and national security of the United States. For these reasons we urge you to support the ROCK Act.

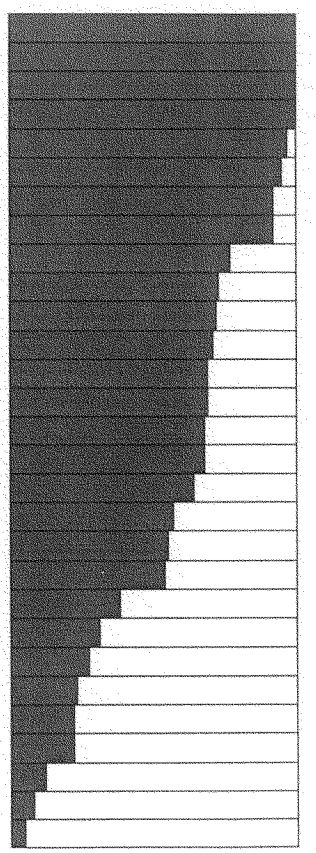
Thank you for the opportunity to testify today. I would be pleased to answer any questions.

Attachments

[Appendices A, B and C follow:]

USGS
science for a changing world

1985 U.S. NET IMPORT RELIANCE [e/1/] OF SELECTED NONFUEL MINERAL MATERIALS AS A PERCENT OF APPARENT CONSUMPTION [2/]



Commodity	Percent	Major Import Sources (1981-84)[3/]
COLUMBIUM	100	Brazil, Canada, Thailand
MANGANESE	100	Republic of South Africa, France, Brazil, Gabon
MICA (sheet)	100	India, Belgium, France
STRONTIUM	100	Mexico, Spain
BAUXITE & ALUMINA	97	Australia, Jamaica, Guinea, Suriname
COBALT	95	Zaire, Zambia, Canada, Norway
PLATINUM GROUP	92	Republic of South Africa, UK, U.S.S.R.
TANTALUM	92	Thailand, Brazil, Malaysia, Australia
POTASH	77	Canada, Israel
CHROMIUM	73	Republic of So. Africa, Zimbabwe, Yugo., Turkey
TIN	72	Thailand, Malaysia, Bolivia, Indonesia
ASBESTOS	71	Canada, Republic of South Africa
BARITE	69	China, Morocco, Chile, Peru
ZINC	69	Canada, Peru, Mexico, Australia
NICKEL	68	Canada, Australia, Botswana, Norway
TUNGSTEN	68	Canada, China, Bolivia, Portugal
SILVER	64	Canada, Mexico, Peru, United Kingdom
MERCURY	57	Spain, Algeria, Japan, Turkey
CADMIUM	55	Canada, Australia, Peru, Mexico
SELENIUM	54	Canada, United Kingdom, Japan, Bel.-Lux.
GYPSUM	38	Canada, Mexico, Spain
GOLD	31	Canada, Uruguay, Switzerland
COPPER	27	Chile, Canada, Peru, Mexico
SILICON	23	Brazil, Canada, Norway, Venezuela
IRON ORE	22	Canada, Venezuela, Liberia, Brazil
IRON & STEEL	22	European Economic Community, Japan, Canada
ALUMINUM	12	Canada, Japan, Ghana, Venezuela
NITROGEN	8	U.S.S.R., Canada, Trinidad & Tobago, Mexico
SULFUR	5	Canada, Mexico

[e/] Estimated
[1/] Net import reliance = imports – exports + adjustments for Government and industry stock changes.
[2/] Apparent consumption = U.S. primary + secondary production + net import reliance.
[3/] In descending order of import share.

USGS
science for a changing world

2005 U.S. Net Import Reliance For Selected Nonfuel Mineral Materials

Commodity	Percent	Major Import Sources (2001-04)[1]
ARSENIC (trioxide)	100	China, Morocco, Chile, Mexico
ASBESTOS	100	Canada
BAUXITE and ALUMINA	100	Jamaica, Australia, Guinea, Suriname
COLUMBIUM (niobium)	100	Brazil, Canada, Estonia, China
FLUORSPAR	100	China, South Africa, Mexico
GRAPHITE (natural)	100	China, Mexico, Canada, Brazil
INDIUM	100	China, Canada, Japan, Russia
MANGANESE	100	South Africa, Gabon, Australia, China
QUARTZ CRYSTAL (industrial)	100	Brazil, Germany, Madagascar, Canada
RARE EARTHS	100	China, France, Japan, Austria
RUBIDIUM	100	Canada
STRONTIUM	100	Mexico, Germany
THALLIUM	100	Belgium, Russia, Netherlands, France
THORIUM	100	France
VANADIUM	100	Czech Republic, Canada, South Africa, Swaziland
YTTRIUM	100	China, Netherlands, Japan, Austria
GALLIUM	99	China, France, Japan, Russia
GEMSTONES	99	Israel, India, Belgium
BISMUTH	95	Belgium, Mexico, China, United Kingdom
TIN	93	Peru, China, Bolivia, Indonesia
PLATINUM	91	South Africa, United Kingdom, Germany, Canada
TANTALUM	91	Australia, Canada
STONE (dimension)	88	Italy, India, Canada, Spain
DIAMOND (natural industrial stone)	84	Ireland, Russia, Switzerland, Belgium
ANTIMONY	82	China, Mexico, Belgium, South Africa
BARITE	82	China, India
IODINE	82	Chile, Japan, Netherlands
RHENIUM	81	Chile, Kazakhstan, Germany
POTASH	80	Canada, Belarus, Russia, Germany
COBALT	78	Finland, Norway, Russia, Canada
PALLADIUM	78	Russia, South Africa, United Kingdom, Belgium
TUNGSTEN	70	China, Canada, Germany, Portugal
CHROMIUM	69	South Africa, Kazakhstan, Zimbabwe, Russia
TITANIUM MINERAL CONCENTRATES	63	South Africa, Australia, Canada, Ukraine
MAGNESIUM METAL	61	Canada, Russia, China, Israel
TITANIUM (sponge)	60	Kazakhstan, Japan, Russia
SILVER	57	Mexico, Canada, Peru, Chile
MAGNESIUM COMPOUNDS	56	China, Canada, Australia, Austria
PEAT	55	Canada
NICKEL	54	Canada, Russia, Norway, Australia
SILICON	52	Brazil, South Africa, Canada, Venezuela
ZINC	52	Canada, Mexico, Peru
ALUMINUM	47	Canada, Russia, Venezuela, Brazil
DIAMOND (dust, grit and powder)	43	Ireland, China, Ukraine, Russia
NITROGEN (fixed), AMMONIA	41	Trinidad and Tobago, Canada, Russia
COPPER	40	Canada, Chile, Peru, Mexico
GARNET (industrial)	40	Australia, India, China, Canada
VERMICULITE	35	South Africa, China
MICA, scrap and flake (natural)	32	Canada, India, China, Finland
GYPSUM	29	Canada, Mexico, Spain, Dominican Republic
CEMENT	25	Canada, Thailand, China, Venezuela
PERLITE	24	Greece
SULFUR	23	Canada, Mexico, Venezuela
PUMICE	22	Greece, Italy, Turkey
SALT	21	Canada, Chile, Mexico, The Bahamas
IRON and STEEL	15	Canada, European Union, Mexico, Brazil
GOLD	8	Canada, Peru, Colombia, Brazil
IRON and STEEL SLAG	8	Canada, France, Italy, Japan
PHOSPHATE ROCK	7	Morocco
IRON ORE	4	Canada, Brazil, Chile, Australia
TALC	3	China, Canada, France, Japan
FELDSPAR	2	Mexico, Turkey
LIME	1	Canada, Mexico

[1]In descending order of import share

Future Challenges for the U.S. Geological Survey's Mineral Resources Program
http://www.nap.edu/catalog/10817.html

Appendix C

TABLE 4.2 List of Users of MIT Information and Analysis

Federal, State, and Local Governments
Department of Defense
Environmental Protection Agency
Mine Safety and Health Administration
Department of Energy
Department of State
Department of Justice
Department of Commerce (including Bureau of the Census and Bureau of Economic Analysis)
Federal Reserve Board
Office of the U.S. Trade Representative
Defense Intelligence Agency
Central Intelligence Agency
Congressional Budget Office
U.S. Customs Service
Department of the Interior
Department of Agriculture
Department of Treasury
50 States
Domestic Private Entities
Trade press (e.g., *American Metal Market, Metals Week, Engineering and Mining Journal*)
Trade associations (e.g., American Iron and Steel Institute, National Mining Association, National Stone Association)
Educational institutions, including universities
General public (including requests under the Freedom of Information Act)
International Organizations
World Bank
United Nations
Multilateral development banks
International commodity study groups (e.g., International Copper Study Group)

SOURCE: Data supplied by the USGS.

Copyright © National Academy of Sciences. All rights reserved.

Mr. GIBBONS. Thank you very much. You certainly could have practiced that for a number of hours and still never have been closer than you were. You were right to the second with that five minutes. That was impressive, Mr. Meyer. Thank you very much.

Mr. MEYER. Thank you.

Mr. GIBBONS. I turn now to Mr. David Brown from the Industrial Minerals Association of North America. Mr. Brown, welcome. The floor is yours.

STATEMENT OF DAVID S. BROWN, INDUSTRIAL MINERALS ASSOCIATION OF NORTH AMERICA

Mr. BROWN. Thank you, Mr. Chairman. Chairman Gibbons, Ranking Member Grijalva, members of the Subcommittee, my name is David Brown, and I am President and CEO of Wyo-Ben, Inc. and Vice Chairman of the Bentonite Section at the Industrial Minerals Association, North America. I am here to express my strong support for H.R. 6080, the Resources Origin and Commodity Knowledge Act, otherwise known as the ROCK Act.

Founded in 1951, Wyo-Ben is a leading manufacturer of bentonite clay-based products and remains a privately held company headquartered in Billings, Montana. Wyo-Ben is a small business, and we employ approximately 150 individuals, who serve a variety of functions in our operations in Montana and Wyoming.

Wyoming bentonite is referred to as the clay of a thousand uses, and our materials are used worldwide in applications such as oil and gas and water well drilling, metal casting, environmental construction and remediation, hazardous waste treatment, cat litter, cosmetics, and pharmaceuticals as well as many other industrial and consumer-related products.

Because of its unique characteristics, nearly 20 percent of the Wyoming bentonite produced is exported internationally. The Industrial Minerals Association, North America, IMA-NA, is a trade association organized to advance the interests of North American companies that mine or process industrial minerals. These minerals are used as feedstock for the manufacturing and agricultural industries and are used to produce such essential products as glass, paints and coatings, ceramics, detergents, and fertilizers.

Mr. Chairman, it is likely a rare occasion when a small businessman comes before Congress and asks that a government institution be preserved and indeed requests that the status of that same institution be elevated. I am here to do exactly that and to ask that you and your colleagues support the ROCK Act. It is time that the supply and demand for strategic and critical minerals are accorded the same attention that energy resources receive at the Energy Information Administration.

The legislation before you today, the ROCK Act, recognizes the vital importance of the work done by the Minerals Information Team, or MIT, and will ensure that it has the independence, staff, and funding to fulfill its mission.

The U.S. is the world's largest user of mineral commodities. Every year, about 25,000 pounds of new nonfuel minerals from the earth must be provided for every person in the U.S. just to maintain our current standard of living.

Domestic manufacturers and consumers of mineral products in 2005 depended on other countries for more than 50 percent of 42 mineral commodities critical to the U.S. economy. We believe the U.S. should promote an environment conducive to competition in the global marketplace, and collection and analysis of mineral commodity data on an international basis serves that end.

In today's global environment, the U.S. must maintain its capacity to assess critical mineral resources both within and outside the U.S. The Subcommittee does not need to be reminded of the multifaceted pressures exerted on U.S. manufacturers, but it is worth noting that the information provided by the MIT enables American companies to use domestic resources effectively, forecast worldwide market conditions, develop informed strategic business plans, and respond effectively to short-term fluctuations and long-term trends in mineral prices, supplies, and demand.

In China, for instance, information on the hundreds of small artesianal bentonite mines would be impossible for me to obtain without the reports from the MIT. The reports provide information on the individual country laws that affect the minerals industry trade, with emphasis on interactions with the United States structure and ownership within the mining industry, types of deposits, labor force, and other pertinent information. This valuable information helps me in consideration of potential foreign partnerships.

In summary, a central, comprehensive, and unified mineral commodity data and information program is the best way to collect and distribute information on minerals critical to the U.S. economy and national security. I respectfully request your passage of H.R. 6080, the ROCK Act. Thank you for your kind attention. That concludes my formal statement, and I would be happy to answer any questions you may have for me.

[The prepared statement of Mr. Brown follows:]

Statement of David Brown, President, Wyo-Ben, Inc., and Vice Chairman, Bentonite Section Industrial Minerals Association—North America

Chairman Gibbons, Ranking Member Grijalva, Members of the Subcommittee, I am David Brown, B-R-O-W-N, and I am President of Wyo-Ben, Inc., and Vice Chairman of the Bentonite Section at the Industrial Minerals Association—North America. I am here to express my strong support, and the strong support of the member companies of the IMA-NA, for H.R. 6080, the Resources Origin and Commodity Knowledge Act (the ROCK Act).

Founded in 1951, Wyo-Ben is a leading manufacturer of bentonite clay-based products and remains a privately held company headquartered in Billings, Montana. Wyo-Ben is a small business and we employ approximately 100 individuals who serve a variety of functions in Montana and Wyoming. Our three bentonite processing facilities are located in the Big Horn Basin region of North Central Wyoming and South Central Montana. Our employees are focused on quality and continually look for new and innovative solutions for customers' needs in the global market. Our materials are used worldwide in applications such as oil, gas, and water well drilling, metalcasting, environmental construction and remediation, hazardous waste treatment, cat litter, cosmetics and pharmaceuticals, as well as many other industrial and consumer-related products. Wyo-Ben mines its reserves from the richest deposit of bentonite in the world. As our name implies: We are Wyoming Bentonite. Wyoming bentonite is well-known as the best bentonite in the world.

The Industrial Minerals Association—North America (IMA-NA) is a trade association organized to advance the interests of North American companies that mine or process industrial minerals. These minerals are used as feedstocks for the manufacturing and agricultural industries and are used to produce such essential products are glass, paints and coatings, ceramics, detergents and fertilizers. The IMA-NA membership includes producers of ball clay, bentonite, borates, calcium carbonate,

feldspar, industrial sand, mica, soda ash (trona), sodium silicate, talc and wollastonite. IMA-NA's membership also includes many of the suppliers to the industrial minerals industry, including equipment manufacturers, railroads and trucking companies, and consultants. Industrial minerals account for approximately 14% of domestic mine production.

We believe that the U.S. should continue industrial minerals research to ensure a stable supply of materials essential to our national economy and to our way of life. The U.S. is the world's largest user of mineral commodities. Every year about 25,000 pounds of new non-fuel mineral materials from the earth must be provided for every person in the U.S. just to maintain our current standard of living. The Minerals Information Team (MIT) is uniquely situated in the federal government to provide scientific information for objective resource assessments and unbiased research results on mineral potential, production and consumption. As a long-time beneficiary of the information provided by the MIT, I would like to express my gratitude for the fine work accomplished and exceptional products produced by the Team. I can think of no other single public or private entity that provides fundamental data of such paramount importance to my business.

The value of this information to my business cannot be over-emphasized. If I was unable to obtain this information from the government, I would be required to purchase the information from other sources at significant cost to my business, if it were available at all. By way of example, the cost to my company to receive a report on bentonite from one private research company based in the United Kingdom would have been $4,200 for 2005. As this report would be generated from the private sector it is more likely to be biased. It also is my belief that the information would not be as complete and accurate as that provided by the MIT. It should go without saying that this annual cost likely would be borne by hundreds of similarly situated organizations throughout the country. Most of these organizations are small businesses.

Currently housed in the U.S. Geological Survey, the Minerals Information Team collects, analyzes, and disseminates information on the domestic and international supply of, and demand for, minerals and mineral materials critical to the U.S. economy and national security. For the last four years, the Administration's annual budget request has proposed eliminating MIT's funding for collection of international mineral commodity information. Congress wisely has rejected these efforts. Rather than reducing our national capacity regarding economic intelligence relative to minerals and mineral material resources, I believe it should be strengthened.

The reductions proposed by the Administration would have terminated data collection and analysis for 100 mineral commodities in 180 countries outside the U.S. The budget cuts had the potential to limit severely available data on global industrial minerals production and consumption, while continuing to make domestic data readily available outside the U.S. In a globally competitive marketplace, that would have meant that global competitors would know more about U.S. production and consumption than U.S. producers would know about their global competition.

Mr. Chairman, it likely is a rare occasion when a small business man comes before Congress and asks that a government institution be preserved; and indeed for the status of that same institution to be elevated. I am here to do exactly that, and to ask that you and your colleagues support the ROCK Act. It is time that the supply and demand for strategic and critical minerals and mineral materials are accorded the same attention that energy resources receive at the Energy Information Administration. It is time to raise the status of the MIT organization within the federal government to a position of prominence that is reflective of the contributions it makes to our country. Since 1963 my family has relied on the vital information prepared by the USGS Minerals Information Team. Indeed, on the shelf in my office I have editions of the Minerals Year Book going back to that year. It is my profound wish that I be allowed to continue my collection.

The legislation before you today, the Resource Origin and Commodity Knowledge (ROCK) Act, recognizes the vital importance of the work done by the MIT and will ensure that it has the independence, staff and funding to fulfill its mission. The bill will remove the MIT from under the U.S. Geological Survey and establish it as a stand-alone agency within the Department of the Interior. The ROCK Act will restore the MIT's staff to historical levels and add additional positions to perform the new and expanded functions authorized in the bill by transferring a total of 300 professional and administrative positions (filled and unfilled) from USGS and DOI. Finally, the ROCK Act authorizes appropriations of up to $30 million annually for 10 years.

We believe the U.S. should promote an environment conducive to competition in the global marketplace and collection and analysis of mineral commodity data on an international basis serves that end. In today's global environment, the U.S. must

maintain its capacity to assess critical mineral resources both within and outside the U.S. The Subcommittee does not need to be reminded of the multi-faceted pressures exerted on U.S. manufacturers. But it is worth noting that the information provided by the MIT enables American companies to use domestic resources effectively, forecast worldwide market conditions, develop informed strategic business plans, and respond effectively to short-term fluctuations and long-term trends in mineral prices, supplies and demand.

In China for instance, information on the hundreds of small artesian bentonite mines would be impossible for me to obtain without the reports from the MIT. The reports provide information on individual country laws that affect the minerals industry; trade with emphasis on the interactions with the United States; structure and ownership within the mining industry; types of deposits; labor force; and other pertinent information. This valuable information, available from no other source, for example, helps me in the consideration of potential foreign partnerships.

Critiques could argue that the private sector is best suited to develop information on the occurrence, production and use of minerals outside the United States. Theoretically, at least, the private sector could perform these functions. Pragmatically, however, the collection and distribution of this data is an inherently governmental function. Consider this...

According to the Mine Safety and Health Administration, there are currently 12,000 metal and nonmetal mineral mines in the United States, covering 106 different mineral commodities. Of these mines, all but 21 mines employ fewer than 500 employees and, as such, are small businesses as defined by the Small Business Administration. I ask you, what is the likelihood that the owners or operators of these 12,000 mines will pay someone to develop current occurrence, production and use data on non-U.S. minerals? Alternatively, imagine the conflicting data that likely would result if each of these mines were to pursue this information independently, for antitrust prohibitions probably would prohibit them from pursuing it collectively. Is the public interest best served by encouraging individual companies to develop generic global economic intelligence and data, or is this work best accomplished by the central government on behalf of the institutions and industry sectors that need, and benefit, from its generation? I submit to you that a central, comprehensive, and unified mineral commodity data and information program is the best way to collect and distribute information relevant to minerals and minerals materials critical to the U.S. economy and national security.

I respectfully request your passage of H.R. 6080, the Resource Origin and Commodity Knowledge (ROCK) Act, which will collect and analyze economic intelligence on the broad array of mineral commodities, their occurrence, production and use.

Thank you Chairman Gibbons, Ranking Member Grijalva, and Members of the Subcommittee for your kind attention. That concludes my formal statement. I would be pleased to answer any questions you may have for me.

Mr. GIBBONS. Thank you very much, Mr. Brown, and I am also very impressed with yours. You had an additional five seconds that you could have consumed under that clock, and I do not know why I am focused on the time. It is just built into my head I guess. You know when the airplane pushes back at 2:00, it is supposed to push back at 2:00. So anyway.

We turn now to Ms. Constance Holmes, Senior Economist and Director of the International Policy of the National Mining Association. Ms. Holmes, welcome. The floor is yours. We look forward to your timely advice as well.

STATEMENT OF CONSTANCE D. HOLMES, SENIOR ECONOMIST AND DIRECTOR OF INTERNATIONAL POLICY, NATIONAL MINING ASSOCIATION

Ms. HOLMES. Thank you very much, Mr. Chairman. I am very pleased to be able to represent the National Mining Association today and to give our strong support for the Resource Origin and Commodity Knowledge Act or the ROCK Act. As you probably know, the National Mining Association represents companies that produce most of the nation's coal, metals, industrial minerals, as

well as the manufacturers of mining and mineral processing machinery, equipment, and supplies and other services that support the mining industry.

All of our members use the data and have a significant interest in ensuring the widespread and public availability of the critical information on nonfuel minerals that the Minerals Information Team provides to us at the current time. We would like to commend you, Mr. Chairman, and all of the members of the Subcommittee and Congresswoman Drake especially for identifying this very serious problem and for taking action to introduce legislation that results in a sound solution.

Metals and minerals are a very vital part of our economy, and the goods that we use every day depend upon them. The defense of our nation depends upon them, and the importance of the accurate, timely, and complete information about the commodities, their reserves, where they are produced, how much, where they are used, simply cannot be underestimated. It is important to business, yes, but it is also vital to our government at all levels and to the Congress as you consider policies with respect to access and production of these important commodities and other policies of importance to our national security.

But as it now stands, the government's ability to provide the data information and analysis has certainly deteriorated over the past decade and with certainty will continue to deteriorate unless action is taken now to reverse the trend. Since 1995, various Administrations from both parties have failed to recognize the importance of maintaining a central database that includes information on U.S. metals and minerals and, just as necessary, the international information on these same commodities.

During that time, our capability to collect, maintain, analyze, and disseminate the data has declined, and the timeliness of the data has declined as well. This is clearly not the fault of the professional and the exemplary efforts of the Mineral Information Team, the group within USGS now charged with the responsibility for collecting and maintaining the important data. But it is due to the constant decline in budget requests and ultimately appropriations in terms of real dollars for MIT activities.

Although wisely Congress restores some of the budget cuts each year, total appropriated levels have still unfortunately dropped, which, as you pointed out, has forced a reduction in staff by over 20 percent, the loss of important expertise, and a reduction in the scope of data collected, its timeliness, and the ability to provide needed analysis of the U.S. mineral situation to the Congress, other government agencies, and to the public. Decisions are simply being made without the benefit of needed information, and this can only result in less than ideal public policy.

MIT data is used for a number of purposes that are detailed in my statement, but one of the most important uses of the data is to document the growing dependence on imports to meet our everyday needs for basic materials. Increasing globalization and demand for minerals necessitate an understanding of both domestic and international factors that affect the supply and demand of the resources that we need and we have to compete for.

But what if we did not have the data required to tell us how much our import dependency is increasing or how vulnerable we are to supplies from possibly less than stable or less than friendly governments or why prices are increasing and supplies in the U.S. are decreasing due to demand from other countries?

MIT's supply and consumption data is the only source of mineral information that provides the necessary understanding for both the domestic and international factors that could adversely affect almost every segment of the U.S. economy. It allows us to answer questions and to devise solutions when problems do occur.

Creating an independent agency within the Department of Interior will give a needed priority to the continuity of this effort. Mr. Chairman and members of the Subcommittee, we cannot encourage you to pass this legislation fast enough, because this new effort and new information effort within the Department of Interior is greatly needed and is needed now. Thank you very much. I would be pleased to answer questions.

[The prepared statement of Ms. Holmes follows:]

Statement of Connie Holmes, Senior Economist and Director, International Policy, National Mining Association

My name is Connie Holmes, senior economist and director of international policy at the National Mining Association (NMA). NMA appreciates the opportunity to testify before the House Resources Committee in strong support of H.R. 6080, the Resources Origin and Commodity Knowledge or ROCK Act.

NMA is the principal representative of the producers of most of the nation's coal, metals, industrial and agricultural minerals; the manufacturers of mining and mineral processing machinery, equipment and supplies; and the engineering and consulting firms, financial institutions and other firms that serve the mining industry. Our association and our members have a significant interest in ensuring the widespread and public availability of critical information on mining and mineral commodities, the objective of the ROCK Act.

NMA commends the committee for your leadership in bringing a serious issue to light and for taking action to legislate a sound solution. The importance of accurate and timely information about metals and minerals cannot be underestimated. Metals and minerals and the products that they make possible form the basis of our economy and ensure our national security. Just as business requires sound, accurate, and timely data and analysis to use as the basis for making decisions, so too does the Congress, federal, state and local governments and the public require such data in order to form public minerals policies.

Unfortunately, over the last ten years various administrations have failed to recognize the importance of maintaining a central data base that includes information on U.S. metals and minerals as well as international information on these same commodities. During this time, our capability to collect, maintain, analyze and disseminate this data has declined sharply. The timeliness of the data that remains has declined as well. Clearly, this is not the fault of the professional and exemplary efforts of the Minerals Information Team (MIT)—the group within the United States Geological Survey (USGS) charged with the collecting, maintaining and reporting minerals and metals data. The MIT collects and disseminates data on virtually every commercially important non-fuel mineral commodity produced worldwide.

Rather, it is due to the constant decline in appropriations for MIT activities that has resulted in a reduction in staff and expertise. This in turn has forced a reduction in the scope of the data collected, its timeliness and the ability to provide needed analysis of the U.S. minerals situation to Congress, other government agencies and the public. The United States has gone from possessing one of the best and most relied upon collection of metals and mineral information to holding a collection more akin to those found in second tier mineral producing countries. This downgrade has caused serious ramifications for U.S. business and most particularly to the U.S. government, including our defense sector. Both short- and long-term decisions are now being made without the benefit of needed information.

The public and private sectors rely on the MIT information to better understand the use of mineral materials and their ultimate disposition in the economy; to use national resources efficiently; and to forecast future supply and demand for minerals

both in the United States and globally. Information provided by MIT is used in the analysis of policies, in formulating plans to deal with shortages and interruptions in metal and mineral supplies and in the development of strategies to maintain America's competitive position in the global economy.

MIT data is used by:

- National security agencies to develop an understanding of strategic and critical minerals and to understand the effect that changes in natural resource markets can have on the economic and political stability of developing countries.
- The Department of Defense to help manage the National Defense Stockpile.
- The Federal Reserve Board for critical economic forecasting.
- The Department of Commerce's Bureau of Industry and Security to analyze and resolve trade disputes.

And, of course, Congress uses the data and analyses stemming from it as the basis to determine public policy.

There are critical non-governmental uses for this data as well.

- Manufacturers need the data, because as primary users of minerals, they need to know production trends and other information to project price, availability and other factors.
- Financial institutions use the data to make loan decisions based on availability of minerals.
- For market analysts and academicians the data is the only source for the majority of the U.S. statistical data on mining and mineral commodities.
- The mining industry uses the data to make sound marketing, finance and land-use decisions.

The United States has an abundance of natural resources including the metals and minerals that are the foundation of our industrial economy. Only the combined countries of the former Soviet Union and Australia ranked higher than the U.S. in a recent study of the global distribution of 15 metals with important uses. However, our nation is becoming more dependent upon foreign sources to meet our metal and minerals requirements, even for minerals with adequate domestic resources. America now depends on imports from other countries for 100 percent of 17 mineral commodities and for more than 50 percent of 42 mineral commodities.

This increased import dependency is not in the national interest. Increased import dependency causes a multitude of negative consequences, including aggravation of the U.S. balance of payments, unpredictable price fluctuations and vulnerability to possible supply disruptions due to political or military instability. It is irresponsible to ignore the vast mineral resources we have within our nation's boundaries. But, what if our nation did not have the data required to tell us how our import dependency is increasing? Or how vulnerable we are to supplies from less than stable governments? Or why prices are increasing and supplies decreasing due to demand from other countries? Without the MIT and the data it collects we could not answer those questions or determine potential market problems in advance.

The Bureau of Land Management's (BLM) recent statement on "Energy and Nonenergy Minerals" acknowledges the government's responsibility to decrease our nation's dependency on overseas sources of minerals. In particular, the policy reaffirms the importance of the Domestic Minerals Program Extension Act of 1953, which recognizes:

> "...the continued dependence on overseas sources of supply for strategic or critical minerals and metals during periods of threatening world conflict or of political instability within those nations controlling the sources of supply of such materials gravely endangers the present and future economy and security of the United States. It is therefore declared to be the policy of the Congress that each department and agency of the Federal Government charged with responsibilities concerning the discovery, development, production, and acquisition of strategic or critical minerals and metals shall undertake to decrease further and to eliminate where possible the dependency of the United States on overseas sources of supply of each such material."

This act is still relevant to our country's increasing vulnerability to access strategic and critical minerals, and the potential adverse impact of that vulnerability on national and homeland security. This law and our government's responsibility to decrease dependency on foreign minerals cannot be implemented without the minerals information provided by MIT.

Our vulnerability to over-reliance on foreign supplies is exacerbated by competition from the surging economies of countries such as China and India. As these countries continue to evolve and emerge into the global economy, their consumption rates for mineral resources are ever-increasing as they build their economies using the same mineral resources that we used to build and maintain our economy. As

a result, there exists a much more competitive market for global mineral resources and some mineral resources that we need in our daily lives are no longer as readily available to the U.S.

Increasing globalization and demand for minerals necessitate an understanding of the international factors that affect the supply and demand of the resources the U.S. is competing for, the demand for which is increasing both domestically and internationally. For example, China's consumption of copper has more than quadrupled in the last decade and China's consumption outstripped that of the U.S. in 2002. MIT's supply and consumption data is the only source of minerals information that provides the necessary understanding of international factors that could adversely affect the U.S. Creating an independent agency will ensure that such data continue to be collected and help insulate the MIT from repeated budget cuts.

As recently as last winter the Office of Management and Budget included the Minerals Resource Program on a list of programs for reduction or elimination. Administration budget requests consistently recommend eliminating our ability to collect and analyze international minerals data, at a time when the minerals industry is becoming more global and America is becoming more dependent on imports for more commodities. Even as you are holding this hearing, the Minerals Information Team is considering further staff reductions and taking other actions to meet another reduced budget in FY2007. Congress cannot act too soon to stem this tide by acting expeditiously to pass H.R. 6080.

The ROCK Act will ensure the wide availability of minerals information by making the United States Geological Survey's (USGS) Minerals Information Team (MIT) an independent agency within the Department of the Interior.

NMA appreciates the opportunity to express its support for H.R. 6080 and looks forward to the establishment of an independent Minerals Information Agency within DOI. I would be happy to answer any questions.

Mr. GIBBONS. Thank you very much, Ms. Holmes. Like your colleagues up there, you did very well in putting your summary within the time required. We are now at that point in our Subcommittee hearing where we turn to the members of the committee for questioning, and we will limit it to five minutes. If we get to the end and find that there are still more questions, we will of course have an extra round, but I would like to yield my time to Ms. Thelma Drake, who is the author of the legislation, for the first round of questioning. Ms. Drake.

Ms. DRAKE. Thank you, Mr. Chairman, and thank all of you for your testimony today, and I am going to start with Mr. Meyer. Mr. Meyer, you noted that you are giving proprietary data to a trusted third party. Do you believe that any contractor or any private party could properly protect that data, and do you believe the protections that are in the bill are sufficient to protect data?

Mr. MEYER. We do give the information, and as a public company, we have always had a policy of publishing most of the data that we give to the U.S. Bureau of Mines. We have total confidence in the current MIT. We have total confidence in their ability to keep the information confidential.

Many of the other companies in our industry—and there are nearly 11,000 of them—are private companies, and those private companies are not willing to give their information as freely as we do, and they are all concerned—or not all, but many of them are concerned about the ability to keep that information confidential.

I feel very certain that many of those who currently give their information to the MIT, the U.S. Geological Survey, would not if it was to a private, outside group, because I think they would be concerned that us big guys—and our company is the largest in the aggregate industry—would somehow get access to that information.

But the current MIT has proven over the years that they can and will keep the information confidential.

Ms. DRAKE. Thank you. And, Mr. Brown, I see that you have two books standing up there. Could you tell us what they are?

Mr. BROWN. Well, they are actually the 1963 version of Volume 3 and 4 of the Minerals Yearbook, and this happens to be the international book, and this is the domestic book, and I brought those because we have a collection that sits on our bookshelf in our company, and we have used this information since 1963 to help us in identifying what is happening both domestically and internationally in our industry, in the bentonite industry. And we use that information to assess whether there are opportunities for us.

And in the international arena today, that is very important because we do not know what is happening in China, for example, or Russia without information like this. There is an emerging bentonite industry in those countries, and as a dominant player in that industry, we would like to be positioned and have the knowledge to take advantages of joint venture opportunities, for example, that may exist. So that information has been very important to us over the years.

Ms. DRAKE. Thank you. And, Mrs. Holmes, you mentioned that MIT is considering further staff reductions and taking other actions to meet the reduced budget for 2007. Can you expand on that, and should we be talking to appropriators to sort of put this on hold while we work on this bill?

Ms. HOLMES. To answer your last question first, yes, I believe you should be talking to appropriators to make certain that the staff and resources of the MIT team as they exist now are maintained into next year. As you know, the budget request this year was much lower. We have confidence that it will be restored, but MIT management must of course take steps to plan for a lower budget, and we are told that they are doing this.

This is of great concern to all of our members and all of the users of the information. And I might add we all do use this information very heavily. We also have a collection of these Minerals Yearbooks that we consult on an extremely regular basis.

Ms. DRAKE. Thank you. And, Mr. Chairman, I see my time is up. I will yield back.

Mr. GIBBONS. Very well. Thank you, Ms. Drake. We will turn now to Mr. Grijalva for any questions he may have.

Mr. GRIJALVA. Thank you, Mr. Chairman. I guess this is for all the witnesses and following up on Mrs. Holmes' testimony. We know that the United States Bureau of Mines was dissolved in 1995, and I think in listening to testimony, we also heard the Federal Government continues to impose annual budget cuts that I think negatively affect USGS' mineral information and commodity assessment capabilities.

So it is a general question for all three of you. How can Congress and this Administration ensure proper funding, necessary funding, for the Minerals Commodity Information Administration? And I think as a corollary to that question as well: Do you believe that the Mineral Commodity Information Administration will be equally sufficient as the United States Bureau of Mines that was abolished

in 1995? Two-part question, and I guess we can begin with Ms. Holmes if that is appropriate.

Ms. HOLMES. Well, we do not think that the Administration, the proposed Administration, would replace or replicate if you will the Bureau of Mines, which had many, many more functions than data collection and analysis and dissemination.

We do think, however, that the proposed Administration with the Department of Interior will give a priority to the data collection efforts of the Mineral Information Team and will allow them to be independent in their work, will allow them to certainly maintain the confidentiality of data, which is extraordinarily important to all of our companies, and will allow them to provide both the domestic and the international materials and data to both government and private industry as they need it.

We think that through a separate line item, if you will, a separate area in the budget, that the Congress certainly will be able to assure that that funding level is maintained, just as you have assured that the funding levels for the Energy Information Administration have been maintained.

Mr. GRIJALVA. Then that line item would be similar. Well, the same example is if the Bureau of Mines had that separate, distinct line item.

Ms. HOLMES. Yes. It would be separate, distinct, and it would show that it is a priority.

Mr. GRIJALVA. I am trying to keep to five minutes.

Mr. BROWN. Well, I do not know if I am the best person to answer the question of the funding and whether it would be the same or continue, but I can say the quality of the information I believe would be——

Mr. GRIJALVA. Given the discussion that the funding at this point—let me categorize it for you—is not sufficient and in fact there have been reductions, when I brought up the question of proper and necessary funding, that is what I was directing that question at.

Mr. BROWN. And let me answer that if I can by dealing with the quality of the information, because the quality of the information is good information, and if we were to use the alternatives, it would not be as good as information. So is the funding adequate today? I do not know if it is adequate or not, but I can tell you that we are using the information today that is being generated. We want the program to continue so that we have access to this information that is vital on the international markets.

Mr. GRIJALVA. Thank you.

Mr. MEYER. From the number of interactions I have had with the MIT, I think that it is clear that the funding has not been adequate. They have been, I think, very professional and excellent stewards of the money that they have been given, but it has not been enough to allow them to modernize some of their data collection activities, and I think it is extremely important that we make certain that that happens, and this agency will, I think, help that to happen.

Mr. GRIJALVA. I have no further questions, Mr. Chairman.

Mr. GIBBONS. Thank you, Mr. Grijalva. Let me just take a few minutes here of my time and ask some very simple questions. First

of all, Mr. Meyer, many times when we pass a bill in Congress here that goes, for example, in the transportation issue, the construction of a highway project or something of that nature, we do not oftentimes think about how it is that those people we charge with the responsibility of constructing those highways, building those roads and bridges, get the information necessary to pull together the cost of where they will get the materials, et cetera.

The information from MIT here obviously goes to assisting and aiding in the ability of I would say not only decision makers and policymakers but contractors who look at sources of minerals, where they are going to get it for highways. Just in a typical highway project, how much of your product, sand and gravel, goes into a typical mile of highway construction?

Mr. MEYER. It certainly depends upon the type of highway constructed, but in the neighborhood of 40 to 50,000 tons per mile is a fairly good estimate of the amount of material that goes into highway construction. A smaller project where all they are doing is resurfacing it could be a lot less, on the order of 1,000 or 1,500. But construction requires a tremendous amount of aggregate.

Mr. GIBBONS. So, in that 40 or 50,000 tons that go into a typical mile, the farther you get from the source of the supply, then you have to calculate the added cost into construction of that. So it is very important to know where and how much and the quality of the sand and gravel and other materials, and this information would be very helpful I am sure, which is part of our economy as we look down the road.

Mr. MEYER. Yes.

Mr. GIBBONS. Mr. Brown, you indicated that approximately 25,000 pounds of material, minerals, metals are used each year by every person. Is that a figure which is widely accepted or recognized as the mineral production requirement for this country, or is this a national or an international figure that has been accepted as well?

Mr. BROWN. Well, I do not think that necessarily is an international figure. It is a national figure. It is unknown for the most part. I do not think people understand what they use every day and the minerals that are involved in that.

Mr. GIBBONS. Could you give us some examples?

Mr. BROWN. Sure. If this was glass, it would have soda ash in it. Metal in the table could very well have used bentonite for the casting. The oil that is produced for any of the things that might be in the room used bentonite for drilling that oil and gas well, and the list goes on. I said bentonite is the clay of a thousand uses, and it truly is. It is used in many, many things that we use every day.

Mr. GIBBONS. And I am sure that in that 20-plus thousands pounds per individual per year that that includes the coal that is mined to produce electricity, much of which is consumed back here even in this city from a coal-fired power plant just down the road.

Mr. BROWN. It sure is.

Mr. MEYER. Many are not aware, but 20,000 pounds of that is aggregate.

Mr. GIBBONS. To drive on on their highways?

Mr. MEYER. Yes, sir.

Mr. GIBBONS. Very good. Let me turn to Ms. Holmes, and you have pointed out that there is and has been a decline in the ability of this country's ability to collect, maintain, analyze, and disseminate data recently. Do you see that leveling out or changing or even increasing without the passage of this legislation?

Ms. HOLMES. Absolutely we do not. This legislation is necessary to advance and to enhance the data collection ability of the Mineral Information Team. Without the priority that is given by a piece of legislation such as this and making collection a priority, the trend can only continue to go downward, and it can only continue to be much more difficult for those very good people at MIT to serve the needs of the Congress, the rest of the government, and of the public in providing us with that accurate data.

Mr. GIBBONS. Now there is some parallels already drawn earlier when we talk about the Department of Energy and the Energy Information Administration and their contribution to being able to analyze and point to economic benefit of having information available to us. This would be the equivalent or something similar to that only on the mineral side, is that correct?

Ms. HOLMES. That is our understanding, yes, and as representatives of coal producers, we are very familiar with the Energy Information Administration and the excellent job that they do in collecting data, analyzing data and forecasting, and it is my understanding that the Mineral Information Administration would also be able to use the data to forecast our needs as well, which would be an additional service to the government and the Congress.

Mr. GIBBONS. And in reading this legislation, do you find therein the intent or the attempt I should say to reauthorize the Bureau of Mines? Is that what this legislation is about?

Ms. HOLMES. No, we do not believe that it would reauthorize the Bureau of Mines. As I mentioned, the Bureau of Mines had a much broader mandate than just data collection. They were involved in research activities and any number of other activities other than data collection and analysis and dissemination. So this is not a recreation of the Bureau of Mines. It is a creation of a new and much more modern effort to maintain our nation's important mineral databases.

Mr. GIBBONS. I have gone over my time a little bit, but, Ms. Drake, do you have any additional questions that you would like to ask?

Ms. DRAKE. Mr. Chairman, I just have one more I wanted to ask about. Mr. Meyer, I also serve on the House Armed Services Committee, and we received a report from the Under Secretary of Defense committing Department of Defense to conducting an in-depth study of the national defense stockpile, and the results of that study I am sure are going to propose a new configuration for the stockpile. So, if MIT were no longer gathering the international information, and with these latest budget proposals, who would DOD turn to to get that information for us?

Mr. MEYER. I do not know. I do not think there is any other. There is certainly no other organized group to do it. They would probably have to get it through various intelligence-gathering activities or through the embassies. I do not know.

Ms. DRAKE. Yes. All right.

Mr. MEYER. There is no place I know of that it is collected otherwise.

Ms. DRAKE. Thank you, Mr. Meyer.

Mr. Chairman, I will yield back.

Mr. GIBBONS. Thank you. Let me follow it up with just one question that either probably Ms. Holmes or Mr. Meyer might be better addressed at answering, and that would be a simple one. From your experience over the course of the years that you have dealt with the USGS or dealt with the information that has come from them, why do you believe there is such a low rating within those government agencies of the mineral information that we see today? It seems that it is the bottom of the totem pole. Why do you think that it is that way if it plays such an important part in the economy and decisionmaking both within the government and outside of the government?

Mr. MEYER. Connie, you want to try it first?

Ms. HOLMES. It is taken for granted, and I do not think that many of the people within the government that actually use the data really recognize its importance even though we do. The members of this committee do, but by and large, the general public simply does not.

Mr. MEYER. I think they are all subject to a certain competition for funding, and there are things that are a whole lot more sexy that the USGS is involved in: earthquake forecasting, volcanos, things like that that the public looks at and has an interest in, and so if they are not getting enough money and something has got to give, it is information. It is an easy thing to kind of not fund completely.

At least that is the way I feel, and I think that is what happens. Those people who use it really need it, and there are a good many people out there who only need it when they need it and then in the meantime, they do not think about it, and so they do not put any pressure on anybody to collect it on a regular basis.

Mr. GIBBONS. I guess my analogy would be if we did not have a telephone book sitting at our house by the telephone and you never think about it, it is always there, and you rarely use it anymore, but when you do, it is nice to have that information. So yes, I would agree with all of your assessments on why it is important as well.

So, if there are no further questions, let me also indicate that we will probably have written questions from members of the committee who may not be here today submitted to you. We would submit those to you in writing and would ask that you do return them within 10 days of receipt for answering those questions to us. And with that, I will excuse our first panel. Thank you very much for your service, your time, and your testimony before this committee. It is very important to us.

And we will call up our second panel, which consists of Mr. Michael Kaas from Arlington, Virginia; Mr. David Kanagy, Executive Director, Society for Mining, Metallurgy and Exploration, Inc.; Mr. Milt Copulos, President, National Defense Council Foundation. And before you do get seated, we go through this ritual again of swearing each and every one of you in.

[Witnesses sworn.]

Mr. GIBBONS. Let the record reflect that each of the witnesses answered in the affirmative. The same admonition about the traffic light. Green is to go for five minutes. Stop is when you reach five minutes. If you go over, if you get too drastic in your exuberance to talk, well, I will ask you to sum it up at some point in there. But please know and understand that your full written and complete testimony will be entered into the record. We will turn now to Mr. Kaas. Thank you and welcome.

STATEMENT OF MICHAEL KAAS, ARLINGTON, VIRGINIA

Mr. KAAS. Good afternoon, Mr. Chairman and members of the Subcommittee. My name is Mike Kaas. I am a mining engineer. In 2004, I retired after 28 years with the Federal Government and 12 years in the private sector. Twenty years of my government service was at the U.S. Bureau of Mines, where I held several senior management positions in minerals information and analysis and in the environmental technology research program.

I appreciate the opportunity to appear before you today. I commend the committee for recognizing the necessity of a comprehensive and unbiased minerals commodity information program.

As has been said earlier, from 1925 until it closed in 1996, the Bureau of Mines had a worldwide reputation for excellence in minerals data collection, analysis, and dissemination. Since 1996, the U.S. Geological Survey Mineral Information Team has faithfully tried to continue the Bureau's legacy in the collection of mineral commodity data and in providing that data to the public and other government agencies.

That job has not always been an easy one. Not all of the mineral information capabilities of the Bureau of Mines were transferred to the U.S. Geological Survey in the first place. Information-sharing with the technical experts in the Bureau's research programs was also lost. At the Survey, the team's budget has been constrained, and staffing levels have been reduced.

In H.R. 6080 and with the creation of the Mineral Commodity Information Administration and with the incorporation of the Minerals Information Team, we will elevate the stature of mineral commodity information. Nonfuel mineral materials issues will likewise be elevated and should play a more prominent policy role.

The financial footing of the Mineral Information Team will also be strengthened. The ROCK Act could also provide the means to make the new program more global and forward-looking in three ways, and these ways are not always completely explicitly spelled out in the current language of the Act, but let me just highlight each of these quickly.

First, gathering foreign minerals information should be enhanced. More than ever before, nonfuel mineral materials are a truly global business. Rather than being downsized, staffing of international minerals specialists should be increased. Second, the engineering and economic analysis capabilities in the new program should be strengthened with increased skills and staff. This will permit the organization to perform more comprehensive, forward-looking assessments of mineral supply.

Let me mention just one example. Availability curves from these analyses can show the total worldwide quantity of recoverable

material as a function of the estimated production costs of each deposit and of course with other financial parameters in the analysis. They can predict when existing mines will be exhausted and when deposits should come online, new deposits. In the last 10 years, access to information on the deposits in the former Communist bloc countries has improved. This will increase the value of new supply analyses.

Finally, this new Minerals Administration should build a capability to track worldwide technology developments. Whether they burst on the scene or are the result of continued incremental improvements, advanced technologies permit us to discover new deposits, to recover lower grade mineral resources, to produce valuable materials from waste streams, and to develop innovative new uses for minerals. To anticipate and analyze the impacts of new advancements, active contact should be made with universities, research institutes, and companies engaged in the development of new mineral materials technology. Thank you very much for listening to my remarks, and I will be glad to take any questions.

[The prepared statement of Mr. Kaas follows:]

Statement of L. Michael Kaas, Mining Engineer, Retired

Mr. Chairman and Members of the Committee:

I am Mr. L. Michael Kaas, a mining engineer and a Professional Engineer licensed in the State of Minnesota. In 2004 I retired after 28 years in the Federal government and 12 years in the private sector. Twenty years of my government service was at the U.S. Bureau of Mines where I held several senior management positions in the minerals information and analysis program and in the environmental technology research program.

After the Bureau of Mines closed in 1996, I was instrumental in organizing the U.S. Bureau of Mines Alumni Association. It was a completely web-based community of past Bureau employees, many of whom found themselves job hunting and utilized the website, www.bureauofmines.com, to network with one another. The website served that purpose well and was actively maintained for several years.

I appreciate the opportunity to appear before you today. I commend the Committee for recognizing the necessity of maintaining an independent and authoritative non-fuel mineral commodity information capability in the Federal government. As the world's largest consumer of minerals, America's economy and standard of living depend on the availability of mineral materials. The domestic mineral materials industries mine, process, and ship nearly $500 billion of non-fuel mineral commodities annually. While the Nation has been blessed with abundant reserves of many minerals, we are dependent on imports for 50 percent or more of over 40 important non-fuel mineral materials. As the world's appetite for minerals grows, especially in countries like China and India, global competition for mineral supplies will surely increase. Industry and government will require comprehensive and unbiased non-fuel mineral materials information with which to base future plans and policies.

From 1925 until it closed in 1996, the Bureau of Mines had a worldwide reputation for excellence in minerals information collection, analysis, and dissemination. Since 1996, the U.S. Geological Survey, Mineral Information Team has continued the Bureau's legacy in the collection of mineral commodity data and in providing that data to the public and other government agencies. That job has not always been an easy one. First of all, not all of the minerals information functions of the Bureau of Mines were transferred to the Geological Survey. Some important information and analysis capabilities were eliminated altogether. The association and information sharing with the technical experts in the mining, metallurgical, and environmental technology research programs was also lost when they too were terminated. Since the transfer to the Geological Survey, Minerals Information Team budgets have been constrained, staffing levels have been reduced, and the International Minerals Section has been a perennial target for elimination.

Not all the news has been negative. The Minerals Information Team seized upon the power of the Internet and used it to provide more efficient and effective distribution of its publications. Materials flow studies by the Minerals and Materials

Analysis Section have provided a more complete picture of the life cycle of several important mineral commodities, the role of recycling in materials supply, and the generation and management of waste products.

H.R. 6080 and the creation of the Mineral Commodity Information Administration (MCIA) with the incorporation of the Minerals Information Team will strengthen the financial footing of the current program. By elevating the stature of the mineral commodity information function through this new Administration, non-fuel minerals issues will likewise be elevated and should play a more prominent policy role. The establishment of a Mineral Commodity Advisory Committee will provide valuable outside input to the new Administrator. The Act properly affirms the need for government to respect the confidentiality of minerals data. Protection of confidential data was a key factor in the success of the Bureau of Mines' information sharing partnerships with producers and consumers. It continues to be so at the Geological Survey.

H.R. 6080 and the new Mineral Commodity Information Administration could also provide the means to strengthen and enhance the current Minerals Information Team's program in three important ways:

First, the new program should take a more global and forward-looking view. More than ever before, non-fuel mineral materials production and trade is a truly global business. It is appropriate that mineral commodity statistical surveys should continue to provide in-depth domestic production, consumption, and trade data. However, the gathering of foreign minerals information should be enhanced. Rather than being downsized, staffing of the International Minerals Section should be increased from its current level. This will help ensure that an accurate and thorough understanding is maintained of the mineral materials economies and trends in all major foreign mineral producing or consuming countries. The two recommendations that follow also support the need for a more global, forward looking perspective.

Second, the engineering and economic analysis capabilities in the new program should be strengthened. This will permit the organization to provide comprehensive, forward-looking assessments of minerals supply.

Minerals availability analyses are an example of an output of this type of enhanced capability. Availability curves depict the relative economic viabilities of significant individual deposits. These curves can show the estimated total quantity of recoverable material as a function of the total production cost of each deposit and other financial parameters. Based on the production rates at each deposit, curves can show when existing mines will be exhausted and when new deposits should come on-line. In the last 10 years, access to information on deposits in the former Communist Block countries has improved. This additional information will increase the value of new supply analyses.

In a simplified fashion, here is how this analytical process would work:

(1) The Mineral Commodity Advisory Committee would select the commodities for which analyses would be conducted. The selections would be based on the level of concern about future supply shortfalls.
(2) Existing mines and undeveloped deposits of the essential commodities worldwide would be tracked and basic data would be collected.
(3) Engineering and cost analyses, essentially mini-feasibility analyses, would be conducted for each deposit. Capital and operating costs would be estimated. By using consistent cost estimation and financial analysis methodologies for these analyses, comparable data on each deposit would be produced regardless of its location.
(4) Supply analyses would then be conducted using the engineering and cost data for selected groups of deposits. Availability curves would be produced for a variety of economic conditions.

The analytical methods I have just described were included in the Bureau of Mines Minerals Availability Program that was terminated in 1996. They are well documented in many publications. The software tools and other methods developed by the Bureau could provide a jump-start for the process at the new Mineral Commodity Information Administration.

Finally, this new Administration should build a capability to track worldwide mineral materials technology developments. Mineral production and utilization as we know it would not be possible without the enabling technologies. Whether they burst upon the scene or are the result of continued incremental improvements, advanced technologies permit us to discover new deposits and economically recover lower-grade mineral resources. The domestic taconite/iron, copper, and gold industries all utilize advanced technologies to stay competitive. Advanced technologies also facilitate the recovery of valuable materials from waste streams and allow the development of innovative new uses for minerals. To fully anticipate and analyze the impacts of new technologies on future minerals production and consumption,

active contacts should be maintained with universities, research institutes, and companies engaged in the development of new mineral materials technology.

I encourage the Committee to consider additional language for H.R. 6080 to more explicitly address these opportunities for further strengthening of our Nation's mineral commodity information and analysis capabilities.

Thank you very much for listening to my remarks. I will be glad to take any questions.

Ms. DRAKE. Thank you, Mr. Kaas. Next I would like to recognize Mr. Kanagy.

STATEMENT OF DAVID L. KANAGY, EXECUTIVE DIRECTOR, SOCIETY FOR MINING METALLURGY, AND EXPLORATION, INC.

Mr. KANAGY. Thank you. Thank you to everyone for allowing us to speak. I am Dave Kanagy, Executive Director of SME, the largest professional membership organization in the world with interest in mineral reporting. I am here today on behalf of SME and its 12,000 members.

The introduction of legislation to recognize the USGS Mineral Information Team by making it an independent agency within the Department of Interior strongly conveys the important message that minerals are vital to the United States' economy and its well-being.

Mineral commodity prices are generally dictated by the world market such that knowledge of domestic production must be put into the context of global supply and demand. MIT is the only agency that does this. Its data are used by a wide variety of Federal Government agencies, such as the Department of Interior, Commerce, State, Defense, Central Intelligence Agency, and by state agencies concerned about their state and local economies and by the companies that supply production and reserve data to the MIT.

These data help determine the vulnerability of the United States with regards to limitations of supply from certain countries, its domestic and international dependency on a limited number of mines or regions for specific commodities, and its measure of independence with respect to mineral resources. They also indicate how the changes in demand from other countries will impact prices in the U.S., the adequacy of our national defense stockpile, and the ability of substitutes should shortages occur.

In addition to providing data on production and resources, the MIT monitors the implementation of environmental health and safety and other laws related to mining and mineral processing. It also provides the basic information required to elevate the sustainability of mineral resource production at national, regional, and global levels.

Although many look upon mining, agriculture, and other basic industries such as steel and materials development as not necessary, these industries and the products they develop are the backbone of the U.S. economy. If you look at the electronic and information age we are living in, you note that all of the new technologies require copper, platinum, iron ore, and other commodities to ensure that our electronic communication can take place with reliability.

Prior to the elimination of the U.S. Bureau of Mines, Bureau personnel reported on U.S. and global production and reserves, while mineral resource experts in the USGS estimate it uncovered resources that could possibly become reserves in the future. Bureau of Mines personnel largely formed the MIT, and they are complemented by mineral resource experts at the USGS. This legislation ensures that vital mineral commodity information continues to be available.

Currently, the MIT collects and disseminates data on virtually every commercially important nonfuel mineral commodity produced worldwide. Since 2002, the commodities markets have experienced steady price increases. Base and precious metals such as copper, zinc, molybdenum, nickel, and gold have all experienced London Metal Exchange price increases of more than 100 percent and, in some cases, more than 1,000 percent.

These are long-term price increases that appear to be more cyclical highs as a new bottom on prices seems to be holding on nearly all commodities. Much of this can be attributed to the rapid industrialization of China and India. The impacts of these surging Asian economies on the U.S. domestic minerals supply need to be recorded and documented to ensure that the U.S. interests are well-protected.

Without these data being put into our proper global context by the MIT, the U.S. will be vulnerable to potential disruptions in supply that could slow down our economy or make it difficult to produce hardware needed for our defense. If an independent MIT is established to provide necessary data, the market will be able to take care of changes in pricing due to supply and demand with little intervention from the government.

With the formation of the Energy Information Administration, EIA, clearly the Federal Government understands the importance of the worldwide demand on energy production. The establishment of the Minerals Commodity Information Agency would also demonstrate that the Federal Government understands the importance of minerals to our society.

Accurate and timely data is critical to making good decisions. Without a credible public data source, the advantage immediately rests with the commodity developer, commodity supplier, middleman, broker, promoter, or commodities dealer who has data. If the policymakers and businesses must make an informed business decision or develop a sound policy, they will be at the mercy of the person or group that possesses the necessary information.

There are 81 nonfuel mineral commodities presently tracked by the MIT. U.S. companies relied on imports for more than 50 percent of those commodities, and of those commodities, the U.S. is 100 percent dependent on 16 minerals being imported every year. The reality of that probably will not change as there are no known reserves of those commodities within the United States.

We urge Congress to pass the Resource Origin and Commodity Act of 2006 as soon as possible so that MIT may independently produce accurate and timely reports for government agencies. SME would be pleased to provide this committee with any further details or information. Thank you.

[The prepared statement of Mr. Kanagy follows:]

Statement of David L. Kanagy, Executive Director, Society for Mining, Metallurgy, and Exploration, Inc.

Thank you, Mr. Chairman, distinguished Members of Congress, and guests. I am David Kanagy, Executive Director of SME—the Society for Mining, Metallurgy, and Exploration—the largest professional membership organization in the world with interests in mineral reporting. I'm here today on behalf of SME and its 12,000 professional members.

The introduction of legislation to recognize the USGS Minerals Information Team (or MIT) by making it an independent agency within the Department of Interior strongly conveys the important message that minerals are vital to the United States economy and its well being. Mineral commodity prices are generally dictated by the world market, such that knowledge of domestic production must be put into the context of global supply and demand. MIT is the only agency that does this. Its data are used by a wide variety of federal government agencies, such as the Departments of Interior, Commerce, State, Defense, Central Intelligence Agency and by state agencies concerned about their state and local economies, and by the companies that supply production and reserve data to the MIT.

These data help determine the vulnerability of the United States with regard to limitations of supply from certain countries; its domestic and international dependency on a limited number of mines or regions for specific commodities, and its measure of independence with respect to mineral resources. They also indicate how the changes in demand from other countries will impact prices in the US; the adequacy of our National Defense Stockpile, and the availability of substitutes should shortages occur. In addition to providing data on production and resources, the MIT monitors the implementation of environmental, health and safety, and other laws related to mining and mineral processing. It also provides the basic information required to evaluate the sustainability of mineral-resource production at national, regional, and global levels.

Although many look upon mining, agriculture and other basic industries, such as steel and materials development, as not necessary, these industries and the products they develop are the backbone of the U.S. economy. If you look at the electronic and information age we are living in, you'll note that all of the new technologies require copper, platinum, iron ore, and other commodities to ensure that our electronic communication can take place with reliability.

Prior to the elimination of the U.S. Bureau of the Mines, Bureau personnel reported on U.S. and global production and reserves, while mineral-resource experts in the USGS estimated undiscovered resources that could possibly become reserves in the future. Bureau of Mines personnel largely formed the MIT, and they are complemented by mineral resource experts at the USGS. This legislation ensures that vital mineral-commodity information continues to be available.

Currently, the MIT collects and disseminates data on virtually every commercially important non-fuel mineral commodity produced worldwide. Since 2002, the commodities markets have experienced steady price increases. Base and precious metals such as copper, zinc, molybdenum, nickel, and gold have all experienced London Metal Exchange price increases of more than 100%—and in some cases more than 1000%. These are long-term price increases that appear to be more than cyclical highs, as a new bottom on prices seems to be holding on nearly all commodities. Much of this can be attributed to the rapid industrialization of China and India. The impacts of these surging Asian economies on the U.S. domestic minerals supply need to be recorded and documented to ensure that the U.S. interest are well protected. Without these data being put into proper global context by the MIT, the U.S. will be vulnerable to potential disruptions in supply that could slow down our economy or make it difficult to produce hardware needed for defense. If an independent MIT is established to provide necessary data, the market will be able to take care of changes in pricing due to supply and demand with little intervention from the government.

It is estimated that the United States economy consumed over $487 billion in minerals in 2005, which was an 8% increase over 2004 and an increase of over 13% in 2003. In addition, the U.S. imported $103 billion in mineral commodities to support our domestic economy. With U.S. consumers demanding this volume of minerals, it is critical that MIT collect, analyze and disseminate information on the domestic and international supply of and demand for minerals and mineral materials.

With the formation of the Energy Information Administration (EIA), clearly the Federal Government understands the importance of worldwide data on energy production. The establishment of the Minerals Commodity Information Agency would also demonstrate that the Federal Government understands the importance of minerals to our society.

Accurate and timely data is critical to making good decisions. Without a credible public data source, the advantage immediately rests with the commodity developer, commodity supplier, middleman broker/promoter, or commodities dealer who has "data." If the policymakers and businesses must make an informed business decision or develop a sound policy, they will be at the mercy of the person/group that possesses the necessary information.

There are 81 nonfuel mineral commodities presently tracked by the MIT. U.S. companies relied on imports for more than 50% of those commodities. And of those commodities, the U.S. is 100% dependent on 16 minerals being imported every year—a reality that probably won't change, as there are no known reserves of those commodities within the United States.

Conclusion

We urge Congress to pass the Resource Origin and Commodity Knowledge Act of 2006 as soon as possible so that the MIT may independently produce accurate and timely reports for governmental agencies to use in planning for the future and for industry as it supplies our national needs for mineral resources. SME would be pleased to provide this committee with any further details or information to ensure a full understanding of the mineral needs and use within the U.S. and the world economies.

Ms. DRAKE. Thank you, Mr. Kanagy. And next, Mr. Copulos.

STATEMENT OF MILT COPULOS, PRESIDENT, NATIONAL DEFENSE COUNCIL FOUNDATION

Mr. COPULOS. Congressman Drake, I would be remiss if I did not take a moment to commend you and your colleagues for doing this. Having been on the firing lines with this data, I can tell you it is much, much long overdue. In order to not be repetitive, I am going to summarize and just really focus on two key points.

First, take into consideration the following: A jet engine such as we use in our fighter aircraft uses 2.7 tons of titanium, of which 63 percent is imported; 2.6 tons of nickel, of which 54 percent is imported; 1,600 pounds of chromium, of which 69 percent is imported; 1,000 pounds of cobalt, of which 78 percent is imported; 800 pounds of aluminum, of which 47 percent is imported; 3 pounds of tantalum, of which 91 percent is imported; and 200 pounds of columbium, of which 100 percent is imported.

In fact, the situation is beginning to show up in the bottom line. Last April, Major General James Pillsbury, Commander of the U.S. Army's Aviation and Missile Command, complained that metal shortages are causing long production lead times for critical parts, adding as much as $4.2 million a day to certain contracts.

In the future, this is only going to get worse because the things such as pram rare earth [phonetic] we are 100 percent dependent on are absolutely critical to the production of things like our Future Force Warrior program equipment, which is what made our people so effective in Iraq and will make them so effective in other warfare.

In addition, I have a personal stake in this. In 1986, I was asked by the Reagan White House to come in as a special consultant to draft the national critical materials report, and at that time, I discovered two things, one of which was that the minerals commodities specialists at the U.S. Bureau of Mines were absolutely world-class scientists, the finest people I have ever met and worked with.

The other is they were being stifled and underutilized even then because there were people in some quarters of government who took a bookkeeper's approach to our need for information on

minerals. They knew the cost of everything and the value of nothing. That really has not changed.

One other illustration is during that same period, I performed some classified research for the Central Intelligence Agency. I can say now without getting into many details and specifics that had we had the kind of information you are talking about now, we would have had a three to five-year advance warning of the collapse of the Soviet Union. That is how important this information is. I cannot overstress it.

The question is: Why have we not gotten there? Why cannot we do this? Well, the fact is we can do it, and you are showing us the way. During that same period, I did a lot of work with the Department of Energy, in particular the Energy Information Administration. To this day, I rely heavily on their documents. They provide exactly the kind of information that we need on minerals.

The fundamental problem I think is that we are unaware of our use of minerals in this country. You pull up to a pump. You buy a gallon of gasoline. You know what it costs. You do not pull up to the pump and buy a pound of copper and realize it has gone up 500 percent in the last five years or that your country cannot function without it.

For example, a hybrid automobile, Toyota Prius, uses twice as much copper as a sedan would, and a sedan made as a hybrid would use four times as much copper as a conventional sedan. All these things are interconnected. They are part of a whole, and one reason we do not understand that is we do not have the information available that we should that would be able to let us inform the public about this.

Also, the international competition is growing, and given the key roles that many of these minerals do play in national defense, it is absolutely essential that we have the type of information on mineral production outside this country on a regular, timely, daily basis if need be that we do not have today.

If you look back to the period during Hurricane Katrina, the Energy Information Administration was publishing daily updates on the energy situation in the Gulf in terms of production, rate count, electricity, pipeline flows.

The people at the Mineral Information Team have the technical capability to do this. They have the knowledge as individuals. What they lack is an infrastructure and a system which is inclined to do it. Frankly, we have a 19th century attitude toward a 21st century market, and it is something we can ill afford, and we can only continue to allow it to persist at our peril.

[The prepared statement of Mr. Copulos follows:]

Statement of Milton R. Copulos, President,
National Defense Council Foundation

My name is Milton R. Copulos and I am President of the National Defense Council Foundation. I want to thank the Committee for the opportunity to share my views today. I especially want to commend Chairman Gibbons for his leadership in calling attention to our nation's dangerous import dependence on nonfuel minerals and to the urgent need for a source of accurate timely information on both domestic and international mineral commodity markets.

Although most Americans are now aware of our dangerous dependence on imported oil, most have little conception of our equally dangerous dependence on imported nonfuel minerals. Indeed, while many commentators express concern at

our 65.5% oil import dependence, few, if any raise an alarm over the fact that we rely entirely on imports for 16 critical mineral commodities, and for 42 for more than half of our needs. The implications of this dependence for our economy and our ability to defend ourselves cannot be overstated.

For example, we are 100% dependent on imports for our supplies of Yttrium, which is essential to the manufacture of key defense products such as aircraft components, radar and microwave transmitters. We are also totally dependent on imports for our supplies of rare earths which are also essential to the manufacture of radars as well as computer monitors and permanent magnets. Or consider for a moment, our import dependence on some of the key minerals required to manufacture a military jet engine.

One Jet Engine, such as those used in our fighter aircraft contains 2.7 tons of Titanium of which 63% would be imported; 2.6 tons of Nickel of which 54% would be imported; 1,600 pounds of Chromium of which 69% would be imported; 1,000 pounds of Cobalt of which 78% would be imported; 800 pounds of Aluminum; of which 47% would come from imports; 200 pounds of Columbium of which 100% would come from overseas and 3 pounds of Tantalum of which 91% would be imported.

I should also note that the danger our dependence poses is not some theoretical concept. Last April, Major General James Pillsbury, commander of the U.S. Army's Aviation and Missile Command complained that metals shortages are causing long production lead times for critical parts and adding as much as $4.2 million per day in extra costs to some contracts.

In the future, as we increasingly integrate high-tech components into our arsenal as, for example, in the Future Force Warrior program, the need for specialty minerals and materials can only grow and that increased need will bring with it an accompanying need for current, timely information.

Yet, we have failed miserably in ensuring that such information will be available. Instead, we have continued to employ a 19th century view of information requirements to address 21st century problems.

At the heart of the issue is the lack of an accessible, credible source of timely information.

This deficiency, however, is not a recent development.

The need to have accurate information on the nation's mineral resources has been recognized from the earliest days of the Republic. Indeed, one of the important assignments given to Lewis and Clark on their journey of discovery was to catalog as much information on mineral deposits as possible. By 1879, when the U.S. Geological Survey was created, among its first actions was to establish the Mining Statistics Division. In 1925, the responsibility for gathering mining data was transferred to the U.S. Bureau of Mines, where it remained until 1996 when it was returned to the U.S. Geological Survey.

In addition to the general need for data on mines and minerals, the advent of the 20th century created another imperative to collect this information. During the First World War, it became evident that minerals had taken on a new importance in relation to national defense. Until that time, the nation had given little thought to the adequacy of its mineral resource base. But the war changed that. As a result, in 1921, the U.S. War Department m the "Harbord List," of 28 minerals that had been in short supply during the conflict.

Still, little was done until 1939 when conflict erupted in Europe and the potential threat to the United States became clear. In that year, the Navy Department was given $3.8 million to purchase reserves of key materials, and another $70 million was allocated by Congress for the creation of a strategic stockpile.

The next year, President Roosevelt ordered the Reconstruction Finance Corporation to begin making significant purchases of war materials. The RFC's Metals Reserve Corporation was assigned the specific task of acquiring strategic metals.

Despite these measures, there were shortages of key commodities during World War II occasionally leading to bizarre consequences. For example when copper supplies proved insufficient to meet both military munitions needs and the need for enormous amounts of wiring by the Manhattan Project, the wire was made from silver instead. In fact, copper supplies were so critical that the War Department released 2,800 copper miners from active duty in the Armed Forces in 1942 so that they could return to the mines.

The lessons of the two World Wars, however, were not taken to heart.

By 1949, the U.S. had become heavily dependent on foreign sources for a number of key commodities including manganese and chromium. Unfortunately our source for these imports was the Soviet Union. As a result, when the Berlin Crisis arose, the Soviets were quick to cut off our supplies, and it was only by virtue of the development of alternative suppliers that we were able to fend off the predatory move.

Concern over the Soviet action and the nation's demonstrated vulnerability to import disruption led to creation of the Paley Commission in 1952 with a mandate to analyze our critical materials needs. Little action was taken, however, to act on the Commission's recommendations. Moreover, this would be the last analysis of our strategic and critical materials needs for two decades.

Again, in 1973, in the wake of the OPEC embargo and a renewed interest in natural resource imports, the USGS published an overall assessment of the nation's mineral resources. It would be another decade before the subject was revisited.

In 1986, I had the privilege of acting as a consultant to the White House to draft the National Critical Materials Report, the first analysis of this vital issue in over a decade. During this period, I also conducted classified research on the issue for the Central Intelligence Agency. In the course of this research I was stunned to discover how poorly structured our information systems were in this area.

As I attempted to obtain timely reliable information to conduct my analysis, it quickly became evident that I would have to rely on private sources.

I should take a moment to note here that it also became evident that the lack or data was not the result of a shortage of competent, qualified personnel. The mineral commodity specialists I worked with at the time were of the highest caliber, each a world class specialist in their area of expertise. Moreover, they were dedicated to providing the best possible analysis and information. Indeed, many expressed to me their frustration over not being more effectively utilized.

Rather, at the heart of the problem was a fundamental lack of understanding of the need for timely information and a head in the sand attitude that viewed mineral commodities purely in economic terms with no appreciation of their strategic dimension.

It was, in essence, a bookkeepers view which saw the cost of everything and the value of nothing.

Worse, this problem has persisted to the present. Despite the fact that we are in a shifting and volatile global threat environment, and in a period of rapidly evolving technology that is having a significant effect on the types and volumes of minerals and metals that have strategic importance there is no attempt at real time data collection and dissemination. We are in effect flying blind.

Yet, this need not be the case.

I would contrast our dismal failure to provide adequate information resources in regard to nonfuel minerals with the information resources we provide related to energy.

The Energy Information Administration provides exactly the type of data we desperately need about nonfuel minerals. It routinely publishes information on a daily, weekly, monthly and annual basis on a wide variety of important factors affecting energy markets, production, use and research. During the Gulf hurricanes, it provided daily updates on energy production and transportation within that region. All of this, mind you, was available to any citizen instantly over the Internet.

So, it can be done, and I would suggest, it must be done.

Our failure to anticipate the energy supply disruptions of the 1970s and 1980s arose in part from a fundamental lack of information. While experts might have been aware of the evolving problem, there was no place a citizen, reporter, or for that matter public official could go to obtain current, accurate information. The creation of the Department of Energy in 1977 was soon followed with the establishment of EIA. In the nearly three decades since, EIA has created the capability to meet the energy information needs of all sectors of society. There is no reason why we cannot do the same in regard to minerals.

It should also be understood that providing information is a role that all thoughtful people, regardless of ideology, can agree is appropriate for government. In the case of minerals, it is even more so since such a large proportion of the nation's mineral resources are found on federal lands. Further, the creation of such an entity need not entail undue expense. Individuals with the requisite expertise are already on the government's payroll, and are often underutilized. With the advent of the Internet and personal computers, it is easy to make publications readily available to the general public, the media and government officials at minimal cost as well.

In the final analysis, the question is not whether we should create such an entity, but rather why we have not already done so.

Ms. DRAKE. [Presiding.] Thank you. I am going to start with you, Mr. Kaas. How do you think that the national mineral policies have faired since the Bureau of Mines was shut down?

Mr. KAAS. Well, I think from some of the earlier discussions, it is evident that people frequently take minerals for granted, whether it is the man on the street or higher up in the chain of command. The creation of mineral policy does require a strong database on production, consumption of minerals, and it also requires that you know where mineral reserves are going to come from in the future.

It is very nice to think about what is out there we have not discovered yet, but you really cannot produce anything from a mineral deposit until you find it, and when you find it, you have to make sure you have the technology available to enable that to become utilized.

So, as we look to the future policy needs of the country, we are going to be dependent on a strong information base on what we are doing in terms of producing and consuming minerals now. We are also going to need to be looking at where are the locations around the planet where mineral deposits have been discovered that we can produce either with current technology or with technology that is in the laboratories today.

Ms. DRAKE. And, Mr. Kaas, you mentioned expanding the responsibilities of the Mineral Commodity Information Administration. Would you be willing to help us and provide draft language for the committee?

Mr. KAAS. Sure, I would be glad to do that.

Ms. DRAKE. Thank you. And, Mr. Kanagy, if we do not establish the Mineral Commodity Information Administration, what do you think will happen to the Minerals Information Team at USGS?

Mr. KANAGY. Well, I suspect they will continue to function in some smaller way at USGS, but the data that these people provide is critical for all of the issues that everybody has mentioned here today.

Ms. DRAKE. Well, you made an interesting point about people just do not look at these industries as necessary, and it makes me a little concerned about making sure we convince our Members of Congress how important this issue is, so we might be looking to your help for that.

Mr. KANAGY. Well, here is an idea for you. When you go to the grocery store, the FDA has got the fat content, the sodium content, et cetera, on each of the food products that we buy in the grocery stores. Maybe we ought to have a law where you have to list all of the resources contents on automobiles and clothing and all the other things that we manufacture in this country so that people will realize what minerals go into each of our products that we consume in our country today.

Ms. DRAKE. Well, Mr. Copulos, you did that with your opening, because I do not think anyone ever thinks about the huge amount of minerals that are used and what minerals and mined products are needed for our national defense. I think we need to have a copy of that from you—we do—and give that to people as we talk about the bill and how they are supplied to us, that they are not from the U.S. I think that is an eye-opener. But how often do you think that the U.S. should have a national critical materials report?

Mr. COPULOS. First of all, I think it should be annual. We had a huge fight with OMB over this because the fact is that if anyone

has got a bookkeeper's mentality, it is OMB, and at the end, they kept trying to cut back. They wanted to classify 90 percent of it because they did not want the information on the mineral commodities published because they wanted to sell the stockpiles.

And in fact, it got to the point where they were sending me around to meet with the various people, the mineral commodities experts we did work with, and the one in Washington said, oh, you are the psychologist, because I was going in and reassuring them of their work. And they began to believe there was a psychologist being sent around to help them through the terrible battering they were getting from OMB.

So we have had an attitude toward the mineral commodity data side for some reason that has been not just antiquated. It has been almost hostile, and I do not know why that is, but I know we can ill afford it.

Ms. DRAKE. And do you think this function of an annual report should be in the Mineral Commodity Information Administration? Is that the right place for it?

Mr. COPULOS. I do for this reason. I think you need a Mineral Commodity Administration so that you get unbiased information, and you need the report to come out of somewhere that is not subject to the political considerations that sometimes happen. I went over for three months to draft the report. It took 18 months to get out, and 90 percent of that time was purely political infighting.

Ms. DRAKE. Well, I would like to thank all of you for your testimony. I find it very interesting that we have had six panelists today and you have all agreed. Could we have you back more often? But members of the Subcommittee may have additional questions for the witnesses, and we would like to ask you to respond to these in writing. The hearing record will be held open for 10 days for these responses.

So, if there is no further business before the Subcommittee, the Chairman again thanks the members of the Subcommittee and our witnesses, and the Subcommittee stands adjourned.

[Whereupon, at 3:15 p.m., the Subcommittee was adjourned.]

[Additional material submitted for the record follows:]

[A letter submitted for the record by the American Concrete Pavement Association, American Concrete Pipe Association, Michigan Concrete Paving Association, National Concrete Masonry Association, National Ready Mixed Concrete Association, and Portland Cement Association follows:]

September 20, 2006

The Honorable Thelma Drake
United States House of Representatives
1208 Longworth House Office Building
Washington, DC 20515-4602

Dear Representative Drake:

We are writing to express strong support for your legislation, H.R. 6080, *the Resources Origin and Commodity Knowledge (ROCK) Act*, that recognizes the critical function of the U.S. Geological Survey's (USGS) Minerals Information Team (MIT) to collect, analyze, and distribute important domestic and international shipments information for minerals and basic commodities essential to our national defense and economic growth.

Establishing MIT as an independent agency within the Department of the Interior will strengthen its ability to carry out their mission. The information collected, analyzed, and reported by MIT is instrumental for understanding the effective use of the nation's resources and for accurate forecasting. MIT reports are widely used by businesses, manufacturers, the investment community, and government. Virtually every manufacturing sector relies on the unbiased, thorough, and comprehensive data reported by MIT. The information for a number of MIT reports is derived from proprietary information given by commercial entities precisely because the government is a trusted third party. This is particularly true of the information gathered from the portland cement industry.

Data gathered, analyzed and disseminated by MIT from the portland cement industry provides an essential tool for setting strategic goals for capacity expansions, capital equipment spending, production planning, and hiring. These reports have a superior level of accuracy, credibility and confidentiality in dealing with portland cement data and are viewed as a reliable source of shipments and supply information for the transportation sector and the contracting community, especially those businesses utilizing cement and concrete products.

The cement and concrete industries support your efforts to establish an independent reporting agency to ensure domestic manufactures and other users have access to reliable minerals and commodities information.

Sincerely,

American Concrete Pavement Association
American Concrete Pipe Association
Michigan Concrete Paving Association
National Concrete Masonry Association
National Ready Mixed Concrete Association
Portland Cement Association

cc: Chairman Richard Pombo
Ranking Member Nick Rahall

[A letter submitted for the record by Lee T. Billingsley, President, American Association of Petroleum Geologists, follows:]

AMERICAN ASSOCIATION OF PETROLEUM GEOLOGISTS
An International Geological Organization

LEE T. BILLINGSLEY
President

Abraxas Petroleum Corp., Suite 100
500 North Loop 1604 East
San Antonio, TX 78232
Phone: (210) 490-4788, Ext. 104
Fax: (210) 490-8837
E-mail: lbillingsley@satx.rr.com
www.aapg.org

September 22, 2006, 2006

Rep. Thelma Drake
U.S. House of Representatives
1208 Longworth House Office Building
Washington, DC 20515

Dear Representative Drake,

I am writing as President of the American Association of Petroleum Geologists (AAPG) to express strong support for the Resources Origin and Commodity Knowledge ("ROCK") Act (H.R. 6080).

AAPG is an international geoscience organization and we have over 20,000 U.S. members from all 50 states. The purpose of AAPG is to advance the science of geology, foster scientific research, promote environmentally safe technology for extraction of energy and energy minerals, disseminate information and advance the well-being of its members. AAPG strives to increase public awareness of the crucial role that geosciences play in our society and the nation's strategic energy picture.

One example is how commodity minerals, energy and non-energy alike, are the foundation of our national infrastructure and economic well-being. Knowing where they come from, how they are used, and the amount of remaining resources is critical for the development of sound economic and public policy. Collecting and analyzing this information uniquely suits the federal government. The Mineral Commodity Information Agency will fill an essential role for non-energy commodity minerals just as the Energy Information Administration does for energy.

This issue is particularly important to petroleum geologists as our industry uses commodity minerals throughout the exploration, production, transportation, and refining process. As a result, the cost of these commodity minerals impacts the cost of energy to the consuming public. Tracking availability and trends in future supply permits better planning and limiting supply shortages that can increase the cost of energy to consumers.

Thank you for your leadership in advancing this important issue through the ROCK Act. Please contact me if I can be of assistance.

Sincerely,

Lee T. Billingsley,
President, AAPG

[A letter submitted for the record by Mark G. Ellis, President, Industrial Minerals Association—North America, follows:]

Industrial Minerals Association – North America

September 20, 2006

The Honorable Richard Pombo
Chair, Resources Committee
U. S. House of Representatives
1324 Longworth House Office Building
Washington, DC 20515

Dear Chairman Pombo:

This letter expresses the strong support of the members of the Industrial Minerals Association – North America (IMA-NA) for H.R. 6080, the Resources Origin and Commodity Knowledge Act (the ROCK Act). This legislation is extremely important to our industry, and you will be hearing testimony today from one of our members, David Brown, President and CEO of Wyo-Ben, Inc., and Vice Chairman of the Bentonite Section of IMA-NA. Mr. Brown represents one of the many small businesses among our membership that consider this legislation as vital to their enterprise.

It is likely a rare occasion when small business requests that Congress preserve a government institution; and, indeed, requests that the status of that same institution be elevated. Our members would like to send that very message. It is time that the supply and demand for strategic and critical minerals and mineral materials are accorded the same attention that energy resources receive at the Energy Information Administration. It is time to raise the status of the Minerals Information Team (MIT) within the federal government and recognize the essential role it plays in collecting and analyzing economic intelligence.

The ROCK Act recognizes the vital importance of the work done by the MIT and will ensure that it has the independence, staff and funding to fulfill its mission. The bill will remove the MIT from under the U.S. Geological Survey (USGS) and establish it as a stand-alone agency within the Department of the Interior (DOI). The ROCK Act will restore the MIT's staff to historical levels and add additional positions to perform the new and expanded functions authorized in the bill by transferring a total of 300 professional and administrative positions (filled and unfilled) from USGS and DOI. Finally, the ROCK Act authorizes appropriations of up to $30 million annually for 10 years.

We submit to you that a central, comprehensive, and unified mineral commodity data and information program is the best way to collect and distribute information relevant to minerals and minerals materials critical to the U.S. economy and national security.

2011 Pennsylvania Avenue, NW, Suite 301, Washington, DC 20006 | 202-457-0200 | fax 202-457-0287 | www.ima-na.org

The Honorable Richard Pombo
Chair, Resources Committee
U. S. House of Representatives
September 20, 2006
Page Two

The Industrial Minerals Association – North America (IMA-NA) is a trade association organized to advance the interests of North American companies that mine or process industrial minerals. These minerals are used as feed stocks for the manufacturing and agricultural industries and are used to produce such essential products are glass, paints and coatings, ceramics, detergents and fertilizers. The IMA-NA membership, over 200 mines, includes producers of ball clay, bentonite, borates, calcium carbonate, feldspar, industrial sand, mica, soda ash (trona), sodium silicate, talc and wollastonite. IMA-NA's membership also includes many of the suppliers to the industrial minerals industry, including equipment manufacturers, railroads and trucking companies, and consultants. Industrial minerals account for approximately 14% of domestic mine production.

We respectfully request your passage of H.R. 6080, the Resource Origin and Commodity Knowledge (ROCK) Act.

Thank you.

Sincerely,

Mark G. Ellis
President

[A statement submitted for the record by John D. Morgan, EM, Ph.D., follows:]

Statement submitted for the record by John D. Morgan, EM, PhD

Modern industrial civilizations require adequate and continuing supplies of basic mineral materials: foods and timber, which in turn are dependant on mineral materials. Resource-poor Imperial Japan recognized this truth in the 1890's, culminating in its efforts to create the Greater East Asia Co.-Prosperity Sphere by military force. So also did Germany in its "Drang Nach Osten" (Push to the East) in the 1930's. Even Czarist Russia, with huge lands, pushed into eastern Asia in the 1880's, to increase its supplies of essential materials. More recently the Communist Government of China, with its 1.3 billion people is using money and contracts to tie up long-term-supplies of essential materials worldwide.

In 1879 the U.S. Geological Survey was created to make detailed investigations of mineral resources, and those efforts were augmented in 1910 by the creation of the U.S. Bureau of Mines to look more closely at mineral requirements and supplies. World War I and II clearly demonstrated the need for adequate Federal Government information, plus intelligent information-backed programs to ensure expanded supplies and adequate stockpiles. Government contracting and controls, including priorities, allocations, and price controls were based on good information, as were draft decisions exempting critical workers in the mineral industry and agriculture. Supplies from accessible foreign countries also entered into critical supply/demand analyses, as did the requirements of friendly allied nations.

In wartime, and in periods of international uncertainty such as today, it is critical that the U.S. Government have personnel and organizations that are competent to handle information that is classified as "company proprietary" and government "restricted", "confidential", "secret", "top secret", "atomic energy", etc. During the "Cold War" the U.S. Bureau of Mines had a staff of technically trained persons who were cleared to collect and utilize such information. But information, in itself, is sometimes inadequate without informed cross-checking efforts. Consequently, the USBM had experts (GS14 or 15) in more than 30 mineral-producing states, where they were in touch with state agencies and industrial facilities. The USBM also had commodity specialists who covered specific areas (bauxite, alumina, aluminum, lead and zinc, for example) who visited production and utilization sites at home and abroad. USBM also had country specialists who knew foreign languages, visited foreign sources, and often were foreign born. It had fluent staffers in Russian, Serbian, French, German, Japanese, Arabic, Farsi, Hindi, and many others. Then, for example, if information on copper were needed, the state specialist on Arizona, the country specialist in Chile, and that commodity specialist on copper, should be in close agreement. Merely because some computer print-outs are on white paper and with clear printing is no certification of accuracy. Experts must know Who, What, Why, When, Where and How.

The unit that was transferred from the USBM to the USGS in 1996 had that capability. But in recent years, retirement, deaths, and funding cuts have seriously depleted that reservoir of talent. The USBM's mineral industry component of the National Defense Executive Reserve was eliminated more than a decade ago, and the Nation's Defense Industrial Base is rapidly shrinking. Present National Security needs require prompt and intelligent action to restore lost capabilities.

Dr. Morgan was a Major, Combat Engineers in World War II, and from 1948 to 1995 a Senior Government Official of the Federal Government in agencies dealing with national security matters.

[A letter submitted for the record by Kraig R. Naasz, President & CEO, National Mining Association, follows:]

KRAIG R. NAASZ
President & CEO

September 8, 2006

The Honorable Thelma D. Drake
United States House of Representatives
1208 Longworth House Office Building
Washington, DC 20515

Dear Representative Drake:

The National Mining Association (NMA) commends your introduction of the "Resource Origin and Commodity Knowledge (ROCK) Act of 2006." Your bill recognizes the important need for minerals information by making the United States Geological Survey's (USGS) Minerals Information Team (MIT) an independent agency within the Department of the Interior. This affords MIT more latitude to collect, analyze and distribute vital supply and demand statistics for the minerals that are essential to our national defense and economic security.

Each year, every American uses approximately 48,000 pounds of newly mined materials. According to the Minerals Management Service, the value added to the U.S. Gross Domestic Product by major industries consuming processed minerals in 2004 was nearly $2 trillion. These minerals are, literally, the building blocks of our society and our economic prosperity.

Every manufacturing sector needs, and will continue to need, more complete and sophisticated minerals information to compete in an ever "flattening" world market. Unfortunately, the federal government has dissolved the U.S. Bureau of Mines, and the USGS continues to sustain annual budget cuts that negatively impact its minerals information and commodity assessment capabilities. The United States is losing its ability to monitor one of the most basic and critical economic components – the availability and future supply of minerals. The ROCK Act rectifies that problem within a reasonable timeframe and with minimal budget impact.

NMA appreciates your efforts to establish an independent entity for the collection of vital and comprehensive mineral information.

Sincerely yours,

Kraig R. Naasz

Kraig R. Naasz
President & CEO

National Mining Association 101 Constitution Avenue, NW | Suite 500 East | Washington, DC 20001 | (202) 463-2600

[A letter submitted for the record by Laura Skaer, Executive Director, Northwest Mining Association, follows:]

Our membership and services span the globe

10 N Post St, Ste 220 | Spokane, WA 99201-0705
Phone: 509.624.1158 | Fax: 509.623.1241
Email: nwma@nwma.org | Web: www.nwma.org

September 20, 2006

The Honorable Thelma Drake
U.S. House of Representatives
Washington, DC 20515-4602

Via Fax: 202/225-4218

Re: Resource Origin and Commodity Knowledge (ROCK) Act

Dear Congresswoman Drake:

The Northwest Mining Association strongly supports the Resource Origin and Commodity Knowledge (ROCK) Act of 2006. We applaud you for introducing this important legislation. We strongly support establishing the United States Geological Survey's (USGS) Minerals Information Team (MIT) as an independent agency within the Department of Interior. This will allow the MIT to focus on collecting, analyzing and distributing vital supply and demand statistics for the minerals that are essential to our national defense, economic security and standard of living.

The information collected, analyzed and disseminated by the MIT provides unbiased, thorough and comprehensive information to virtually every manufacturing sector in our country. The information collected, analyzed and disseminated is also used by the Departments of Interior, Defense and State, the CIA, Federal Reserve and many private sector companies.

As you know, the previous administration unwisely dissolved the U.S. Bureau of Mines and deemphasized the minerals functions within the USGS. The USGS continues to sustain annual budget cuts that negatively impact its minerals information and commodity assessment capability. The ROCK Act rectifies this problem with a minimal budget impact and ensures that this important federal government function receives the priority it deserves.

Northwest Mining Association (NWMA) is a 112 year old non-profit mining industry trade association based in Spokane, Washington. NWMA has 1,300 members residing in 31 states and 6 Canadian provinces. Our members are actively involved in exploration and mining operations on public lands throughout the United States, especially in the western states. NWMA's broad and diverse membership includes every facet of the mining industry including geology, exploration, mining, engineering, environmental services, equipment manufacturing, technical services and sales of equipment and supplies. NWMA's membership represents a true cross-section of the mining community.

We will encourage all of our members to support this important legislation.

Sincerely,

Laura Skaer

Laura Skaer
Executive Director

LS/kw

[A letter submitted for the record by Shelley Stewart, Jr., Senior Vice President, Opertional Excellence and Chief Procurement Officer, Tyco International (US) Inc., follows:]

Shelley Stewart, Jr.
Senior Vice President
Operational Excellence &
Chief Procurement Officer

Tyco International (US) Inc.
9 Roszel Road
Princeton, NJ 08540

Tele: 609 720-4444
Fax: 609 720-4500
email: sstewart@tyco.com

September 19, 2006

The Honorable Richard Pombo
Committee on Resources
2411 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Nick Rahall
Committee on Resources
2307 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Pombo and Ranking Member Rahall:

On May 18, 2006, I had the distinct privilege of testifying before the House Resources Subcommittee on Energy and Mineral Resources regarding global mineral prices and their impact on "end users," including subsidiaries of Tyco International that use many commodities to manufacture products used by people across the world. During my testimony I highlighted how the increased demand for copper in manufacturing products had significantly increased costs, negatively affecting consumers and businesses. Since 2003 the price of copper has risen more than 350 percent.

I applaud the Committee's sincere commitment to addressing these concerns and urge you to support H.R. 6080, the Resources Origin and Commodity Knowledge Act (the R.O.C.K. Act). This will help both the private and public sectors better understand supply, demand and end use of mineral commodities.

This legislation creates the Mineral Commodity Information Administration (MCIA) to independently collect, analyze and disseminate information on domestic and international supply and demand for minerals, individual country mining activities, environmental studies, investment opportunities, trade laws and other laws that affect the minerals industry. Establishing this agency will renew the federal government's commitment to effectively monitor one of the United States most basic and critical economic components -- the availability and future supply of minerals. We welcome more transparency in this area and believe that this is a meaningful function that the federal government can fulfill.

We need, and will continue to need, more complete and sophisticated minerals and commodity information to compete more effectively in the world market. A robust MCIA will better aid Tyco, and other manufacturers, as we seek to monitor the mineral markets. This will improve manufacturers' ability to develop their overall product and pricing strategy, as well as their ability to forecast revenues and manage costs. Ultimately, consumers will benefit from this shared information.

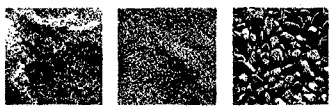
With the final days of the 109th Congress fast approaching, I hope you will move quickly to approve the R.O.C.K. Act and establish and fully fund the Mineral Commodity Information Administration.

Sincerely,

Shelley Stewart, Jr.
Senior Vice President, Operational Excellence
& Chief Procurement Officer

[A letter submitted for the record by Jennifer Joy Wilson, President & CEO, National Stone, Sand & Gravel Association, follows:]

NATIONAL STONE, SAND & GRAVEL ASSOCIATION



Natural building blocks for quality of life

April 24, 2006

The Honorable Richard Pombo
Chairman
Committee on Resources
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Pombo:

On behalf of the National Stone, Sand & Gravel Association (NSSGA), I write today to express support for the U.S. Geological Survey's Minerals Information Team (MIT), which is slated for a dramatic cut under the Administration's proposed Fiscal Year 2007 budget. Once again, the Administration is proposing to eliminate reporting on all foreign mineral production by reducing the MIT budget by $4.22 million. The National Stone, Sand & Gravel Association strongly opposes this proposal. While we understand current budgetary constraints, this program is vital to many industries and numerous sectors of the government.

Considering the estimated value of all mineral materials processed in the U.S. in 2005 totaled $478 billion and the imports of raw mineral materials increased to a total of $103 billion while exports rose to about $5 billion, the importance of minerals to the U.S. economy should not be overlooked. Domestic manufacturers and consumers of mineral products depended on other countries for 100 percent of 16 mineral commodities and for more than 50 percent of 42 mineral commodities that are critical to the American economy. The impartial and reliable data reports compiled by the MIT regarding foreign mineral production are helpful to domestic manufacturers as they work to meet the needs of their customers.

Not having information of mineral production in foreign countries will cause great consternation to domestic manufacturers that use the minerals, banks who may be lending to companies based on the availability of those minerals, and analysts who review companies' business plans based on the public information produced by the Minerals Information Team. In this era of global markets, essentially closing our eyes to this important data is inadvisable.

To complement coverage of mineral production, information is also collected, analyzed and disseminated on individual country mining, environmental, investment, and other laws that affect the minerals industry; trade with emphasis on the interactions with the United States; structure and ownership within the industries; types of deposits; labor force; official reserves data; and other pertinent information. The Departments of Interior, Defense, and State, the CIA, Federal Reserve, and private sector companies use this information. The Federal Reserve Board uses MIT data to calculate the indexes of industrial production, capacity, and capacity utilization, *which are among the most widely followed monthly indicators of the U.S. economy.* The Department of Defense uses the information to help manage the National Defense Stockpile.

1605 KING STREET ■ ALEXANDRIA, VA 22314
703 525 8788 ■ 800 342 1415 ■ FAX 703 525 7782
WWW.NSSGA.ORG

In short, both the public and private sectors use the information in the reports issued by the USGS Minerals Information Team to better understand supply, demand and end use of these materials. This data is essential for effective use of natural resources and for accurate forecasting. The information for a number of the reports is derived from proprietary information given by our members precisely because the government is a trusted third party. To state the obvious, this information is extremely important for both policy makers and the private sector and is a service only the government can provide.

The National Stone, Sand & Gravel Association's member companies produce 90 percent of the crushed stone, and 70 percent of the sand and gravel consumed annually in the United States. Aggregates are the largest component of both asphalt and concrete. Nearly three billion metric tons of aggregates valued at approximately $16 billion are estimated by the U.S. Geological Survey to have been sold in the U.S. in 2004. Without these important commodities, the nation's infrastructure could not be built or maintained, and the commerce and quality of life would be severely reduced. In 30 of the 50 states, crushed stone, sand and gravel are the principal nonfuel minerals produced, and in another 10 states, our product is the second most valuable nonfuel mineral produced. With over 11,000 sites nationwide and a workforce of 110,000 men and women, most Congressional Districts are home to multiple operations.

We urge you to call for sufficient funding for the Minerals Information Team so it may continue to produce the reports necessary to guide the use of critical mineral use across the nation. I would be pleased to answer any questions you may have.

With best regards,

Jennifer Joy Wilson
President & CEO

cc: The Honorable Nick Rahall
The Honorable Jim Gibbons
The Honorable Raul Grijvala

○