

**Coffman Demands U.S. Act on China's Illegal Trade Practices**  
***Calls on Trade Rep. Kirk to File Complaint with WTO Over Rare Earths***

**(WASHINGTON)** – Responding to a ruling by a panel of judges for the World Trade Organization (WTO) which found China's policies of limiting exports of raw materials violate international trade rules, U.S. Rep. Mike Coffman (R-CO) again demanded that U.S. Trade Representative Ron Kirk also file an official complaint against China's rare earth trade policies.

“While steps must be taken to secure domestic supplies of rare earths, we must also ensure that WTO members adhere to free trade agreements with regards to rare earth materials,” Coffman said in a letter to U.S. Trade Ambassador Kirk. “The recent ruling by the WTO regarding China's export restrictions on raw materials affirms that such trade policies go against its membership obligations.”

On July 5, the WTO issued its ruling that China violated global free trade agreements by restricting exports of raw materials that are crucial to the production of aluminum and steel. The judgment came after the U.S., Mexico, and the European Union filed an official complaint with the WTO in 2009. Coffman argues that this decision suggests that the WTO should take the same action against China concerning its trade policy on the 17 metals and oxides known as rare earth elements.

“Since 2006, China has continually reduced its export quotas, announcing a further decrease in exports of rare earths this year,” Coffman said in the letter. “Such policies flout global trade laws to give China an unfair competitive advantage, creating supply scarcity and inflating the prices of the rare earths in the global market while ensuring sufficient supply and lower prices to domestic Chinese markets.”

Rare earth metals are 17 elements that are used in many advanced technologies, from smart phones to precision guided munitions to components necessary for the production of renewable energy. China currently controls nearly 97 percent of the world's supply of rare earth elements and Chinese officials have cut exports of rare earth metals by 40 percent yearly since 2009.

“Due to the similarity between the Chinese raw material exports situation and rare earth export situation, we renew our request that you pursue our options before the WTO related to Chinese rare earth trade policy,” Coffman and his Democratic and Republican cosigners said in the letter to U.S. Trade Representative Kirk on July 8.

In March, Coffman sent a [bipartisan joint letter](#) to the Trade Ambassador's office demanding he file a similar complaint with the WTO against China's unfair rare earths trade policy. The office acknowledged the receipt of the letter and stated it was looking in to the issue, but so far no official action has been taken.

See below to read the text of the letter or [click here for a PDF](#) .

Ambassador Ron Kirk  
United States Trade Representative  
600 17th Street NW  
Washington, DC 20508

Dear Ambassador Kirk:

On July 5, 2011, the World Trade Organization (WTO) issued the ruling on a petition brought by The U.S., Europe, and Mexico regarding China's restrictions on the export of various raw materials. As you know, the WTO found they were in violation of their commitment to free trade policies. Due to the similarity between the Chinese raw material exports situation and rare earth export situation, we renew our request that you pursue our options before the WTO related to Chinese rare earth trade policy.

Rare earth minerals are critical to the American economy and our national security. These materials are used in the production of everyday items and are necessary for the development of new technology, growing the renewable energy sector, and securing economic growth in high-tech industries.

The United States and the world are almost entirely dependent upon Chinese supplies of rare earth minerals, with 97 percent of the world's rare earths sourced from China. Since 2006, China has continually reduced its export quotas, announcing a further decrease in exports of rare earths this year. There is also a de-facto but very real "export premium" of over \$100 a kg for exports. Such policies flout global trade laws to give China an unfair competitive advantage,

creating supply scarcity and inflating the prices of the rare earths in the global market while ensuring sufficient supply and lower prices to domestic Chinese markets. This unjust manipulation of the global trade market entices high-tech companies to relocate to China, bringing payrolls and profit margins with them.

Our dependence on China for materials used for information and defense technologies is a matter of national security. China's retaliatory embargo of rare earth minerals against Japan and similar slowdown of exports to the U.S. in 2010 demonstrates the volatility of this trade relationship, with China leveraging material supplies for policy actions.

While steps must be taken to secure domestic supplies of rare earths, we must also ensure that WTO members adhere to free trade agreements with regards to rare earth materials. The recent ruling by the WTO regarding China's export restrictions on raw materials affirms that such trade policies go against its membership obligations. In light of these new developments, we look forward to hearing from you on this matter and stand ready to assist you in any way.

Sincerely,

Rep. Mike Coffman (R-CO)  
Rep. Rob Bishop (R-UT)  
Rep. Leonard Boswell (D-IA)  
Rep. Walter B. Jones (R-NC)  
Rep. Robert E. Latta (R-OH)  
Rep. Jerry Lewis (R-CA)  
Rep. Daniel Lipinski (D-IL)  
Rep. Cynthia M. Lummis (R-WY)  
Rep. Donald Manzullo (R-IL)  
Rep. Thaddeus McCotter (R-MI)  
Rep. Cathy McMorris Rodgers (R-WA)  
Rep. Peter Olson (R-TX)  
Rep. Scott Tipton (R-CO)

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