Lynas Clears Obstacle To Malaysia Rare Earth Plant

Eileen Ng, Associated Press

KUALA LUMPUR, Malaysia (AP) — Australian miner Lynas Corp. said Tuesday it hopes to fire up a plant in Malaysia to process rare earths — materials critical for manufacturing high-tech products — now that a parliamentary panel has ruled the project is safe.

The panel's decision removed the final obstacle faced by Lynas, after the science ministry rejected an appeal by residents to revoke a license granted to Lynas earlier this year.

Lynas said the findings of the parliamentary panel was "yet another affirmation of the science" behind its 2.5 billion ringgit ($793 million) plant in northern Pahang state and the safety features built into it.

"We look forward to the issuance of the temporary operating license so we can demonstrate that safety to the Malaysian community," it said in a brief statement to The Associated Press.

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.

Residents living nearby the plant and civic groups have staged protests over fears of health and environmental risks posed by potential leaks of radioactive waste. Lynas has said its plant, the first rare earths refinery outside of China in years, has state-of-the-art pollution control.

Controversy over the project poses a headache to the government with general elections expected this year.

After a public hearing, the science ministry said Friday there was no scientific or technical justification to withdraw the license but instead imposed two new conditions, telling Lynas to submit a plan to immobilize radioactive elements in its waste and an emergency response plan on dust control.

The parliamentary panel, set up by the government in April as another move to allay public concerns, said Tuesday the Lynas plant was not a nuclear facility and would not cause any major hazards.

It said any exposure to radioactive elements was likely minimal and would not

damage health. It was satisfied with Lynas' safety and environment protection plan. The panel has been boycotted by opposition lawmakers and dismissed by critics as another attempt to deceive the public.

The "Save Malaysia, Stop Lynas" coalition representing villagers accused the panel of rubber-stamping approval for Lynas "to perform a dangerous experiment on our shore, using citizens as guinea pigs to enrich a foreign corporation."

Its head, Tan Bun Teet, said Lynas has no experience in operating a rare earths refinery or in managing its complex waste and pollution problems.

"It is nothing more than hogwash by a government desperately trying to justify the controversial project," Tan said. The group plans to go to court to challenge the government's decision.

The Lynas plant is expected to meet nearly a third of world demand for rare earths, excluding China. It will refine ore from Australia. Lynas said output for the first phase has been sold out for the next decade.

Malaysia's last rare earths 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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