Producers Group: You are a Government Official Working to Stop Smuggling in China

Your Background and Biography

You grew up in Shanghai, and after secondary school you served in the People’s Liberation Army in Guangdong Province. After serving for six years you attended Zhejiang University, where you majored in law and political science. You worked tirelessly to succeed and excelled in your classes, destined for a future role as a government official.

After college you began your career working for the Chinese Embassy in the United Kingdom, where you focused on policy research and foreign affairs. Eventually your dedication and hard work paid off, and you were appointed to lead an office in the General Administration of Customs of China. Your job was to reduce illegal trafficking of commodities—specifically, the smuggling of rare earth oxides (the final product derived from the separation process) to manufacturers outside of China.

The unlicensed production of rare earth oxides disrupts the orderly state that the Communist Party has created in China. The government has licensed six major companies to produce rare earth metals. Government quotas ensure that the country’s domestic and export needs are met, while developing the industry to benefit the people of China. But there is also an elaborate underground trade network operating dozens of illegal mines. The illegal supply of rare earth elements represents about 30% of China’s total exports of those products. Black-market rare earths sell at half the price of the legitimate product and are often falsely labeled and mixed with other low-grade materials. While authorized production of the rare earth elements is much less polluting than it used to be, illegal mines make no efforts to control their waste, leading to serious pollution problems. These illegal practices discredit legitimate business, while the smugglers avoid taxation and damage China’s international reputation and its program to become a leader in rare earth elements.

You have spearheaded efforts to crack down on illegal mining, and you have a few minor busts under your belt. However, black-market production will remain a problem as long as manufacturers and western consumers don’t care about who gets hurt when their goods get made.
You’re skeptical that a Sustainability Seal will make a difference, but you want to make sure China’s interests are represented in these negotiations. You want rare earth producers to follow the laws and rules of their national governments. You will also argue that the Sustainability Seal must require producers and manufacturers to show that their rare earth products come from authorized mines that comply with environmental protection rules.

**Your Mission**

Your goal at this hearing is to convince the Stewardship Council to include the Producers Group’s recommendations in its final Sustainability Seal guiding values. To make this argument effectively, you must do the following:

- Complete the assigned readings listed at the bottom of this page.
- Work closely with the other members of your group to develop clear answers to the Stewardship Council’s questions.
- Use as much specific information as possible to develop strong arguments for your position that the price of sustainably certified rare earth metals needs to cover the true cost of production and environmental protection, and investment in innovative production methods should be promoted to reduce social and environmental harms.
- Read as much as you can about your position and the positions of the other groups.
- Complete written reflections on your character, interest group, and readings as assigned.

**Your Victory Objectives**

- **You will receive 10 points** if the Stewards select your group’s proposal as the final Sustainability Seal guiding values.
- The Stewards will rank the interest groups by how well their goals are represented in the final Sustainability Seal guiding values. **You will receive between 1 and 4 points** based on how the Producers Group is ranked and how well the Sustainability Seal guiding values reflect your goals.

**SOURCES**

**Group Sources**

- Producers Case Study: “The Changing Geography of Rare Earth Element Production”
Individual Sources

- Liu, Hongqiao “Rare Earth Black Market: An Open Dirty Secret.” China Water Risk, June 2016. (This is a web-formatted excerpt from the white paper “Rare Earths: Shades of Gray.”)