



The United States, European Union and Japan have filed requests with the World Trade Organization for formal consultations with China on unfair export restraints of rare earths, tungsten and molybdenum almost a year and a half after the launch of a US review of Chinese rare earths trade practices.

The consultations were described as the first step in a WTO trade process to encourage a solution but if the case is not resolved within 60 days the challenge may lead to creation of a WTO dispute settlement panel.

In White House Rose Garden remarks on the trade case, President Barack Obama described the case as seeking a level playing field for manufacturing of high tech products. "We want our companies building those products right here in America," he said. "But to do that, American manufacturers need to have access to rare earth materials – which China supplies." He added, "Our competitors should be on notice: You will not get away with skirting the rules."

A review of Chinese rare earths and green technology trade launched by the United States Trade Representative in October 2010 had followed 5,800-page petition under Section 301 of U.S. trade law by the United Steelworkers union earlier that year. A Washington spokesman for the union said Tuesday that the union had "been persistent" in pushing for the WTO complaint since that time.

The trade representative's office said in a statement that China's export restraints on rare earths, tungsten and molybdenum appeared to be part of a "troubling industrial policy" aimed at providing substantial competitive advantages for Chinese manufacturers. China controls an estimated 95% of the global supply of rare earths.

The office said China imposes several types of unfair restraints, including export duties, export quotas, export pricing requirements and related export procedures and requirements. “Because China is a top global producer for these key inputs, its harmful policies artificially increase prices for the inputs outside of China while lowering prices in China,” the statement said.

US Rep. Mike Coffman, R-Colo., chairman of Congressional Rare Earth Caucus, praised the Obama administration decision to file the complaint. “Not only are rare earths vital to the growth of green-energy jobs and high-tech innovation, but they are also critical to U.S. national security,” Coffman said in a statement. “I am relieved that President Obama recognized our concerns and honored his pledge to take a tougher stance against China’s unfair trade practices regarding rare earths.”

Coffman’s office noted he had sent two bipartisan letters to the US Trade Representative Ron Kirk asking for an official complaint against China’s rare earth trade policies and in February sent another bipartisan letter to Obama after the State of the Union speech, asking that a new emphasis on trade fairness start first with the Chinese rare earth export policy.

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