

Wyoming Mining Association Annual Meeting

You Cannot Have a Strong Domestic Supply Chain
Without a Strong Domestic Minerals Industry

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Quick Overview of IMA

- Trade Association based in Washington, DC. Covers issues in North America.
- Staff: Wayne Palmer, Sr. Advisor, Federal Affairs; John Cowie, Sr. Director, Technical & Scientific Affairs; Matthew Dermody, Director, Government Affairs; Dan Elliott, Railroad Consultant
- Represent: Ball Clay, Barite, Bentonite, Borates, Calcium Carbonate, Diatomite, Feldspar, Gilsonite, Industrial Sand, Kaolin, Lithium, Perlite, Salt, Soda Ash, Talc and Wollastonite, and several other minerals as well.



Overview of Presentation

- Messaging for officials: Without a robust domestic mining industry, you simply cannot have a domestic supply chain.
- Most difficult period facing the mining industry?
- Insane levels of spending will need to have some sort of offsets eventually. Likely targets (beyond tax increases) are fossil fuel, mining and chemical industries (i.e. so-called "dirty" industries).



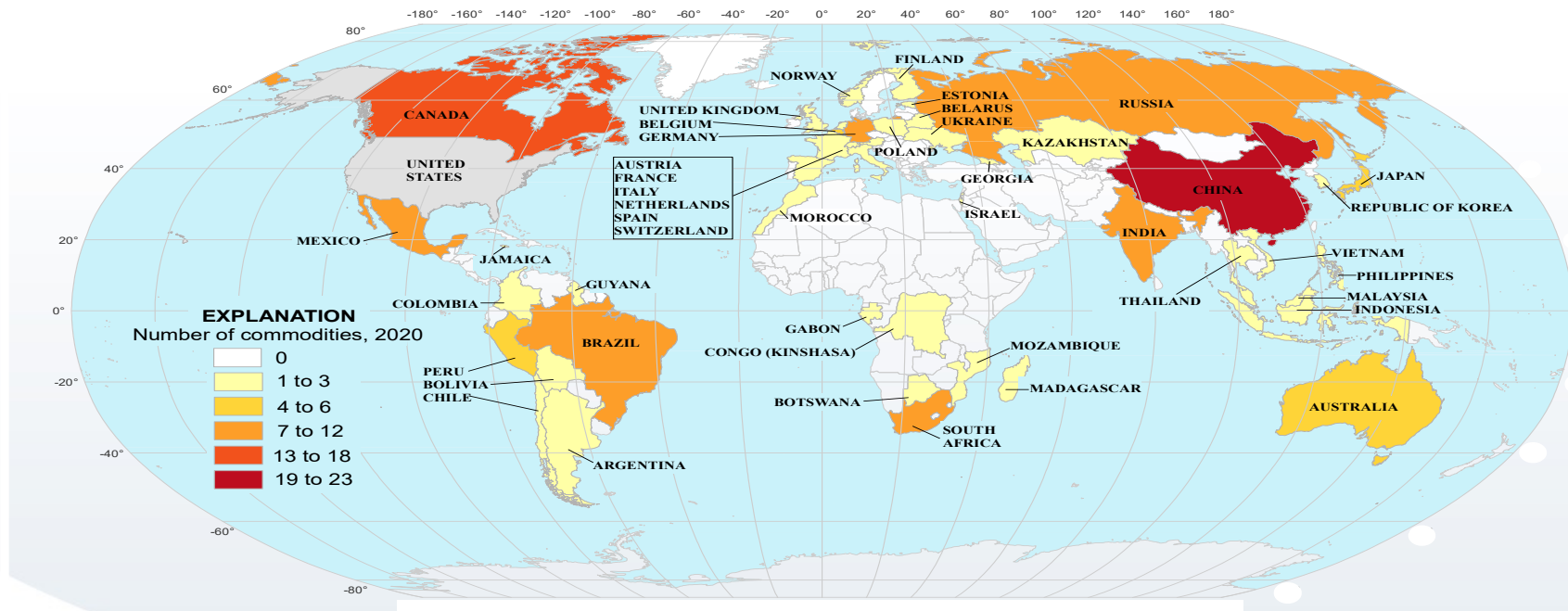
Only Positive in Our Favor

- Key to defending the industry from attack: Linking the mining industry to the manufacturing sector
- 2020 and Covid showed severe deficiencies with the overall supply chain for the United States.
- Overly reliant on China, Russia, India and others for our manufacturing and mineral needs.
- Need to use this to our advantage and push for policies to help promote a stronger domestic minerals industry!



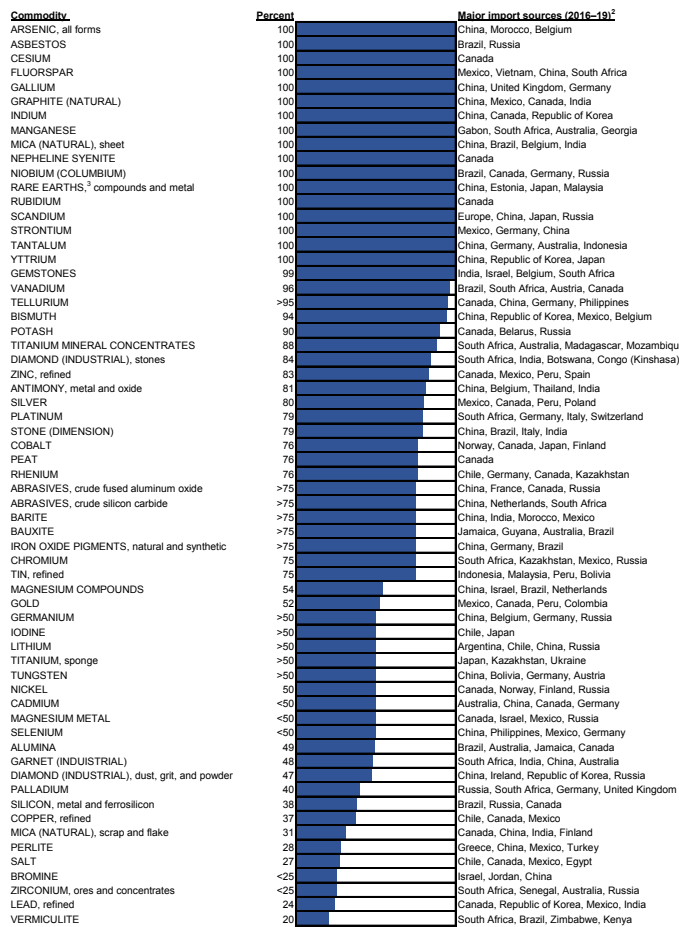
Import Reliance of Minerals

Figure 3.—Major Import Sources of Nonfuel Mineral Commodities for which the United States was greater than 50% Net Import Reliant in 2020



Source: U.S. Geological Survey

Figure 2.—2020 U.S. Net Import Reliance¹



¹Not all mineral commodities covered in this publication are listed here. Those not shown include mineral commodities for which the United States is a net exporter (boron; clays; diatomite; helium; iron and steel scrap; iron ore; kyanite; molybdenum concentrates; sand and gravel, industrial; soda ash; titanium dioxide pigment; wollastonite; zeolites; and zinc concentrates) or less than 20% net import reliant (abrasives, metallic; aluminum; beryllium; cement; feldspar; gypsum; iron and steel; iron and steel slag; lime; nitrogen (fixed); ammonia; phosphate rock; pumice; sand and gravel, construction; stone, crushed; sulfur; and talc and pyrophyllite). For some mineral commodities (hafnium; mercury; quartz crystal, industrial; thallium; and thorium), not enough information is available to calculate the exact percentage of import reliance.

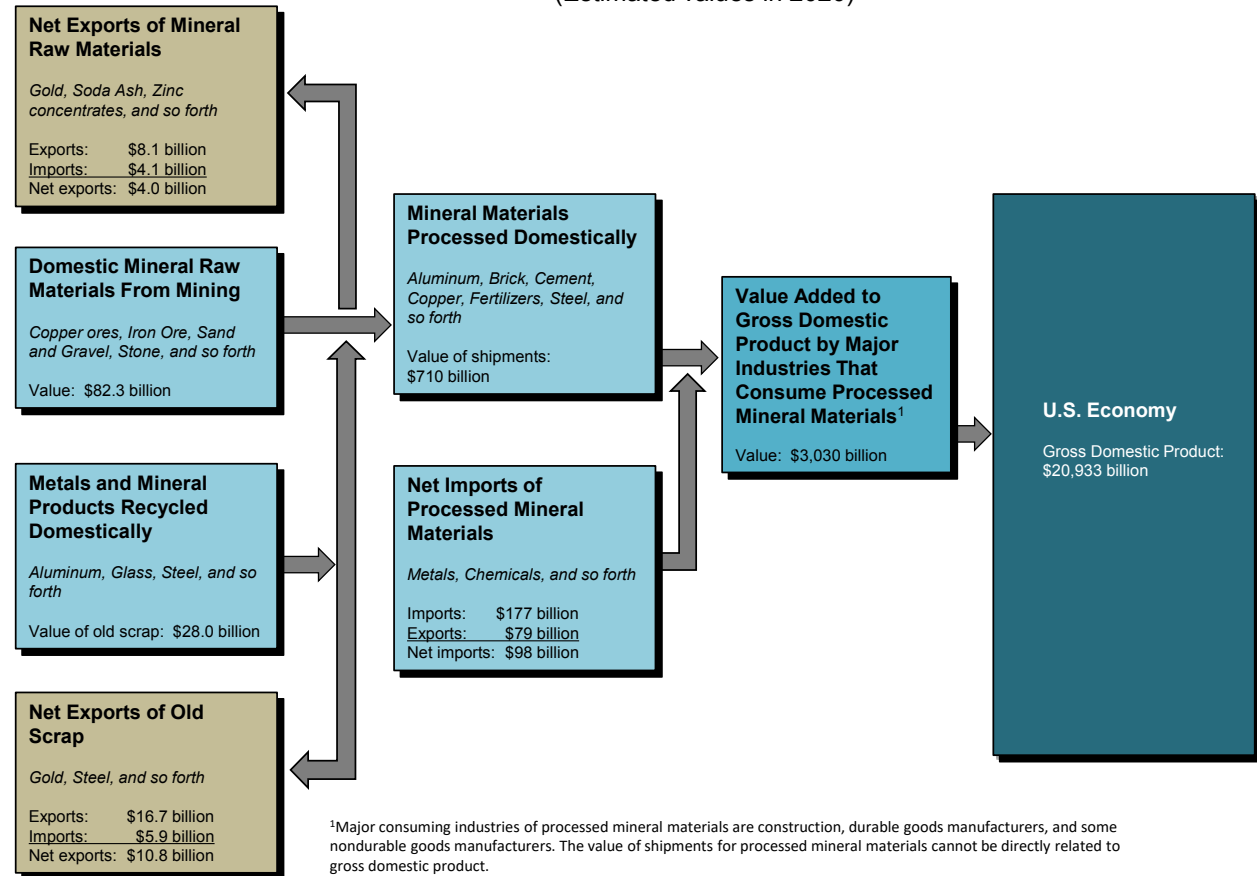
²Listed in descending order of import share.

³Data include lanthanides.

Import Reliance List

Role of Nonfuel Minerals in the Economy

Figure 1.—The Role of Nonfuel Minerals in the U.S. Economy
(Estimated values in 2020)



Sources: U.S. Geological Survey and the U.S. Department of Commerce.

EVERY YEAR }

40,633 pounds of new minerals must be provided for every person in the United States to make the things we use daily

9,924 lbs.

Stone used to make roads, buildings, bridges, landscaping, numerous chemical and construction uses

7,345 lbs.

Sand & Gravel used to make concrete, asphalt, roads, blocks & bricks

675 lbs.

Cement used to make roads, sidewalks, bridges, buildings, schools, houses

256 lbs.

Iron Ore used to make steel—buildings, cars, trucks, planes, trains, other construction, containers

384 lbs.

Salt used in various chemicals, highway deicing, food & agriculture

182 lbs.

Phosphate Rock used to make fertilizers to grow food, animal feed supplements

155 lbs.

Clays used to make floor & wall tile, dinnerware, kitty litter, bricks & cement, paper

26 lbs.

Aluminum (Bauxite) used to make buildings, beverage containers, autos, airplanes

12 lbs.

Copper used in buildings, electrical & electronic parts, plumbing, transportation

12 lbs.

Lead 75% used for transportation—batteries, electrical, communications

6 lbs.

Zinc used to make metals rust resistant, various metals & alloys, paint, rubber, skin creams, health care, and nutrition

34 lbs.

Soda Ash used to make all kinds of glass, in powdered detergents, medicines, as a food additive, photography, water treatment

6 lbs.

Manganese used to make almost all steel for construction, machinery, transportation

624 lbs.

Other Nonmetals used in glass, chemicals, soaps, paper, computers, cell phones, etc.

23 lbs.

Other Metals used in electronics, TV & video equipment, recreation equipment, etc.

Source: Society for Mining, Metallurgy & Exploration. "2019 Per Capita Use of Minerals." [mineralseducationcoalition.org. https://mineralseducationcoalition.org/mining-mineral-statistics](https://mineralseducationcoalition.org/mining-mineral-statistics) (accessed January 24, 2020).

Including These Energy Fuels

- 958 gallons of Petroleum
- 4,206 lbs. of Coal
- 97,988 cu. ft. of Natural Gas
- 0.13 lb. of Uranium

To generate the energy each person uses in one year—

MEC

Minerals Education Coalition

Ban “Asbestos”

- Ban Asbestos – not just an effort to ban traditional asbestos.
- Trial Lawyers manipulating the process.
- FDA Working Group and EPA are both actively reviewing.
- Serious concern about broad impact and if Agencies will be impartial and look at all science.
- Recent Court settlement, increasing pressures and timeline.

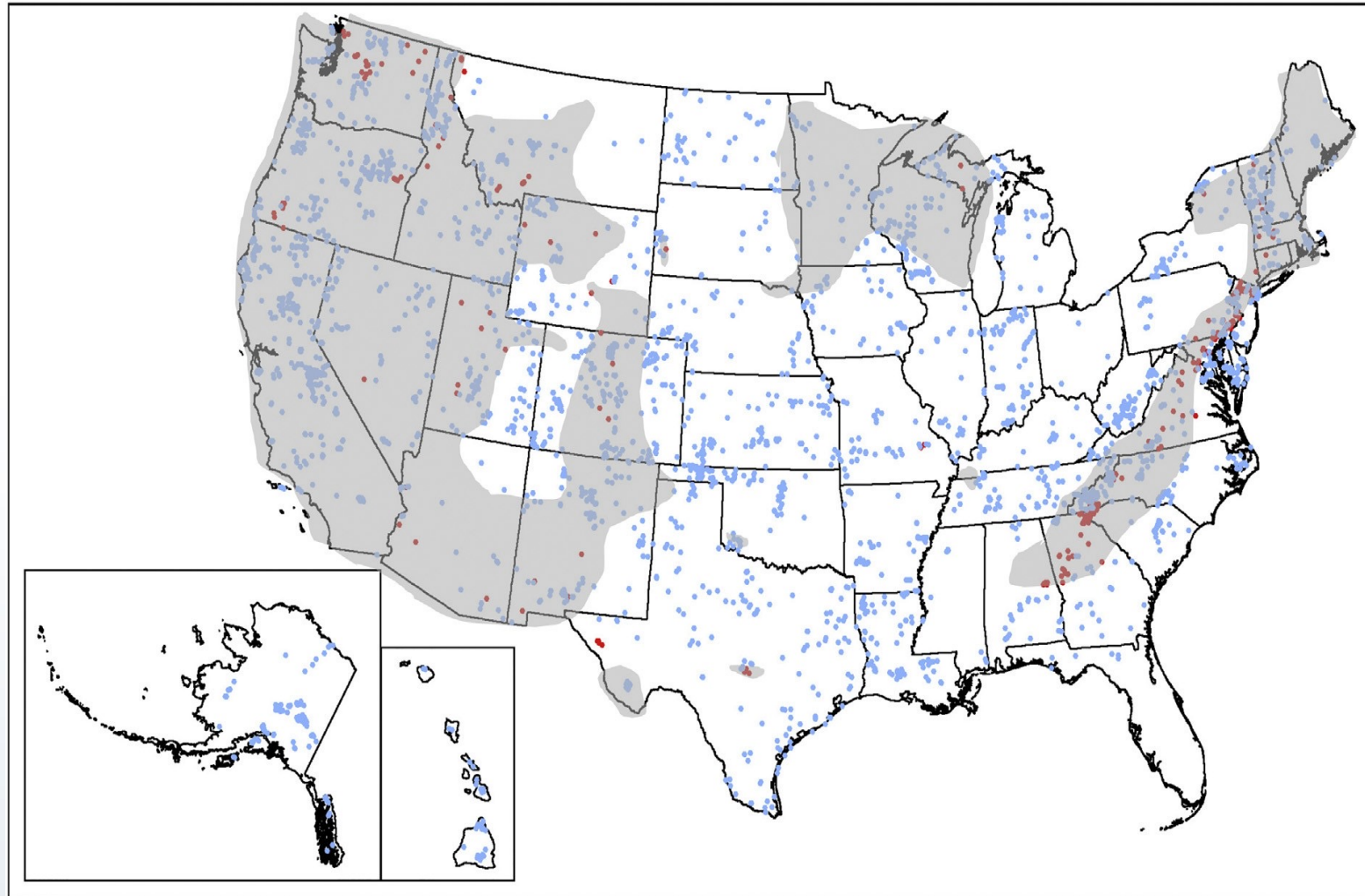


Asbestos Legislative Effort

- House Bill history
- Possibility for a bipartisan approach in the Senate?
- Definition is a key issue
 - Trial Lawyers and House proposal = massive expansion of definition
 - Senate approach (so far) is much narrower in scope.
- While Senate draft bill isn't perfect, it is by far our best option right now. And even still, a long shot given trial lawyers.



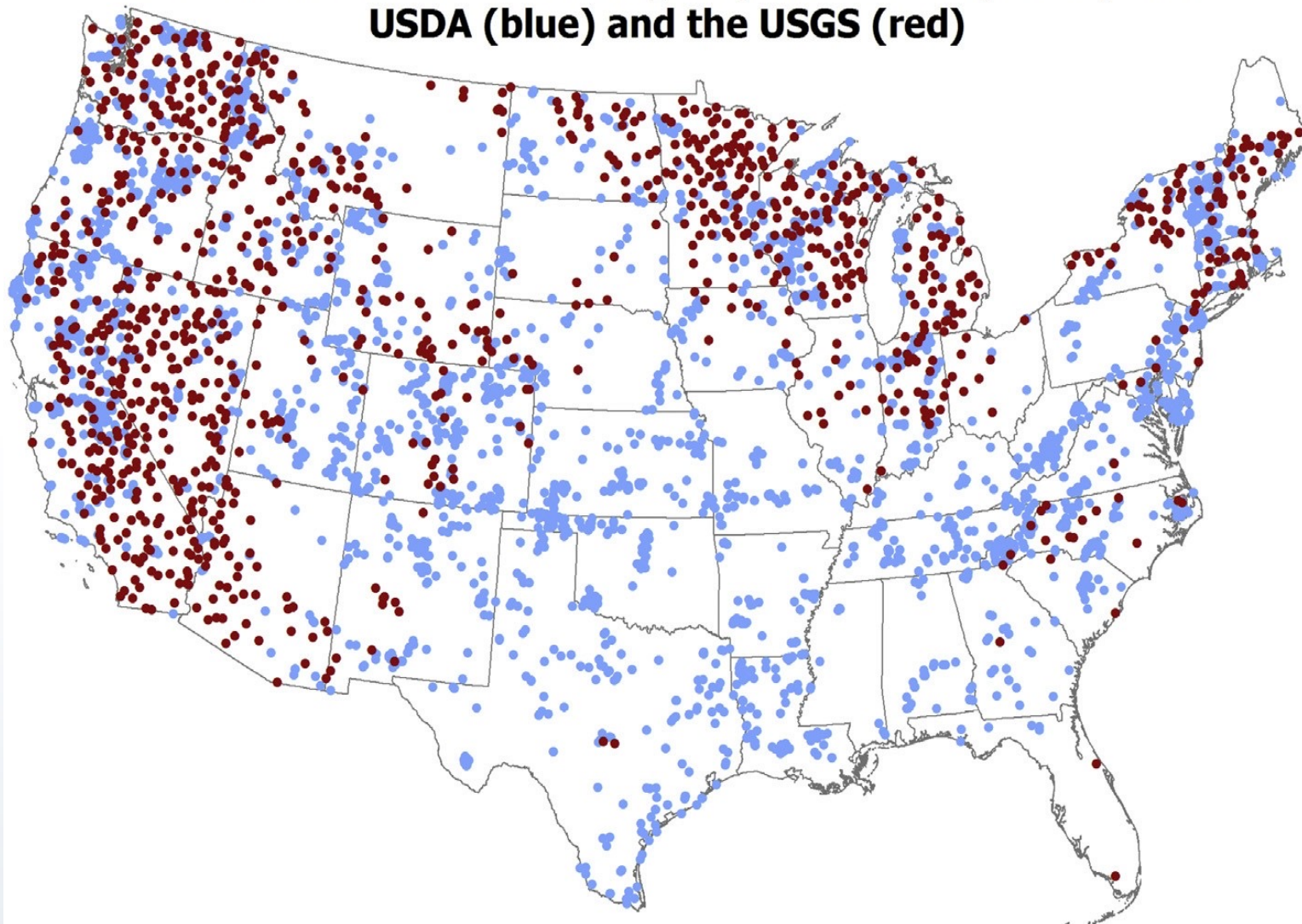
Locations of rocks with the potential to include amphiboles (in grey), with red and blue dots marking known amphibole asbestos locations



A map of the USA showing locations of rocks with the potential to contain amphiboles (in grey), with red dots marking the locations of known amphibole asbestos locations and blue dots for those obtained from the USDA-NRCS database (see [Thompson et al., 2011](#) and references therein). (For interpretation of the references to color in this figure legend, the reader is referred to the web version of this article.)³

³ Source: Gunter, Mickey. (2018). Elongate mineral particles in the natural environment. *Toxicology and Applied Pharmacology*. 361. 10.1016/j.taap.2018.09.024. Fig. 6.

Locations of soils containing amphiboles sampled by the USDA (blue) and the USGS (red)



This USA map combines the USDA-NRCS amphibole locations (blue dots) ([Thompson et al., 2011](#)) with those from the USGS (red dots) ([Smith et al., 2013](#); [McNamee and Gunter, 2014b](#)). (For interpretation of the references to color in this figure legend, the reader is referred to the web version of this article.)⁴

⁴ Source: Gunter, Mickey. (2018). Elongate mineral particles in the natural environment. Toxicology and Applied Pharmacology. 361. 10.1016/j.taap.2018.09.024. Fig. 8.

Revenue Generating Legislation Necessary

- Infrastructure bills (both traditional and reconciliation) are first examples where Congress will seek to raise revenue for spending bills that are seen as priorities by this Administration.
- Potential targets that are of greatest concern:
 - Percentage Depletion Deduction being revoked.
 - Dirt Tax?
 - Mining Law Reform and new royalties.
 - Efforts to use Superfund Taxes to be used to offset spending.



Percentage Depletion Deduction

- We were successful at retaining this in the 2017 Tax Reform Negotiations, but it wasn't easy!
- Target on its back moving forward.
- Current Wyden bill targets oil, gas and coal. But with spending out of control, easy to see how this could impact the entire mining industry.
- Meeting with key players continuously in an effort to continue to retain this deduction.



Mining Law Reform/Royalties

- Mining Law Reform has long been a priority for Chairman Grijalva.
- Rates: 8% on existing operations; 12.5% on new operations
- Groups like Earthworks are attempting to tie-in CERCLA bonding requirements to Mining Law Reform.
 - Which would fund the abandoned mine reclamation activities



Mining Law Reform Continued

- Environmental groups are also pushing for regulations that would provide for federal regulators with power to:
 - Enforce actions for violations; frequently inspect and be able to cite companies for violations and assessments.
- Push for new environmental standards on groundwater and restoration requirements.
- Unclear where Chairman Manchin stands on this beyond his stated belief that reform and royalties are needed.



Infrastructure Bill/AML Grants

- The Infrastructure bill included \$3 billion in direct grants to federal, state and Tribal governments to address abandoned mines.
- Possible they may look to the General Mining Law for additional revenues.



Dirt Tax

- Past iterations of the Dirt Tax have been at \$0.078 per ton of dirt moved (each time). This equates to over \$2B/yr. Possibility for that fee to increase as well at discretion of DOI Secretary.



Superfund/CERCLA

- Infrastructure Bill – Bipartisan Support.
 - In an effort to refrain from raising tax rate on all businesses, they are, among other things, looking to reinstitute the Superfund Tax on Chemicals (list includes about 42 chemicals, and rates vary).
 - IMA strongly opposes this provision.
 - Fear it is a gateway to using superfund taxes/bonding requirements to pay-for unrelated bills.
 - CERCLA on Hardrock Mining justified by Environmental Justice?
Carefully watching this as it could cost each company millions per yr.



Climate Change

- IMA-NA approach
 - Policy position – leakage, exemptions for process emissions, offsets, innovation, sustainability
 - Increased domestic production of our minerals is vital for greening of economy
 - Role in “green” technologies and energy
 - Negative impact of offshoring resource development
 - Developing a list of all the green products our minerals support to highlight need for balanced approach in any activity.



30x30 Land Grab

- Executive Order 14008 from January 27, 2021 from President Biden:
 - Intent is to “conserve” or take offline 30% of the nation’s land and water from being developed/utilized by 2030.
 - Private landowners are not exempt.
 - Another attempt to limit the ability of industries to develop and/or extract resources.



EPA and another WOTUS Rewrite

- The Obama Administration attempted to expand the Waters of the United States jurisdiction in 2015. Was blocked in a large part of the country by a court order.
- Trump Administration rewrote the regulation and implemented the new Navigable Waters Protection Rule.
- EPA has announced its intent to revise that rule. Creating more uncertainty.
- Enviro's want to expand to have another tool to prevent activity



MSHA Enforcement

- Officials worried about high level of fatalities already seen this year = enforcement is about to pick up.
- Heavy focus on powered haulage. Stand Down for Safety Day – July 20. Rulemaking currently at OMB.
- Heavy pressure is on MSHA officials to reverse the trends we've seen so far this year.
- Silica Rulemaking is coming by early '22 at the latest.



MSHA Silica Rulemaking

- They are currently working to finalize a draft.
- Strong commitment from MSHA to move forward swiftly.
- Likely to look similar to the OSHA rule from conversations we have had.
- Largest hurdles for MSHA: cost/economic impact and feasibility concerns w/ large % of small mines without infrastructure to carry out many of the directives. (55% of m/nm have 5 or fewer miners 6471 out of 11,848 mines)



MSHA Silica Rulemaking Priorities

- Pushing for there to be an exemption for Sorptive Minerals like bentonite similar to the OSHA exemption.
- Pushing for there to be the PEL at 50 but no AL
- Support the use of a Table 1, similar to what OSHA had for Construction. This would be for specifically defined tasks where exposure is unlikely.
 - We will suggest utilizing the 2019 IMA/NIOSH Dust Control Handbook as a resource on the Table 1 development.



Weaponizing the Endangered Species Act

- The DOI and environmental groups will almost certainly continue their practice of weaponizing the Endangered Species Act as another angle to take land/water offline for the extractives industries.
- Revisiting the Sage Grouse plan – takes away up to 10 million acres from development.
- Follows a decision this spring that the Trump Administration decision to lift a ban on mining and other development was wrong.



Weaponizing the ESA continued

- The Spring Regulatory Agenda included dozens of species of plants and wildlife that were under consideration for protection.
- Be very aware of any of this activity and be prepared to understand how it could impact your operations.
- Not as much about protecting plants and wildlife as it is taking large stretches of land away from development.



Weaponizing the Financial Systems

- Non-traditional threat to our sector, but one to watch.
- Environmental groups and activist governments, including the Biden Administration, are putting an increased focus on banks lending money to so-called dirty industries.
- Have had success in having banks agree to not loan/fund oil and gas projects already – could it expand to mining?
- Be aware of how the banks you do business with are behaving with relation to this issue.



Weaponizing Financial Sectors Continued...

- What can you do to protect yourself and your company?
 - Be as proactive as possible and create your narrative now. Don't let one be created for you.
 - Lean on supply chain relevance; green products that your minerals support; over reliance on China elsewhere w/ less stringent environmental concerns.
 - Participate and publish an ESG report (new sustainability report).



Ransomware Activity

- DHS via the Cybersecurity and Infrastructure Security Agency (CISA) has a Critical Manufacturing Sector Council which IMA is a member.
- They are regularly providing updates on the threats related to ransomware against U.S. companies.
- <https://us-cert.cisa.gov/ncas> - quite a bit of good information on this issue. And here: <https://www.cisa.gov/stopransomware>
- If you ever have an issue here, let us know and we can get you in contact with the right team at DHS to assist quickly.



Soda Ash Royalty Reduction Efforts

- We were able to achieve a lower royalty rate for the soda ash industry last year. Rate dropped from 6% to 2% for 10 years.
- Working to protect and expand the rate reduction permanently
- WY Delegation (Cheney, Barrasso, Enzi and Lummis) were all keys to getting this done. But in order to build broader support, needed to make it an important issue for Members.
- We were able to turn a WY/CA issue into an issue 12 Rs and 9 Ds in the Senate supported a rate reduction for the industry.



Final Points

- Regulatory Agencies about to become far more active! Executive Order this month is a solid indicator.
- Staffed with very intelligent people, that know how to navigate the regulatory process. Many key staff there are left-leaning and appear to have a general distaste for mining.
- Be aware of sue and settle tactics to speed up timelines for rulemakings!
- End of Year packages and reconciliation measures can be very dangerous on the legislative side.



Thank you!

Questions?

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Call/text/email – happy to chat and go into more detail anytime!

