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What rare earths and natural gas have in common

DALLAS (MarketWatch) — The U.S. joined forces with the European Union and Japan this month to lodge a World Trade Organization complaint against China over the nation's export quotas on refined minerals known as rare earth elements.

It's the right move. These precious metals — a key input for everything from iPhones to hybrid cars — are predominately found in China, where cheap labor and a variety of other factors have allowed domestic producers to corner the market by undercutting competitors over the last several decades.

The results have been dramatic, and now China has effectively dominated almost 95% of the market. By instituting an export quota, Beijing's move alters the equilibrium of world pricing of this coveted commodity in its favor.

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Consequences of Towns Fighting States Over Natural Gas

A new chapter in the ongoing fight over [natural gas](#) development comes in the form of recent attempts of towns to claim oversight control over the process. In [New York](#), this exercise of municipal control has manifested itself in the form of prohibitive local bans and moratoria. In [Pennsylvania](#), seven towns are suing the state, claiming a right to ban natural gas development in contravention of the state's recently enacted regulatory overhaul bill.

For potential investors and operators seeking to harness natural gas resources, local bans and ordinances mean a myriad of differing and often contradictory requirements. Issues in local legislation can ultimately make development of a coherent energy exploration plan within a single state very difficult. By the same token, those opposed to drilling are delighted to place local governments in the unenviable role of weighing complex policy and legal decisions, a task traditionally left to state agencies.