



Silver Users Association

Washington Report

Volume 5, Issue 6

June, 2008

Market Watch: Silver Price

2007 Comex Spot Settlement

Month	High	Low	Avg.
January	16.95	15.17	16.05
February	19.81	16.30	17.66
March	20.69	16.81	19.16
April	18.31	16.50	17.48
May	18.24	16.121	17.01
June			
July			
August			
September			
October			
November			
December			
2007 Summary	15.50	11.47	13.38

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This Month's Newsletter Sponsored by:



Association News:

- Meeting Dates:

June 7-10, International Precious Metals Institute Conference

Phoenix, AZ

(The Silver Users Association will be sponsoring the Silver Session)

November 18-19, The Silver Users Association Fall Meeting

Army-Navy Club
Washington, DC

- Press Releases: Please send us your press releases and/or company announcements, so that we can include them in SUA's monthly newsletter.

- Web Site: Visit our web site at:

<http://www.silverusersassociation.org>

- **SUA Board Votes to Cut 2007 Dues by \$1,700.** Contact Paul Miller for news on the new 2008 dues structure and how you can get involved. Paul can be reached at (703) 930-7790 or at pmiller@mwcapitol.com

Note:

- Please send us any updates to your company profile so that we can update our records and web site.
- If you are interested in sponsoring the newsletter, please e-mail Paul Miller today at pmiller@mwcapitol.com

IPMI Conference Major Success

The IPMI adjourned its 32nd Annual conference to record attendance and rave reviews. Accolades are still coming in from delegates around the world. Over 500 delegates and spouses attended this year's conference with representation from 23 countries.

The beautiful JW Marriott Desert Ridge in Phoenix Arizona excelled in providing spectacular service, immaculate facilities, and exceptional culinary prowess. The conference provided an excellent technical program, superb networking opportunities and a social program to remember. The IPMI offers its sincere thanks to the corporate member companies and sponsors who provided the evening receptions, coffee breaks, refreshments, golf tournament, luncheon, real time metal pricing and financial support for the conference.

The IPMI once again offers its congratulations to the IPMI Student Award recipients, the Nominating faculty Award recipient and the Henry J. Albert, and Jun-ichiro Tanaka life time achievement award recipients.

The Silver Users Association would like to thank the IPMI for allowing the SUA to sponsor the Silver Section during the conference. The Silver Section speakers included:

Jeffrey Christian
CPM Group
Presentation Title: Conspiracy Theories

Chris Jones, Gannon and Scott
Presentation Title: The History of Silver in Jerome Arizona

Miguel Perez-Santalla, Heraeus Precious Metals Management
Presentation Title: Hedging Silver for Product Pricing

John Cooper, RBC Dain
Presentation Title: Silver Futures Market

Angela Best, Handy & Harman of Canada
Presentation Title: The Price of Silver and It's Impacts on the Industry

* For copies of their presentations, please contact Paul Miller at pmiller@mwcapitol.com

"This was another great event by the IPMI and from our standpoint a very well attended Silver Section," stated Jon Potts, the current Silver Users Association President.

"The entire IPMI event was first-class," added Paul Miller, executive director of the Silver Users Association. Miller went on to add "the Silver Section had some of the best speakers and information available to attendees. From this standpoint, we are very proud to have been a part of this event."

House Passes Two Energy Bills; More Substantial Proposals Run Out of Gas

After weeks of partisan backbiting and blame-trading over record oil prices, Congress leaves town for a weeklong recess with only a handful of modest new energy measures to point to. In the House, lawmakers passed two energy bills Thursday in the final votes before recess — and only after a flurry of more substantial proposals failed or fell apart before reaching the floor.

The House voted, 322-98, to pass a bill ([HR 6052](#)) that would provide transit agencies with grants to expand services and subsidize fares. **The House also passed, 402-19, legislation (HR 6377) that would authorize federal regulators to take “emergency steps” to tighten oversight of oil futures trading.**

However, a contentious bill ([HR 6251](#)) pushed by Democrats to strip oil companies of energy production leases they are not using failed to win the two-thirds majority needed under an expedited procedure. The bill, which Democrats dubbed “use it or lose it,” failed on a 223-195 vote. Neither of the measures that passed would have a serious, long-term impact on energy supplies or prices, analysts said. Experts said the debate was designed more to score points with constituents angry about gasoline prices than to reshape policy.

“Much of what is going on on Capitol Hill is to inoculate [lawmakers] against attacks that might be waiting for them when they go home for July Fourth weekend,” said Sherry Bebitch Jeffe, a political analyst and senior scholar at University of Southern California’s School of Policy, Planning and Development. Jeffe said the partisan gamesmanship probably will matter little to constituents beyond the Capital Beltway. “Americans have personalized the energy problem, and the symbol is the high price of gas, which they don’t believe Congress has any power over,” she said. “The whole mechanics of government are too far away for people to focus on. It’s become simplified, it’s become personalized. There’s no indication that people believe Congress can wave a magic wand and make it better.”

With polls showing increased support for more domestic oil and gas production, Republicans have pressed to open new sections of U.S. coastal waters and Arctic wilderness to energy exploration — and to blame Democratic opposition for higher gasoline prices. The dispute now threatens to hold up the annual appropriations bills. House Appropriations Chairman [David R. Obey](#), D-Wis., adjourned a scheduled markup Thursday after Republicans tried to add the entire Interior appropriations bill as an amendment to the Labor-HHS-Education spending bill. Republicans want a markup of the Interior bill so they can offer amendments to expand areas open to drilling. “It’s stunts like this that make people hate Washington,” Obey said, threatening to halt the appropriations process.

On the House floor, Democrats offered their “use it or lose it” measure to put Republicans on the defensive. The Democrats say oil companies already lease 68 million acres of government land and waters that they are not exploiting. Before opening new areas, they argue, the companies should be forced to use the leases they hold. “Our Republican friends have . . . charged that we’re keeping the best lands out of the hands of oil and gas companies,” said Majority Leader [Steny H. Hoyer](#), D-Md. “That is not the case. They can say it again and again and again but it is not the case.” Minority Leader [John A. Boehner](#), R-Ohio, called the bill “another excuse” for not developing domestic energy supplies.

“We’re going to blame it on speculators, blame it on oil companies, blame it on OPEC,” he said. “There’s only one group, only one group in this chamber we ought to blame, and that is all the liberals in this House who have voted for ‘no energy’ each and every time over the last 18 years that I’ve been here.” Despite the partisan divide over drilling, passage of the bill authorizing emergency steps to regulate oil futures trading suggests potential for bipartisan progress after the recess. Although experts disagree about the impact of speculation on prices, many lawmakers from both parties insist speculation contributes anywhere from 10 percent to 50 percent of the price of crude oil.

Several legislative proposals are under consideration, including bills to boost funding and staffing for the Commodity Futures Trading Commission (CFTC) and to apply U.S. reporting requirements to trades in offshore markets. Other

legislative proposals would impose new restrictions on traders. The bill passed Thursday was rushed to the floor while lawmakers try to reconcile the competing approaches. It would require the CFTC to invoke a temporary state of emergency on oil futures prices, reflecting an acknowledgement that market prices do not reflect supply and demand. That would allow the commission to use such tools as limiting the total value of a trader's open accounts, suspending trading by certain traders or shutting down markets altogether.

Lawmakers also expect to work next month on extending incentives for renewable energy, such as solar, wind and geothermal, but Republicans have balked at Democratic proposals to offset the lost revenue by stripping oil companies of some tax breaks. "They're coming back after the holiday and they still have time to get things done," said Paul Bledsoe, spokesman for the National Commission on Energy Policy, which advises Congress on energy issues. "There could still be an agreement on market oversight for futures speculation on oil and there could be agreement on extending funding for production incentives for renewables. That seems like a very doable list." Bledsoe said there is potential for breakthroughs on more intractable issues if prices keep rising. "The higher the price gets, the greater there is a possibility of bipartisan compromise on issues that have been stalled for decades," he said.

Senators Huddle on China Currency Legislation

Democratic and Republican leaders of two Senate committees with competing bills to address possible currency manipulation by China met Thursday to find a way to bring one bill to the floor.

The bills would designate currency manipulation — a practice China is often accused of by critics — as an unfair subsidy subject to current U.S. trade remedies. Lawmakers have called on the Bush administration and entities such as the International Monetary Fund to play a stronger role in forcing China to increase the value of its currency. Many monetary experts say the Chinese yuan is kept artificially low to ensure that the country's export products are cheap.

The Senate Finance Committee approved a measure (S 1607), sponsored by panel Chairman Max Baucus, D-Mont., in July 2007 that would punish countries with misaligned currencies.

The Senate Banking, Housing and Urban Affairs Committee approved a related but less comprehensive bill (S 1677), written by Chairman Christopher J. Dodd, D-Conn., the following month.

But the two measures have been stalled since then. Dodd said he met with Baucus, along with Finance Committee ranking Republican Charles E. Grassley of Iowa and Banking Committee ranking Republican Richard C. Shelby of Alabama, to try to meld the two bills.

An aide to Baucus said the meeting was "good," but provided no further details. Even if the lawmakers reach a deal, it is uncertain how far such legislation would get this year. Some trade experts note that the value of the yuan has increased in recent months, which might steal some momentum from efforts to confront China on the issue.

A House bill aimed at addressing the issue (HR 782) has 119 cosponsors and strong bipartisan support. But it has not made it out of committee.

Insured Population Experiencing Health Care Access Problems

The gap is narrowing between the insured and uninsured as more people with health insurance reported access barriers to health care in 2007, according to a study released Thursday. The study by the Center for Studying Health System Change (HSC) found a 62 percent increase in the number of insured people with unmet medical needs from 2003 to 2007, compared with a 33 percent increase for the uninsured.

This reflects eight percent of the overall U.S. population without access to health care, up from 5.2 percent in 2003, the study found. Still, uninsured people were almost three times as likely to go without medical care — 17.5 percent versus 6.3 percent of the insured. “It’s not a pretty picture, especially for insured people, who increasingly are finding that the access to care once guaranteed by insurance is declining,” Peter Cunningham, co-author of the study and a HSC senior fellow, said in a release.

Health status also played a factor in people seeking access to medical care. While those without insurance in poor or fair health reported the most problems in getting needed care — 25 percent in 2007— those with insurance and in poor or fair health saw the sharpest decrease in access to care — 14.2 percent in 2007, up from nine percent in 2003. This is compared with 14.5 percent of the uninsured in good health accessing medical care and five percent of the insured in good health.

Of all those who had trouble with access, 69 percent cited cost as the main reason for delayed or unmet care, a 3.8 point increase from 2003. Other factors included problems with health plans and the health system in general, the report found. While cost was the number one concern for the uninsured at 91.3 percent, 64.7 percent of people with insurance cited problems with the health system and 60.8 percent cited costs.

Cost concerns can be attributed to out-of-pocket expenses that have been increasing with regard to family income, as well as a weakening economy, Cunningham said, and the report highlights the link between cost and access in medical care. “It’s really two sides of the same coin,” he said at a press conference Thursday.

Growing medical work force shortages in primary care are a major factor contributing to the rise in health system barriers, said Rick Kellerman, chairman of the board of the American Academy of Family Physicians (AAFP). “A robust and healthy primary care system works,” he said, to provide the right care to the right patient at the right time.

He said a nearly 40 percent increase is necessary in family physicians by 2020 to deal with an aging population and more people with chronic disease. AAFP reports show that around 7 percent of American medical students who graduated in the past year will go into family medicine. Coupled with the baby boomer population that is expected to retire in the next three to five years, “we cannot keep up with workforce need,” Kellerman said.

David Colby, vice president for research and evaluation for the Robert Wood Johnson Foundation, which funded the HSC study, said the report is a “warning about seismic change in our health care system.” He said access surveys conducted by the foundation in the past 18 years indicated access neither improved nor deteriorated, whereas now it is declining for both the insured and the uninsured.

As Republicans Sing Praises of Gun Decision, Many Democrats Join Chorus

Democrats have learned a few things since gun control opponents took credit for Al Gore's defeat in his home state in the 2000 presidential race. So on Thursday, many Democrats voiced support for the Supreme Court's decision overturning the District of Columbia's handgun ban and declaring that the Constitution grants individuals a right to own firearms.

"I am a gun owner. I've always thought that the Second Amendment does give us the right to bear arms," said Sen. Patrick J. Leahy, a liberal Democrat from Vermont who chairs the Judiciary Committee. Eight years ago, that attitude was hard to find in the Democratic Party, which then espoused strict gun controls in its platform. Support for gun rights has now become prevalent among Democrats representing traditionally Republican states and districts.

Some disappointed gun control proponents say the reason for the change is clear. "They're scared to death of the [National Rifle Association]," said Kristen Rand, legislative director at the Violence Policy Center. The NRA, a potent grass-roots and Washington lobbying force, is often credited with making support for gun control risky for any politician except those running in urban, solidly Democratic districts. The group's involvement in the 2000 campaign is widely credited with costing Gore the crucial electoral votes of his own state of Tennessee.

"Gore's [defeat] was a turning point," Rand said. "It's a myth that they cost him the election, but it's become this accepted wisdom, and that's what you see now." Steering clear of conflict with the pro-gun lobby is a common precaution for Democrats defending congressional seats in swing districts or trying to capture seats in red-state districts. But Republicans are calling the Democrats' professed support for gun ownership hypocritical. Mark Udall, a liberal-leaning Democrat running against Republican Bob Schaffer for the Colorado Senate seat from which Republican Wayne Allard is retiring, said he supports the court's majority. But Republicans claim Udall has flip-flopped on gun issues.

The GOP is using the same message in Minnesota, where Al Franken is the Democratic nominee challenging Republican Sen. Norm Coleman. Although Franken did not comment on the court ruling Thursday, the Republican Senate campaign organization issued a statement criticizing Franken's position on gun rights. "The decision is going to put them into a corner in states where guns are very popular," said Rebecca Fisher, communications director for the National Republican Senatorial Committee.

The National Republican Congressional Committee distributed a press release to districts where the Democratic House candidate did not sign an amicus brief supporting the challenge to the D.C. law. That included the New Hampshire district where freshman incumbent Carol Shea-Porter is trying to win a second term. "Shea-Porter also puts herself at odds with dozens of her fellow Democrats who signed on to the amicus brief that expressed support for the overturning of the gun ban," the statement said. Democratic lawmakers who won their seats by defeating incumbent Republicans in 2006 were among the first to applaud Friday's ruling.

"I applaud today's decision by the Supreme Court to strike down the District of Columbia's near-absolute ban on handgun ownership," said Sen. Jim Webb, D-Va., who defeated Republican George Allen two years ago. Webb has said he has a Virginia permit to carry a concealed weapon. A court ruling upholding the District of Columbia law might have been a bigger political problem for Democrats. "This could have gone the other way," said one Democratic strategist. "It would have given [Republicans] something to campaign on, but this essentially takes it off the table."

Other than clearing a bipartisan measure (PL 110-180) that strengthened gun buyer background checks after last year's shootings at Virginia Polytechnic Institute and State University, Democratic congressional leaders have steered clear of significant firearms legislation that could split the party. "The only vote the majority is more afraid of than a vote on offshore drilling is one about gun ownership rights," said Adam H. Putnam of Florida, chairman of the House Republican Conference. Some Democrats, including Sen. Dianne Feinstein, D-Calif., continue to support strict gun controls and

spoke up against Thursday's court ruling. "I think it opens this nation to a dramatic lack of safety," she said, adding that the decision opens the door for challenges of all gun laws.

The Wild Differences in These Polls, Explained

If you've been watching Presidential preference polls over the past week, you might feel a bit whipsawed. For the second straight day, Gallup's daily tracking poll Thursday has John McCain and Barack Obama tied. Both candidates dropped a point from yesterday's tracking poll, down to 44 percent. The margin of error is +/- 2 percentage points.

The Rasmussen daily tracking poll in the same period of time has shown a 3-7 point gap between the two candidates.

Neither of the daily tracking polls square with two polls from that show Barack Obama holding a stunning double-digit lead. A Los Angeles Times/Bloomberg poll showed Obama with a 12 point lead over McCain, and a Newsweek poll had Obama leading by 15 points, if Ralph Nader and Bob Barr were included in the mix.

Why the difference? Were the Newsweek and L.A. Times biased in favor of Obama? Do the Rasmussen and Gallup pollsters favor McCain? Or maybe the public is wildly changing its views, daily.

All unlikely, says Richard Morin, a senior editor at the Pew Research Center. In an interview with CQ Politics, he said the discrepancy is probably a result of the Newsweek and L.A. Times/Bloomberg polls over-representing Democrats.

"When I look at those results, I know something is going on," said Morin. "The first place that I look when I see these discrepancies, I look for the percentage of Republicans, Democrats and Independents in the sample. We know that the best predictor of how someone is going to vote is their party ID. "Both the L.A. Times/Bloomberg and the Newsweek polls have (too) large percentage of Democrats and a (too) small percentage of Republicans."

While there are indeed more people who identify themselves as Democrats than Republicans in the country, Morin says the other polls, including Gallup, are more in line with the actual disparity than the Bloomberg or Newsweek polls.

"Interestingly enough," Morin said, "if you do the math and apply the proper percentages to the L.A. Times/Bloomberg and the Newsweek findings, you find that their results change dramatically."

In fact, Morin says, if the two polls that show Obama winning by a large margin were to modify their findings using the same percentage of Democrats and Republicans as other polls, Obama's lead would come down to somewhere between a toss-up and a small, single digit lead for Obama. Morin cautioned that neither organization oversampled Democrats intentionally. It's a tricky business, getting exactly the right mix that mirrors the entire population. "Embedded in the operations of polling are subtle differences that result in skews — and they can be either Republican skews or Democratic skews."

Andrew Romano writes in his Newsweek blog, 'Stumper: "The problem here is that unlike race, age and gender, party ID is fluid--and even extreme swings might reflect actual changes in the mood of the electorate. 'This is a canard,' says NEWSWEEK polling maestro Larry Hugiick when asked about the McCain memo [which charged that the party ratios were wrong]. 'Both parties do it. But ID isn't a fixed property. In fact, it's associated with the candidates. It's been proven that as a candidate goes up in the polls, so does his party. Same when a candidate goes down.'" As the season wears on, there are likely to be plenty of differences among the slew of surveys. Pollsters commonly caution that each poll is "just a snapshot in time." And the focus has to be just right.

Democrats Force Vote on Unused Oil Leases in Battle Over Energy Policy

House Democrats Thursday successfully avoided Republican attempts to get them on the record against opening more U.S. coastal waters to oil and gas leasing in the face of record gasoline prices. But by forcing a vote on a measure ([HR 6251](#)) that would strip oil companies of their leases to federal land not being used for drilling Democrats were able to portray Republicans as defending the major oil companies.

The vote was 223-195, short of the two-thirds necessary to pass under suspension of the rules. But because a bill brought to the floor under suspension is not subject to amendment or a motion to recommit, Democrats did not have to face the prospect of voting against a Republican counterproposal, which would likely include opening up areas offshore and in the Arctic National Wildlife Refuge.

Two other less-controversial bills passed, giving lawmakers a chance to show angry constituents some action before facing them during the July Fourth recess. The first ([HR 6052](#)) would authorize \$1.7 billion in grants over two years to local transit agencies to expand services and subsidize fares for federal employees. It passed 322-98. The second ([HR 6377](#)) would authorize the federal government to use temporary “emergency measures” to crack down on speculation in oil futures trading. It passed 402-19.

President Bush opposes all three measures, and Republicans say the so-called “buses for bureaucrats” bill will be the only energy legislation lawmakers will have to show this week when returning home. But GOP members saved their greatest scorn for the leasing bill, known as the “use it or lose it” measure.

“Democrat leaders worship at the altar of radical environmentalism. They know if a pro-American energy bill were to come to the floor it would likely pass, splitting up their coalition. But the American people have the right to an up or down vote on these issues,” Minority Leader [John A. Boehner](#), R-Ohio. But Democrat [Edward J. Markey](#), D-Mass., chairman of the House Select Committee on Energy Independence and Global Warming, said the three bills will help. “We believe we provide immediate relief through all of these measures,” he said, pointing out that all the measures are opposed by President Bush.

Democrats rushed the oil futures speculation measure to the floor after pulling plans to introduce a more substantial bill aimed at permanently regulating oil futures trading. Leaders decided not to rush a binding measure to the floor until they could reconcile several competing proposals to give the Commodity Futures Trading Commission more enforcement power. In the Senate meanwhile, [Pete V. Domenici](#), R-N.M., objected to a unanimous consent request by Democrat [Herb Kohl](#) of Wisconsin to call up a bill ([HR 2264](#)) that would subject Organization of Petroleum Exporting Countries members to U.S. antitrust laws. The measure would let the Justice Department sue OPEC countries for using production quotas to control global oil prices.

Bills Would Aim to Ease Burdens on Veterans

A House Veterans’ Affairs subcommittee approved a handful of bills Thursday intended to ease educational and working burdens sometimes faced by military personnel returning from deployment. The Economic Opportunity panel gave the bills quick voice vote approval.

Aimed at bolstering the rights of veterans looking for work, one bill ([HR 6225](#)) would require that judges use their court’s full equity powers, including injunctions and restraining and contempt orders, to vindicate the employment and re-employment rights of servicemembers. Currently, judges are allowed to choose which cases are heard.

“This legislation could have direct effect on service-connected disabled veterans, because many obtain employment due to their service-connected disabilities,” said Kerry Baker, associate national legislative director for Disabled American Veterans, at a June 19 hearing. “Those same individuals have enforceable rights of employment or re-employment.

When those rights are violated, the victims of such violations should not be subject to the whims of discretion that some courts may choose to abuse.”

The panel also approved a bill ([HR 6224](#)) that would create a five-year, \$10 million pilot program to expand work-study activities for veterans at educational institutions. Job positions might include veterans working as tutors or lab assistants as well as in financial-aid offices. The bill would authorize \$10 million annually for fiscal years 2009 through 2012. But the Department of Veterans Affairs announced its opposition to the bill in the June 19 hearing.

“We do not support this bill, because the types of activities now described in that section relate primarily to activities that support VA’s mission of services and assistance to veterans and their dependents,” said R. Keith Pedigo of the Veterans Benefits Administration.

Currently, “veterans that qualify for work-study would be limited to working on VA-related work,” said sponsor [Stephanie Herseht Sandlin](#), D-S.D., in the same hearing. “This change would put them at par with students that qualify for a work-study position under programs not administered by the VA.” Finally, the panel approved a bill ([HR 2910](#)) that would provide for tuition reimbursement to members of the armed forces whose education is delayed by military service.

A [John Hall](#), D-N.Y., substitute amendment, adopted by voice vote, would remove a section of the bill that required loan companies to disregard leave time when calculating the date for loan repayment. The section would have created redundancy because current law already provides a specific deferment period for servicemembers.

House Subcommittee Boosts Renewable-Energy Funding in Spending Bill

House appropriators approved a \$33.3 billion fiscal 2009 Energy-Water spending bill Wednesday that rejects President Bush’s proposed \$467 million reduction in renewable-energy and energy efficiency programs. The Appropriations Committee approved the draft measure by voice vote. The bill would spend about \$2 billion more than President Bush requested and \$2.4 billion more than enacted fiscal 2008 levels ([PL 110-161](#)).

“We have a very serious energy problem,” said [Peter J. Visclosky](#), D-Ind., who chairs the Energy-Water Appropriations Subcommittee. Visclosky touted the bill as a means for producing more investment and innovation in energy production. “The problem of rising gas prices is urgent and multifaceted, so the solution must be as well,” he said. The bill would provide \$27.2 billion for the Energy Department, which is \$2.7 billion more than fiscal 2008 levels and \$1.3 billion more than Bush requested.

The total includes \$1.6 billion for renewable energy and conservation research and development. That is \$312 million more than in fiscal 2008 and \$369 million more than the president recommended, and it includes \$220 million for solar energy research, \$250 million for biodiesel and \$20 million for water power. The draft bill would also provide \$250 million for weatherization assistance, a program to help low-income families reduce energy costs with better home insulation. Bush had recommended eliminating the program.

The Energy Department’s Science Office would get \$4.9 billion under the bill, an \$844 million increase from fiscal 2008 and \$140 million more than the president sought. The funding includes \$2.3 billion to build and operate cutting-edge scientific facilities for the next generation of energy research and \$160 million for climate change research. The bill would provide the Army Corps of Engineers with \$5.3 billion, rejecting Bush’s attempt to cut \$590 million from corps water projects. That would include more than \$2 billion for construction projects, including flood protection infrastructure.

The measure would also provide \$957 billion for the Interior Department’s Bureau of Reclamation and Central Utah Project, rebuffing Bush’s effort to trim \$163 million from dams, canals and other water projects. Appropriators rejected the president’s recommendation to double the size of the Strategic Petroleum Reserve, providing \$172 million, which is

\$171 million less than the president sought and \$14 million less than in fiscal 2008. The draft bill not only rejected many of the president's proposed spending cuts but also slashed funding for several of the White House's pet projects.

The Global Nuclear Energy Partnership, a Bush initiative that aims to recycle spent nuclear fuel to power a new generation of atomic generators while preventing terrorists from obtaining weapons-grade material, would receive no money. The president sought almost \$302 million. Likewise, the committee rejected for a second straight year any funding for the Reliable Replacement Warhead, a next-generation nuclear weapons program sought by the White House. Funding for a weapons complex was rejected because the administration had not delivered a required strategic plan.

The panel adopted an amendment by Mark Steven Kirk, R-Ill., that would use unspent balances from previous years to provide an extra \$62.5 million for energy conservation, vehicle technology and technology integration. The committee also adopted by voice vote an amendment by John E. Peterson, R-Pa., that would require an analysis of energy resources on Energy Department-owned land. Todd Tiahrt, R-Kan., withdrew an amendment that would have cut \$25 million from fossil fuel energy research and directed it to research on converting carbon dioxide to energy.

Panel Votes to Restrict Grand Canyon Uranium Mining

A House committee adopted an emergency resolution Wednesday to restrict uranium mining near the Grand Canyon after panel Republicans walked out in protest. With just Democrats voting, the Natural Resources Committee took the unusual step, which does not require subsequent action on the House and Senate floors. The resolution directs the Interior Department to withdraw more than a million acres from mining for up to three years.

Rob Bishop, R-Utah, said the resolution was "clearly unconstitutional," since the committee did not follow the normal course of sending a bill to the floor. "I'm leaving this committee and I'm urging Republicans to do the same thing. We will not be part of this resolution," Bishop said. With no Republicans present, the resolution was approved, 20-2. Democrats Dan Boren of Oklahoma and Stephanie Herseth Sandlin of South Dakota voted against it.

Raúl M. Grijalva, D-Ariz., said he introduced the resolution because urgent action was required to limit mining in the region. He said it "would not be a long-term solution" but is "the one legal straw that's left to us." The Federal Land Policy and Management Act (PL 94-579) allows the House Natural Resources and Senate Energy and Natural Resources committees to ask for an "emergency withdrawal" of public lands, only when "extraordinary measures must be taken to preserve values that would otherwise be lost."

Congress has only used this authority four times in the past, most recently in 1983. The current resolution is almost certain to generate lawsuits, depending in part on the response from the Bush administration. "We will review the resolution, particularly in light of a 1983 Justice Department opinion suggesting these types of resolutions are unconstitutional, and make a decision as to how to proceed," Interior Department spokesman Chris Paolino said.

The region near the Grand Canyon contains the highest grades of uranium in the United States, according to Pam Hill, a consultant for several uranium companies. Hill also believes the region contains up to 10 percent of the country's uranium reserves. The mining industry has staked thousands of claims near the Grand Canyon in response to skyrocketing uranium prices. Renewed interest in nuclear energy also has led to demand for a domestic source of fuel for nuclear power plants.

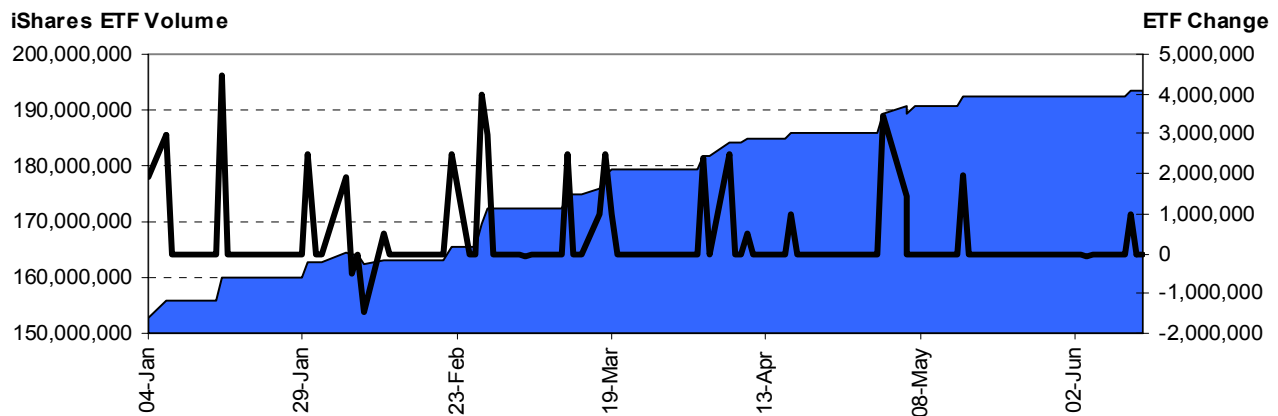
Hill said the mines in the area are "poster mines for how all mining should be" and should cause no environmental concern. Activist groups disagree, saying mining could threaten human health, harm ecosystems and contaminate water.



Silver Market Update for the SUA Newsletter - 16 June, 2008

ETF Behaviour: The main ETF contract that we follow, the US based iShares product, has appreciated over 42 million ounces in the year to date. This bulk of this growth, 67%, was concentrated in Q1 when the precious metals were on the receiving end of considerable investor interest. The two European based contracts, offered by ETF Securities and Zurcher Kantonalbank, have grown by 4.9 million ounces this year. Investor interest thus remains skewed to the U.S market. ETF investors have proven to be a resilient party as the precious metals underwent step price oscillations. Despite the deep entrenched selling that engulfed the gold ETF market in April, silver investors opted to retain their exposure to the white metal, withstanding the pressurised sentiment in the wider precious metals pack. While exchange activity has been at the receiving end of liquidation, the three silver based ETF contracts combined now constitutes 80% of the exchange depth.

iShares ETF Activity Jan 2008 to Present, Oz

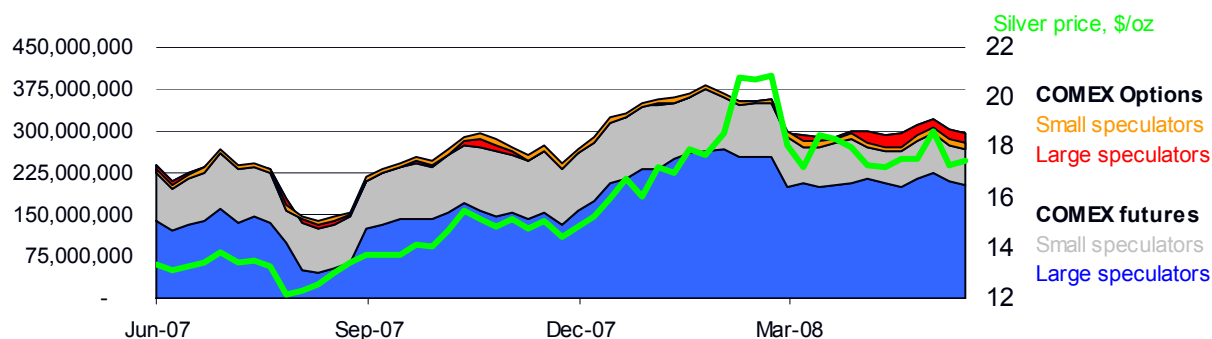


Exchange Behaviour: This sentiment however was not applied to exchange activity. As of the 10th June, the net long exchange position stood at 276.9 Moz. In corresponding fashion to the gold market, COMEX investors have been net sellers of silver in June, with a wash-out of 28.9 Moz. The net long silver book has now fallen to a four week low. Since the record high was touched on the 19th February at 382.4 Moz, investors have illustrated their clear preference to exit out of long positions since this date. A certain tone of nervousness exists in the silver market for the future. Industrial buying remains particularly subdued and a move below \$16 will be required to induce fresh purchasing. In most likelihood, silver will closely mimic gyrations in the gold market and range bound trading will follow.

On the 3rd June, speculator shed 7% or 954 tonnes and this marked the largest weekly sell-off since the week of the 25th March. Given how steeply the market built up fresh long positioning over the last two weeks of May as the graph below depicts, it is unsurprising that negative price pressure induced a substantial tenor of liquidation. Since the record 2008 net long high was touched on the 19th Feb at 11,895 tonnes, investor's current holdings are some 3,036 tonnes below this level.

Silver continues to be a large follower of gold.

COMEX Activity Jan 2007 to Present, Oz



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