China Cuts Rare Earths Mining Permits

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BEIJING (AP) — China has cut the number of permits for rare earths mining in a new move to tighten controls over the exotic minerals needed to manufacture mobile phones, electric cars and other high-tech goods.

The Ministry of Land and Resources decided to cut the number of mining permits by 40 percent from 113 to 67, China Central Television said Wednesday. The brief report gave no indication how that was expected to affect the amount of rare earths produced.

The announcement comes amid tensions between Beijing and Tokyo over control of a group of uninhabited islands in the East China Sea. Beijing temporarily suspended rare earths shipments to Japanese buyers the last time tensions over the islands flared in 2010 but there was no indication whether Japan might be affected by the latest change.

Beijing has alarmed global manufacturers by restricting production and exports while it tries to build up its own processing industry to capture profits that flow to U.S., Japanese and European companies that use rare earths to make lightweight magnets, batteries and other products.

China has about 30 percent of world supplies of rare earths but accounts for more than 90 percent of production. Its trading partners say quotas and taxes push up rare earths prices abroad, giving buyers in China an unfair advantage.

The United States, the European Union and Japan challenged Chinese controls in a World Trade Organization complaint in March. Chinese officials say the controls are in line with WTO rules and necessary to conserve dwindling reserves and reduce environmental damage from mining.

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

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.

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

Last month, Beijing tightened controls on rare earths mining and smelting,

announcing minimum production levels for companies. State media said that might result in 20 percent of the country's production capacity being shut down.

The government also has limited the number of companies permitted to export rare earths.

Beijing's restrictions have prompted producers to announce plans to reopen or develop mines in California, Canada, India, Russia, Malaysia and elsewhere.

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