Rare Earth Plant In Malaysia Nearly Ready To Go

Eileen Ng, Associated Press

GEBENG, Malaysia (AP) — Australian miner Lynas said Thursday its customers and suppliers will suffer losses if the opening of its Malaysian refinery for minerals that are crucial to high-tech manufacturing is delayed by a new government review.

Malaysia earlier this year granted Lynas a two-year license to operate the first rare earths plant outside China in years. But the government is reviewing its decision amid protests by residents over alleged health and environmental risks posed by potential leaks of radioactive waste. Lynas says it has state-of-the-art pollution controls.

Rare earths are 17 minerals used in the manufacture of hybrid cars, weapons, flat-screen TVs, mobile phones, mercury-vapor lights, and camera lenses. China has about a third of the world's rare earth reserves but supplies about 90 percent of what is consumed. It has placed restrictions on exports, sparking causing among manufacturers from Japan to the U.S.

The managing director of Lynas' Malaysian operations, Mashal Ahmad, said the company was ready to start operations in two weeks but the review means it cannot bring in raw material.

The plant will refine ore from Australia. Malaysian officials are expected to make a decision soon about the license.

Speaking to reporters visiting the 100-hectare (250-acre) plant at an industrial park in Gebeng district, Mashal said shipments from Australia would take at least a month to reach Malaysia.

The first phase of the plant cost 1.5 billion ringgit ($488 million), while construction of the second phase costing another 1 billion ringgit ($325 million) has started and is expected to double production capacity once completed by next year.

Output for the first phase has been "sold out 100 percent for the next 10 years," Mashal said. The delay was causing serious financial consequences for Lynas, its suppliers and customers, he said.

Mashal declined to elaborate on the losses, but said he has "full confidence" the government won't scrap the project.

Some 50 residents held a protest outside the plant shouting "Get out Lynas!"

Mashal said Lynas obtained a license to build a similar plant in Perth in 2004 but it wasn't economical. It then planned a plant in China but the government tightened export regulations, making it too restrictive for Lynas, he said.

Lynas has said its refinery could meet nearly a third of world demand for rare earths, excluding China.

Malaysia's last rare earth refinery — operated by Japan's Mitsubishi group in northern Perak state — was closed in 1992 following protests and claims that it caused birth defects and leukemia among residents. It is one of Asia's largest radioactive waste cleanup sites.

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