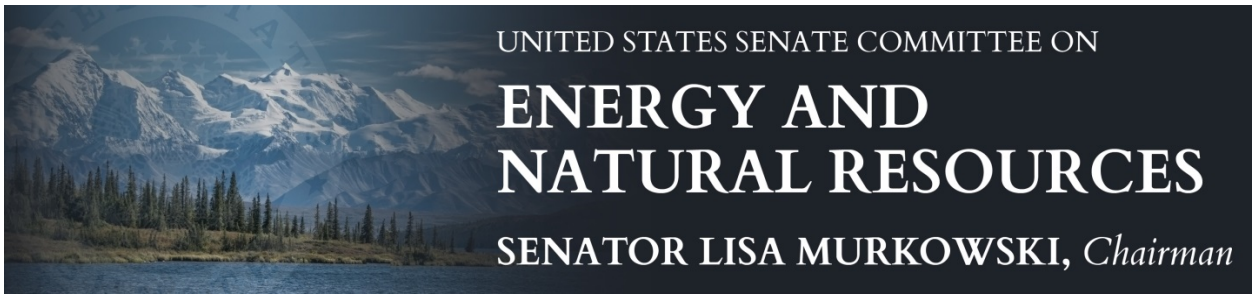

Opening Statement
Hearing on Impacts of COVID-19 on Mineral Supply Chains
Chairman Lisa Murkowski
June 24, 2020

Good morning, everyone. The committee will come to order.

We're here this morning to discuss the impacts of the COVID-19 pandemic on supply chains, and the role those supply chains play in our economic and national security, and the challenges that we face in rebuilding them here at home—especially if we refuse to start at the beginning, with the minerals that actually make them possible.

The fundamental importance of minerals to supply chains is certainly not a new topic for us. In fact, it's the ninth hearing we've had in this committee. That's a lot of hearings on this issue. I've been Chairman and Ranking Member now for a period of years, but to have nine hearings on this is significant. This is obviously our first on the subject since the start of the global pandemic, but it is as timely as ever as more Americans recognize the need for strong domestic supply chains.

The pandemic has brought home that we don't produce many goods important to our country. Over the past several months, that has become clear for a range of crucial medical items, including personal protective equipment for doctors and nurses, as well as individual Americans. But it also extends to a much wider range of health care, electronic, industrial, defense, and energy technologies.

The mining industry hasn't faced the same level of disruption as we've seen in oil and gas and renewables, but there have been some noteworthy developments. Border closures in Africa have impacted the export of cobalt from the Democratic Republic of Congo and platinum from South Africa. Mines in Argentina, Peru, and Brazil have temporarily shut down, restricting supplies of lithium, copper, and iron.

We're fortunate those supply impacts haven't been more acute or widespread. We certainly hope that remains the case as nations around the world continue to fight the virus, and we certainly thank our American miners who have stayed on the job as truly essential workers. But it's also hard not to conclude that we have been lucky here, and luck usually isn't a very good strategy. Despite our significant dependence on imported minerals, we have not yet come up against a severe shortage that causes dramatic harm.

It's worth thinking about what would happen if that did occur, because minerals are the building blocks of our modern society. We wouldn't have electricity or phone lines without copper wiring. Portable heart monitors wouldn't function without lithium, nickel, and zinc. The magnets in many electronic and defense technologies rely on rare earth elements.

There are a host of minerals that almost no one can name that are critical to our economy, our security, our competitiveness, and our health. Many come from places that we would be hard-pressed to find on a map, and the rest seem to come from the one place we have no difficulty finding, and that is China.

The U.S. Geological Survey tells us that we imported at least 50 percent of our supply of at least 46 different minerals, including 100 percent of 17 of them, in 2019. Beyond the numbers, that means we are placing our fate on others' ability and willingness to sell to us. And we are forcing American manufacturers to develop complex global supply chains that sometimes prompt them to realize it would be cheaper and easier to locate somewhere else.

And I think it's time that we actually address this. I have been pleased to hear greater discussion of "reshoring" to bring companies and industries back home. I certainly don't have any pretensions that will be a quick process, but it will be harder still if we refuse to address the front end of supply chains, and that's minerals.

There is no denying that our nation has, and will continue to have, significant minerals needs—including, and especially, for clean energy technologies.

The International Energy Agency (IEA) recently released a report acknowledging that "clean energy progress after the COVID-19 crisis will need reliable supplies of critical minerals."

The World Bank released a report last month estimating that demand for lithium, graphite, and cobalt will increase 500 percent by 2050 to meet clean energy demand.

And back in December, before the pandemic took hold, the Institute for Defense Analyses pointed out the supply chain vulnerabilities the Department of Defense is exposed to by relying on China and South America for the refining and processing of the minerals in lithium-ion batteries.

The Trump administration has been a strong partner in our efforts to make meaningful progress. The Department of Defense, the State Department, the Department of the Interior, the Forest Service, and the Department of Energy all have important initiatives underway.

Despite that good work, we will still hear today from witnesses who are concerned about losing multi-billion dollar industries, such as the manufacturing of semi-conductors, to Asia. And we will also hear about the security implications of relying on China and other adversarial countries to obtain minerals.

So we need to do more, and of course we've got an answer here on this committee. We can start by passing my American Mineral Security Act, which provides the framework for a sustainable domestic mineral supply chain. It recognizes the expertise at agencies like USGS for surveying and forecasting. It directs DOE to conduct research and development into alternatives and recycling, while facilitating modest permitting reforms and helping to ensure a skilled workforce.

The COVID-19 pandemic has shown how delicate our supply chains are, and that should be a wakeup call for all of us. Our job is not simply to impose a royalty on mineral production on federal lands and then call it a day. It is to rebuild our supply chains, and to recognize that no realistic level of subsidies and incentives can compete with having raw materials available here at home.

So I thank our witnesses for appearing today. I will introduce you, but first let's turn to my friend and Ranking Member Senator Manchin for his comments.

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