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ARMED SERVICES COMMITTEE

NATURAL RESOURCES COMMITTEE

SMALL BUSINESS COMMITTEE

BALANCED BUDGET AMENDMENT CAUCUS CHAIRMAN

## Congress of the United States

House of Representatives Washington, DC 20515-0606

February 2, 2012

DISTRICT OFFICE: 9220 KIMMER DRIVE SUITE 220 LONE TREE, CO 80124 (720) 283-9772

President Barack Obama 1600 Pennsylvania Avenue NW Washington, DC 20500

Dear President Obama:

We are writing in response to your statements regarding our trade relations with China during your recent State of the Union address. We appreciate your focus on this issue, and specifically request you ensure your Administration follows up on a particular area of grave concern in our trade with China: rare earth minerals.

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

This is particularly timely. As you know, on July 5, 2011, the World Trade Organization (WTO) issued a ruling on a petition brought by the U.S., Europe, and Mexico regarding China's restrictions on the export of various raw materials. The WTO found China was in violation of their commitment to free trade policies, and just this week, on January 30, 2012, the appeals panel of the World Trade Organization ruled that China must dismantle its system of export taxes and quotas for nine widely used industrial materials.

The similarity between Chinese raw material exports and rare earth exports suggests that rectifying the rare earth situation should be among the first efforts undertaken in any new focus on trade equality. We urge you to point the new Trade Enforcement Unit at the various restrictions, quotas and de facto embargoes used by China in the rare earth market.

Many of us have also urged a WTO case against China due to their rare earth practices, and we renew that request with you as well.

China's rare earth policies defy global trade laws to create supply scarcity and price inflation in the global market while ensuring surplus and lower prices in domestic markets. This unjust manipulation of the global trade market compels companies to relocate to China, bringing jobs, capital and intellectual property with them. The United States must respond vigorously.

We look forward to hearing from you on this matter and stand ready to assist you in any way.

Sincerely,

Mike Coffman Hank Johnson Member of Congress Member of Congress Leonard Boswell Cynthia M. Lummis Member of Congress Member of Congress Dana Rohrabacher Cathy McMorris Rodgers Member of Congress Member of Congress om Tom Latham Walter B. Jones Member of Congress Member of Congress Paul A. Gosar Donald Manzullo Member of Congress Member of Congress