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ONE HUNDRED ELEVENTH CONGRESS

**Select Committee on
Energy Independence and Global Warming
U.S. House of Representatives
Washington, DC 20515**

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EDWARD J. MARKEY, MASSACHUSETTS
CHAIRMAN

October 21, 2010

The Honorable Steven Chu
Secretary
U.S. Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

The Honorable Robert Gates
Secretary
U.S. Department of Defense
1400 Defense Pentagon
Washington, DC 20301-1400

The Honorable Gary Locke
Secretary
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

The Honorable Ronald Kirk
United States Trade Representative
Office of the U.S. Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Secretary Chu, Secretary Gates, Secretary Locke, and Ambassador Kirk,

On Tuesday, October 19th, 2010, the New York Times reported that Chinese officials have halted some shipments of rare earth materials to the United States and Europe. This comes nearly a month after China apparently began blocking shipments of these materials to Japan, potentially in retaliation for Japan's detention of a Chinese fishing boat captain. Now, after a month of apparent embargoed shipments to Japan, traders are reporting that some Chinese exporters have unilaterally voided contracts with Japanese customers. I am troubled by this recent turn of events and concerned that the world's reliance on Chinese rare earth materials, in combination with China's apparent willingness to use this reliance for leverage in wider international affairs, poses a potential threat to American economic and national security interests. I plan to hold a hearing in order to more closely examine these issues as soon as Congress returns to session.

I first shared these concerns with you in a letter dated September 27, 2010. In addition to the questions raised in that letter, I ask for your prompt reply in responding to these additional questions:

1. Secretary Locke and Ambassador Kirk, to your knowledge, has the Chinese government restricted the shipment of rare earth elements or refined materials to the United States? Is it clear whether or not these restrictions are entirely attributable to export quotas? How are these export restrictions being implemented and enforced?
2. Secretary Locke and Ambassador Kirk, how is China's tightening export quota for rare earths being implemented for the individual rare earth elements? Does the quota apply to all rare earth elements equally? If not, what methodology is being used to determine the quantity of each rare earth element eligible for export? Which specific rare earth elements are being restricted for export to the United States and which are trading freely?
3. Secretary Gates, which rare earth elements are of specific concern to defense applications? How are these rare earth elements being treated under the Chinese export quota system? Are these elements now being traded freely or is their export to the United States being restricted by the Chinese government?
4. Secretary Chu, which rare earth elements are of specific concern to clean energy applications? How are these rare earth elements being treated under the Chinese export quota system? Are these elements now being traded freely or is their export to the United States being restricted by the Chinese government? To what extent is the U.S. clean energy sector reliant on imports of raw rare earth materials from China and to what extent is the sector reliant on finished-or semi-finished products and components that contain rare earth elements but are shipped from third parties in Japan and elsewhere? How will American clean energy companies in different areas of the supply chain be affected by restricted access to rare earth materials?

Should you have any questions about this request, please have your staff contact Jonathan Phillips on my staff at (202) 225-4012. Thank you for your attention to this matter.

Sincerely,



Edward J. Markey
Chair

cc: The Honorable F. James Sensenbrenner, Jr.
Ranking Member