

China Raises Rare Earths Export Quota For 2012

The Associated Press

BEIJING (AP) — China on Wednesday slightly increased this year's quota for rare earths exports under controversial controls on the exotic minerals needed by manufacturers of mobile phones and other high-tech products.

The Commerce Ministry announced an export quota of 9,770 tons for the second half of the year. Added to the quota for the first six months of the year, that brings the 2012 total to 30,996 tons — an increase of about 3 percent over 2011.

China has about 30 percent of the world's rare earths deposits but accounts for more than 90 percent of production. It alarmed global manufacturers by imposing export curbs in 2009 while it tries to build up a domestic processing industry to capture more of the profits that go to U.S., Japanese and European companies that transform rare earths into mobile phone batteries, camera lenses and other products.

Chinese officials have expressed hope foreign companies that use rare earths will shift production to China and share technology with local partners.

The United States, the European Union and Japan filed a World Trade Organization complaint in March accusing China of violating its free-trade commitments. Chinese officials have defended the controls as in line with WTO rules and necessary to protect the environment.

The restrictions are especially sensitive at a time when governments are trying to boost exports to reduce high unemployment. The United States and Europe want to increase sales of high-tech goods that include products made with rare earths.

Wednesday's announcement follows a tightening of controls this month on mining and smelting that appeared to be part of government efforts to force producers to consolidate into a few large companies that will be easier to monitor and control.

The measure set minimum production levels that state media said might result in 20 percent of production capacity to be shut down.

The government also has limited the number of companies that are allowed to export rare earths.

China's trading partners say export quotas and taxes push up rare earths prices abroad, giving buyers in China an unfair advantage.

The dispute reflects the clash between Beijing's free-trade pledges and its ambitions to transform China from a low-wage factory into a creator of profitable technology.

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

Rare earths are 17 minerals used to make goods including hybrid cars, weapons, flat-screen TVs, mobile phones, mercury-vapor lights and camera lenses.

The United States, Canada, Australia and other countries also have rare earths but most mining stopped in the 1990s as lower-cost Chinese ores came on the market.

Beijing's decision to limit exports has prompted foreign producers to announce plans to reopen or develop mines in California, Canada, India, Russia and elsewhere.

Source URL (retrieved on 10/31/2014 - 10:59am):

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