

**Mr. Drew Meyer**  
**Vice President, Marketing & Transportation Services**  
**Vulcan Materials Company**  
**On behalf of**  
**The National Stone, Sand, & Gravel Association**

**Testimony**  
**Before the Subcommittee on Energy & Mineral Resources**  
**Committee on Resources**  
**United States House of Representatives**

**Hearing on H.R. 6080**  
**The Resource Origin and Commodity Knowledge Act**  
**September 20, 2006**

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,