

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508
April 26, 2010

Mr. Michael H. Walmer
President, Electron Energy Corporation
United States Magnet Materials Association (USMMA)
924 Links Avenue
Landisville, Pennsylvania 17538

Dear Mr. Walmer:

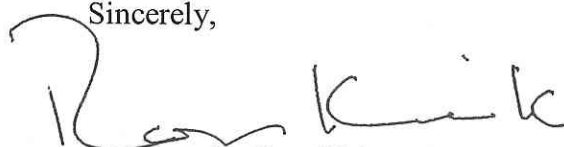
Thank you for your letter seeking assistance in addressing critical trade and related issues facing U.S. producers and suppliers of high performance rare earth magnets.

I understand the importance of the U.S. rare earths industry and the challenges that it currently faces. In your letter, you outline various steps that the U.S. Government can take to help restore and enhance our industry's competitiveness. One significant component of that approach calls for taking steps to ensure fair trade and a level playing field for U.S. companies, particularly with regard to China. As you note, China accounts for more than 97 percent of the world's rare earths production, and has grown to dominate the world's rare earth refining, alloying and manufacturing.

My staff has been monitoring trade in rare earths for some time, and we have serious concerns about the export quotas and export duties that China has put in place on rare earths. These export restraints operate to provide downstream manufacturers in China with substantial cost advantages over their foreign counterparts in the United States and around the world. They also may be inconsistent with China's World Trade Organization (WTO) obligations. We are pressing China to eliminate these export restraints, and at the same time we are pursuing a case against China at the WTO challenging similar export restraints that China maintains on other raw materials. We are hopeful that we will be able to obtain favorable precedents in that case that we will be able to use to remove China's export restraints on rare earths, if China has not eliminated them by that time.

Thank you again for sharing your concerns and recommendations with me. My staff and I look forward to continuing to work with you in the future.

Sincerely,



Ambassador Ron Kirk