

China To Appeal WTO Ruling On Raw Materials Curbs

BEIJING (AP) — China will appeal a World Trade Organization rejection of its curbs on exports of industrial raw materials, the government said Wednesday, in a case that Washington and Europe hope will lead to an easing of its restrictions on rare earths sales.

"We still consider that China practice and China's policies do not violate WTO rules," Ministry of Commerce spokesman Shen Danyang at a regular news briefing. "We will appeal," he said. Shen gave no details of when the appeal would be filed or on what specific grounds.

A WTO panel ruled July 5 that Beijing was improperly protecting its companies by limiting exports of nine materials used in the steel, aluminum and chemical industries.

The case did not mention rare earths, a group of 17 minerals used in mobile phones and other high-tech products. But the United States and the 27-nation European Union say they want China to apply its principles to rare earths and lift export restrictions.

China accounts for 97 percent of rare earths production and has alarmed foreign manufacturers by reducing exports while it tries to develop its own manufacturers of magnets and other products made with the minerals.

A European Union trade envoy, Karel De Gucht, said in July that Chinese officials indicated they might change their rare earths curbs due to the ruling. Chinese officials have not confirmed that.

The WTO ruling in a case brought by the United States, the EU and Mexico, applied to Chinese quotas and taxes on exports of materials including coke, bauxite, zinc and fluorspar. It rejected China's argument that it was trying to protect the environment and said export restrictions should be removed.

China has about 30 percent of the world's reserves of rare earths, which also are used in some weapons, flat-screen TVs, batteries for electric cars and wind turbines.

The United States, Canada and Australia have rare earths but stopped mining them in the 1990s as lower-cost Chinese ores flooded the market. Companies are developing mines in North America and elsewhere but the Chinese restrictions have pushed up global prices.

Beijing says it restricted exports to conserve scarce supplies and curb

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environmental damage caused by mining. But foreign governments complain similar limits were not applied to domestic manufacturers that use rare earths.

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