

**U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY
Subcommittee on Energy and Environment**

OPENING STATEMENT OF RANKING MEMBER BRAD MILLER

Energy Critical Elements: Identifying Research Needs and Strategic Priorities

**Wednesday, December 7, 2011
10:00 a.m. to 12:00 p.m.
2318 Rayburn House Office Building**

I want to thank the Chairman for calling this hearing. When the Committee first looked at shortages in rare earths in 2010 we were concerned because China had made it plain that they would use their monopoly supply position to manipulate markets, capture manufacturing jobs and extract excessive profit from a world that was newly discovering the critical nature of rare earth elements.

We wrote a bill that established the Office of Science and Technology Policy as the center of an interagency process designed to establish a continuing research effort. We wanted to ensure that our country and our employers and our consumers could not be held hostage by the Chinese government's manipulation of markets. The Department of Energy was also an important part of the response with responsibilities for research and for producing a new generation of experts who could contribute to work in this area.

That bill, introduced by my then-Vice Chair, Kathy Dahlkemper, was marked up in Committee and passed by the House with 332 bipartisan votes in support. In this Congress, I have introduced that bill again, with minor changes, and I hope that the Committee can take this matter up and move it forward again in time for Senate action.

I am not the only Member with a bill in this Congress or even on this Committee. My colleague from Illinois, Mr. Hultgren, also has a bill. There are some broad areas of agreement between us. We both put DOE at the center of a research effort. His bill is stronger than mine in its definition of critical materials and I prefer his language on that. However, my bill has some advantages, for example, in its assignment of interagency responsibility to OSTP. I strongly believe that we could work out a compromise bill on an issue that affects every American and does not appear to straddle any of the many partisan fault lines in American politics. Surely neither party would allow our leading frenemy to have a stranglehold on materials critical to our national security and to our economy. I am glad we are having this hearing, but I am surprised it has been so long in coming.

If we don't act, it may not matter in the short run. The Obama Administration deserves credit for the quick and effective steps it has taken for establishing an interagency planning and coordination process. They have also asked the Department of Energy to look aggressively at steps it can take to spur research and support emerging American supplies of critical materials. I am confident that the President, Dr. Holdren, and Secretary Chu are doing all they can in this area.

However, my concern is what happens going forward. Our government is sometimes quite good at responding to a sudden crisis. What we need is an ability to keep watch on critical materials, anticipate problems and create policies that head those off rather than respond to a crisis only after it is upon us. I think that both Mr. Hultgren and I agree on this, though we structure the authorities for standing watch somewhat differently.

And there is ample evidence of market failure here. The argument that the market is working is based on the fact that prices for several rare earths have dropped. Of course we have seen prices drop before. In the 1990s the prices dropped because the Chinese government was controlling its production and setting global prices in such a way as to drive competitors out of business. And then the price rose because the Chinese government began to exploit its monopoly position to drive prices up and use its strangle-hold on supplies to coerce manufacturers who needed these resources to set up their manufacturing in China.

Even if the current price drops were not mainly the result of the global recession, there is no reason to think that if we are not smart about how we support these industries the Chinese government won't just make the same moves all over again. To believe that markets can work, when the biggest player in a particular industry is a hybrid Communist-capitalist state, is to cling to ideology in the face of ample evidence that it just ain't so.

I hope we can all work together to move a bill in this area. I would just close by noting that this Committee currently has zero bills that have been passed by the House. Zero. None. For this Committee, that is unprecedented for the first session of a Congress, at least going back to Chairman Roe. I would encourage the Majority to consider a bipartisan bill on critical materials as a strong first candidate for markup and passage on the floor of the House.