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QUINN: Level playing field for American mining

Overregulation discourages investment in domestic minerals

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Earlier this month, President Obama announced the United States is filing a challenge with the World Trade Organization (WTO) against China's export restrictions on rare earth minerals. This marks the second time since 2009 our nation has brought a WTO case against China over mineral export restrictions and calls attention to the vital importance of minerals to the U.S. economy.

From rare earths and copper to gold and iron ore, minerals are essential to U.S. manufacturing, construction and technological innovation and are key to a range of products, including electric vehicles, high-tech devices and life-saving medical technologies. All told, minerals were used by downstream industries to add \$2.2 trillion to the 2011 U.S. gross domestic product.

But if U.S. companies are to continue innovating and manufacturing the products critical to our nation's economic future, they need reliable access to mineral raw materials.

Fortunately, we don't have to go far. We don't have to go anywhere - not with \$6.2 trillion worth of key mineral resources here in the United States. Our nation leads the world in the breadth of its commodity mineral reserves - a position that enables us to control our own destiny and boost U.S. manufacturing prospects simply by fixing a badly broken regulatory process.

It currently takes up to five times longer to get approval to mine for minerals here than it does in other countries, driving investment, production and jobs away from America. From the time a project request is submitted to the time a final ruling is made, a decade can slip by and paperwork as much as 6 feet high filed and reviewed - repeatedly. Not surprisingly, when investors are ready to move on a project, they turn to countries that are ready to do business, rather than tackle the Byzantine regulatory review process here in the United States.

In the past 20 years, our nation's share of global investment in minerals mining has declined from 21 percent to 8 percent. Not only are we getting a smaller share of international capital for mining, we're also increasingly dependent on mineral imports from other countries. People wonder why our economy isn't humming the way it should. You know there's a problem when we rely more every year on mineral imports despite having the good fortune of leading the world in the diversity of our domestic commodity mineral supplies.

The United States is distinguished from other countries by its notable lack of a forward-looking minerals policy. Japan, for example, allocated \$650 million of its fiscal 2011 budget toward mitigating supply risks for minerals and key resources. In Australia, mining policies are designed to balance investors' needs for a stable investment environment with fair regulations, taxation and sustainable mining practices.

China, which is nearly as dependent as the United States for outside sources of the minerals it needs to supply its growing economy, is actively solidifying its control of the world minerals market by acquiring mineral projects around the world, including a world-class copper reserve in Afghanistan. Canada, despite extensive mining regulations, still maintains a fairly expedient mining permitting timeline by implementing a flexible system of oversight that seeks to minimize duplication, uncertainty and delays. The country is also spurring mineral development through Plan Nord, a 20-year government initiative that will see more than \$33 billion in Canadian dollars invested in mining and related projects.

The United States must follow suit and develop a strategy to bring more U.S. minerals mining operations online. If our leaders fail to act, supply disruptions will continue to pose a threat, not only to minerals users and manufacturers, but to the U.S. economy as a whole.

Some in government have taken steps to address this risk: 19 members of the Senate and 35 members of the House have signed on to legislation that would enact a review of the mining permitting process, and endorse assessments of the nation's mineral needs and resource potential. These bills could lead to the identification of opportunities for increased domestic mining and job growth across the economy.

Instead of simply trying to coerce China into playing fair, Washington must realize that America's wealth of mineral resources is an opportunity to address supply constraints and bolster U.S. manufacturing, innovation and national security. With the right policies in place, we can take control of our own destiny by fully utilizing our domestic resources and workforce, putting our economy on the path toward sustained growth.

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