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## Issue 11 - June 17, 2020

### **This Week in COVID-19 News**

A strong uptick in retail sales and other hopeful signs of the economy starting to move again in May was countered by plenty of metrics showing the depths of the damage caused by COVID-19. As response measures continued to roll out, policymakers in Washington began scrutinizing the effectiveness of actions taken so far. With the expectation that a fifth legislative package will likely emerge later this summer, the National Mining Association (NMA) remains engaged in efforts to ensure that mining's interests are considered. The effort includes public communications regarding the essential nature of mining, safety actions taken by our members, and contributions being made by NMA member companies. Plus we have updates on both the crisis and its impact on energy and mining markets.

**SAFETY SHARE:** U.S. Occupational Safety and Health Administration published six helpful Frequently Asked Questions concerning the [use of cloth face coverings](#).

## **NMA Backed AML Bill Cuts the Federal Coal Fee by 35%**

Senator John Barrasso (R-Wy.) today introduced S. 3971, the “Abandoned Mine Land Reclamation Fee Reauthorization Act of 2020.” The bill would reduce fees levied under the Surface Mining Control and Reclamation Act of 1977 (SMCRA) on each ton of domestically produced coal by 35 percent for surface, underground and lignite. Originally created in 1977, the fee is set to expire on September 30, 2021. This bill reauthorizes fee collection for seven years, until September 30, 2028, to allow lawmakers and stakeholders to review and revise the program more frequently as industry conditions change. View NMA’s press release [here](#) and support letter [here](#), which welcomes this important legislation to help refocus the program on priority reclamation projects and examine the oversight required to ensure funds are not squandered on overhead and administrative costs.

## **USDA Forest Service Prioritizes Mining on Federal Land**

Department of Agriculture Secretary Sonny Perdue Friday signed a [memorandum](#) to expedite logging, grazing and mining on federal land. The document calls for the Forest Service to:

- Streamline processes and identify new opportunities to increase America’s energy dominance and reduce reliance on foreign countries for critical minerals and
- Modernize management practices and reduce regulatory burdens to promote active management on Forest Service lands to support and protect rural communities, critical watersheds and species habitat.

The order has already met [opposition](#) from environmentalists, but garnered support from Republican lawmakers.

## COVID Impacts to the Energy Sector – Coal and Minerals Highlighted

This week a number of committees are focusing on COVID-19's Impact on the Energy Sector. The NMA team developed and distributed a one-pager and worked with a variety of Congressional offices to educate them about the significant impacts to our industry and reinforce our messaging about the essential nature of our industry, and its close connection to our economic recovery.

In the Senate Energy and Natural Resource Committee's hearing, both Senators Barrasso and Steve Daines (R-Mont.) addressed the economic conditions of the coal industry brought on by the pandemic and further urged the Department of the Interior to provide necessary royalty relief to operators on federal land in order to provide a measure of certainty moving forward. Sen. Barrasso also used his time to express support to immediately establish the proposed uranium reserve at the Department of Energy (DOE) to reverse the alarming trend of decreasing domestic uranium production and extend the 20 percent cap on Russian nuclear fuel imports that can be used in U.S. nuclear power plants.

Across the Hill, in the House Energy and Commerce Committee, former DOE Secretary Ernest Moniz testified that the U.S. should invest in secure supply chains of critical minerals and metals and that they "will be in much greater demand as clean energy technology deploys at massive scale." This public acknowledgment from the former Secretary will help strengthen NMA's advocacy efforts and support our assertion that metals and minerals provide the front end of the supply chain for nearly all manufactured goods, including energy.

Secretary Moniz also reiterated the call for more research and development funding as part of a broader strategy to combat climate change and promote workforce development, including carbon capture and sequestration. Rich Powell, Executive Director of ClearPath added that we need to fund DOE to significantly scale-up additional demonstration projects.

Additionally, Powell spoke to the unnecessary and duplicative regulations that prevent the development of advanced energy technologies and needlessly slow energy workers' return to work. He called on the committee to act on NMA-supported [H.R.172](#), the New Source Review Permitting Improvement Act, to streamline the cumbersome NSR process for emission-reducing technology retrofits.

Powell also testified that nuclear is the most important clean generating technology in the United States and expressed concerns with supply chain dependency. He echoed the recommendations of the administration's Nuclear Fuel Working Group to diversify our nuclear fuel supply and to establish a national uranium reserve.

## **Federal Reserve Opens Main Street Lending Window – Begins Purchasing Corporate Debt**

The **Federal Reserve** moved forward with implementation of two previously announced programs:

- The Federal Reserve Bank of Boston opened registration for its [Main Street Lending Program](#) and encouraged lending to eligible borrowers to begin “immediately.” The program will provide loans of between from \$250,000 and \$300 million to businesses with up to 15,000 employees or \$5 billion in annual revenues.
- The Federal Reserve Bank of New York commenced buying corporate bonds via the [Secondary Market Corporate Credit Facility](#), which will purchase existing bonds on the open market to create a portfolio that tracks a broad, diversified index. A Primary Market Corporate Credit Facility, which will allow the Fed to purchase corporate bonds directly from eligible issuers, will likely be operational in the near future.

## **NMA Supports Expanded JOBS Credit Act**

NMA joined a [coalition of organizations](#) in support of the Jumpstarting Our Businesses' Success Credit (JOBS Credit) Act of 2020 (H.R. 6776). Building on the ERTC provision included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136 (Section 2301)), the JOBS Credit Act would include a number of policy enhancements, such as:

- An expansion of the credit percentage from 50 percent to 80 percent of qualified wages;
- An increase of the per-employee limitation from \$10,000 for all calendar quarters to \$15,000 per calendar quarter (and an aggregate of \$45,000 for all calendar quarters);
- A change to the threshold for treatment as a large employer from employers having more than 100 employees to employers having more than 1,500 employees (based on the average number of full-time employees in 2019) or having gross receipts above \$41.5 million in 2019;
- A phased-in credit, which will allow employers with more than a 20 percent decline in gross receipts to be eligible for a portion of the credit; and
- Improved coordination between the ERTC and the Paycheck Protection Program so employers can be eligible for both programs, but with guardrails in place to prevent “double dipping.”

## Other Congressional Activity

The Congressional Budget Office published a helpful summary of COVID-19 response legislation to date. “The Budgetary Effects of [Laws Enacted in Response to the 2020 Coronavirus Pandemic](#), March and April 2020” summarized the estimated effects of four major actions on federal spending, revenues, and the deficit.

A hearing of the Senate Committee on [Small Business and Entrepreneurship](#) on June 10, 2020, focused on the implementation of Title I of the CARES Act. Treasury Secretary [Steven Mnuchin](#) and Small Business Administration Administrator [Jovita Carranza](#) both testified, with Secretary Mnuchin calling for [additional stimulus measures](#).

## **Unions Sue MSHA to Force an Emergency Temporary COVID-19 Standard for Workers**

The United Mine Workers of America International Union (UMWA) and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW) sued the Mine Safety and Health Administration (MSHA) to issue an Emergency Temporary Standard protecting miners from infectious diseases. The press release can be accessed [here](#).

## **NMA and Third-Party Voices**

The NMA and its third-parties continue to develop materials and place editorials across the country on the importance of our industry to the country and economy.

Rich Nolan is featured in [Washington Examiner](#) reporting that Republicans want to break U.S. reliance on China for critical minerals, used in everything from military equipment to renewable power to cellphone batteries.

A new video highlights how minerals mining [stimulates economic growth](#).

On the third-party front, [The Southern Illinoisan](#) (IL) and [Northwest Indiana Times](#) (IN) carry an op-ed by Terry Jarrett, who has served on both the board of the National Association of Regulatory Utility Commissioners and the Missouri Public Service Commission, in which he warns that power outages may occur due to coal plant retirements.

The [Lansing State Journal](#) carries another op-ed by Terry Jarrett in which he argues that affordable electricity is tied to coal generation and the rush to retire coal power plants needs to end.

## CDC Testing Strategy Published

The **U.S. Centers for Disease Control and Prevention** (CDC) published a “Testing Strategy for Coronavirus (COVID-19) in **High-Density Critical Infrastructure Workplaces** after a COVID-19 Case Is Identified.” The strategy clarified that workers in critical infrastructure sectors may be permitted to work if asymptomatic after potential exposure to a confirmed case of COVID-19, provided that worker infection prevention recommendations and controls are implemented. CDC also released a new segment of its daily life guidance on **Going Out** as well as updated **Considerations for Events and Gatherings**.

## Economic Impact

The Federal Reserve Board and Federal Open Market Committee published **economic projection figures** from their June 9-10, 2020, meeting – forecasting a 6.5 percent median shrinkage in the economy for 2020 and a full year unemployment median figure of 9.3 percent. The Fed estimated 5.0 percent growth in 2021 and 3.5 percent growth in 2022 for GDP, with projected unemployment at 6.5 percent in 2021 and 5.5 percent in 2022. The Fed **kept interest rates close to zero**, with expectations that they will remain there until at least 2022.

The Organization for Economic Cooperation and Development predicted a global economic contraction of **between 6 and 7.6 percent**.

The International Energy Agency predicted global natural gas consumption will **drop 4 percent this year**, twice the amount lost after the 2008 financial crisis.

*The Washington Post* published “Following messy start, enormous Paycheck Protection Program shows signs of **buttressing economy**.”

A *Wall Street Journal* survey found that more than two-thirds of economists expect the economic recovery to **start in the third quarter**, while just over a fifth said it already began

in the current quarter.

The U.S. Department of Labor reported the Consumer Price Index declined for the **third consecutive month** in May.

Retail sales **rebounded 17.7 percent** in May, the largest single month increase on record.

Dodge Data and Analytics reported total construction starts **rose 3 percent** from April to May following a 25 percent decline the previous month.

*Bloomberg* reported the Trump administration is again floating the prospect of a **\$1 trillion infrastructure package**.

## Energy and Mining News

**U.S. Energy Information Administration**'s recent short-term coal outlook predicts coal production will decrease 25 percent this year to 530 million short tons and then increase 3.6 percent to 549 million tons as natural gas prices rise and the coal export market improves.

Argus Coal Daily (6/8/20, subscription only) reports that the Labor Department's recent coal employment numbers show an increase in May from a record low in April. Argus Coal Daily (6/8/20, subscription only) reports that the Bank of America expects global coal recovery to follow a W pattern as the market improves over the next few months then contracts some.

**E&E News reports** that China's growth in coal-based power generating capacity is expected to increase CO2 emissions. "The country added 43 GW of new coal capacity last year, up from 32 GW in 2018, **according** to Global Energy Monitor. Almost 100 GW is under construction and another 105 GW is either permitted or applying for permits."

**Argus Media** reports that U.S. coking coal production was down slightly in the first quarter largely due to the COVID-19 pandemic. **Argus also reports** that a coking coal oversupply

may be a concern going into the 3<sup>rd</sup> quarter as China and India reduce their imports.

[EIA analysis](#) of global energy trends shows that growth in world electricity demand continues to exceed growth in population as developing countries outside the OECD become even more connected to the grid.

[Mining.com reports](#) that gold prices have dropped due to recent news of stronger U.S. jobs data.

[Mining.com reports](#) that silver demand and prices are up due to safe haven investing and expectation of high demand use in emerging solar technologies.

[S&P Global](#) reports that copper prices have rebounded to a surprising degree, driven strongly by demand from China.

[E&E News](#) reports that EV supply chain minerals like cobalt could see years of shortages after COVID-19.

[Mining Magazine](#) reports that USA Rare Earths is planning to open a rare earths processing facility in Colorado.

U.S. Environmental Protection Agency (EPA) Administrator Andrew Wheeler [visited](#) the site that will soon become the headquarters of Komatsu Mining Corp. The 46-acre site has been vacant for years, but Komatsu plans to install equipment as early as next year. Komatsu Mining President John Koetz was present as Administrator Wheeler toured the site.

## **[NMA COVID-19 Resources](#)**

The NMA team is maintaining a comprehensive suite of online resources for [Coronavirus Assistance and Response](#). Resources include both [health, safety and business assistance](#) for NMA members and a chronicle of the American [mining industry's response to the current crisis](#).

## Tell Us About Your COVID-19 Response

We are continually gathering information about how the COVID-19 crisis is affecting our members. Information will be used in discussions with policymakers and decision makers at all levels of government and will help illustrate how mining is giving back to the communities where we live and work. Please [contact Ashley Burke](#) with on-going accounts of your responses to the global pandemic.

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