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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

ENERGY AND MINERALS  
DIVISION

July 27, 1981

B-204155

The Honorable Don Fuqua  
Chairman, Committee on Science  
and Technology  
House of Representatives



116053

Dear Mr. Chairman:

Subject: Interim Status Report on Executive  
Branch Implementation of the "National  
Materials and Minerals Policy, Research  
and Development Act of 1980" (EMD-81-124)

As you requested in your April 7, 1981, letter, the General Accounting Office has been monitoring implementation of the "National Materials and Minerals Policy, Research and Development Act of 1980" (P.L. 96-479). We have briefed your staff on several occasions regarding actions taken by the Executive Branch to implement the Act. We would like, at this time, to provide you a brief summary of the most salient developments to date affecting provisions of the Act to assist in the hearings to be held on July 28. In considering this summary you should be aware that Executive Branch implementation is evolving fairly rapidly and is, therefore, subject to change with respect to both substantive responses being developed and processes being followed.

The Executive Office of the President is developing responses required by the Act primarily through the Cabinet Council on Natural Resources and the Environment. The Secretary of the Interior is Chairman pro tem of the Council. Its other members are the Attorney General and the Secretaries of Agriculture, Transportation, Housing and Urban Development, and Energy.

The Cabinet Council has created a Strategic Minerals Working Group. Membership in this Working Group includes representatives from the Departments of Energy, Transportation, Agriculture, Justice, Commerce, Treasury, Defense, and State as well as individuals from the Office of Management and Budget, the National Security Council, the Council

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of Economic Advisers, the Environmental Protection Agency, the Federal Emergency Management Agency, the Office of Science and Technology Policy, the Central Intelligence Agency, the Office of the Special Trade Representative, the General Services Administration and the Office of Policy Development. This Working Group will ultimately recommend to the Cabinet Council policy options for dealing with minerals issues. The current schedule calls for delivery of these policy options to the Cabinet Council by the end of August 1981.

The Working Group has in turn created eight sub-groups which are studying minerals issues and will recommend policy options for consideration by the full Working Group. There is a sub-group on each of the following:

- Lands Availability
- Data Acquisition
- Foreign Minerals Issues
- Regulatory Reform
- Research and Development
- Crisis Response
- Demand Analysis
- P.L. 96-479

The sub-group for implementation of P.L. 96-479 is chaired by a Department of Interior official. Other members are representatives from the Departments of Commerce and Defense and individuals from the Office of Management and Budget, the National Security Council, the Central Intelligence Agency, the Federal Emergency Management Agency, the Office of Science and Technology Policy, and the Office of Policy Development. This sub-group is presently concentrating its efforts on meeting the requirements of Sec. 5(a) of the Act. According to a subgroup official, discussions on how best to implement the Act are being held in an atmosphere which strongly favors the free market. The same official told us that the sub-group has not yet finalized its recommendations. However, in his opinion, the Cabinet Council process represents this Administration's response to the Act's mandate for interagency coordination.

The Office of Science and Technology Policy (OSTP) has not taken any initiatives specifically to implement the Act. However, an OSTP official told us recently that confirmation of the Science Adviser and resolution of staff changes will allow OSTP to begin implementation very soon. Also the Committee on Materials recently completed an update of its

inventory of Federal materials research and development. The official indicated that this inventory should be useful in meeting the requirements of the Act.

The Department of Interior has taken some actions which are responsive to the Act. A proposed \$8.6 million will be shifted into the Bureau of Mines mineral resources technology programs in fiscal year 1982. In addition, Department officials have told us that after confirmation of a new Bureau Director and probable subsequent reorganization more resources will likely be redirected to improve minerals data.

The Department of Defense (DOD) has taken a series of actions to meet its reporting requirements under the Act. These have included interagency meetings, government-industry conferences, contracting with the Institute for Defense Analysis for assistance, and assignment of the military departments to aid in assessing the impact of import dependence on specific weapons systems. The report, as presently outlined, will include a wide ranging look at, among other things:

- Ways to improve estimates of materials needed during peacetime, surge and mobilization.
- Estimates of critical materials needs (aluminum, beryllium, carbon fiber, chromium, cobalt, copper, petrochemicals, quartz, natural rubber, stainless steel and titanium) for specific weapons systems (the F-15 and F-16 aircraft, M-1 tank, various Army helicopters, ammunition and the MX missile system).
- Analysis of the impact of increased DOD demand and/or the curtailment of supply on prices, leadtimes and DOD's ability to obtain the desired amounts of finished goods.
- Assessments of the Strategic and Critical Materials Stock Piling Act and the Defense Production Act.

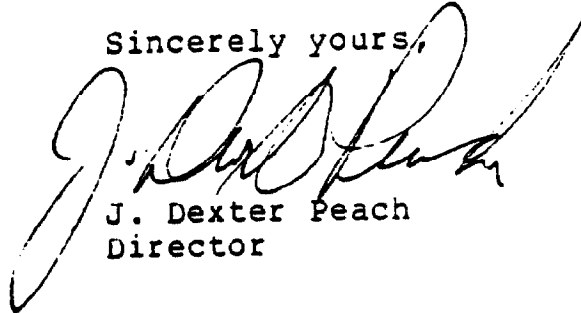
The Department of Commerce, through its Minerals and Materials Task Force, is preparing a study of the aerospace industry to discharge its immediate reporting responsibilities. The report will address supply problems and issues surrounding four critical materials used by the aerospace industry: titanium, tantalum, cobalt, and chromium. In addition, the report addresses two material processes which could affect demand for the foregoing materials: rapid solidification technology and composites. Commerce industrial analysts in the Bureau of Industrial Economics are contributing a demand analysis and a study of the U.S. industrial condition in the processing and use of these materials. The National Bureau of Standards is analyzing the possibilities for substitution and recycling, while the Office

of Commodity Policy is looking at the international issues involved in securing adequate supplies of cobalt and chromium.

A representative of the Cabinet Council on Natural Resources and the Environment told us that they will probably combine the reports required by the Act into one report. This report will include the response required from the Executive Office of the President.

As agreed with your staff we have not obtained Agency comments on this letter. As you requested, we will continue to monitor implementation of the Act and will also evaluate the required Executive Branch responses after they are submitted.

Sincerely yours,

A handwritten signature in black ink, appearing to read "J. Dexter Peach". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

J. Dexter Peach  
Director