Malaysians Lose Bid To Halt Rare Earths Plant

Eileen Ng, Associated Press

KUALA LUMPUR, Malaysia (AP) — Malaysian activists lost a court battle Thursday to halt Australian miner Lynas Corp. from firing up a rare earths plant that has sparked health and safety concerns.

After months of delay, Lynas in September obtained the Malaysian government's approval to start processing rare earths, which are minerals crucial for manufacturing high-tech products.

But villagers and civic groups took the case to court, calling for the Australian company's operating license to be suspended until the court rules on whether it would permanently block production.

Coalition leader Tan Bun Tet said the High Court refused Thursday to suspend Lynas' license before a final decision on the plant's fate is made.

"The court ruled that our fears are premature because the plant is not in operation yet. We are disappointed with the decision but we will appeal. We will fight to the end," Tan told The Associated Press.

The court ruling paves the way for Lynas to start operations immediately but it can still face obstacles later on if the court rules in favor of the villagers.

Lynas Malaysia managing director Mashal Ahmad told AP that the company plans to start operations "as soon as possible, definitely by this year."

The 2.5 billion ringgit ($818 million) refinery in northern Pahang state is to be the first in years outside China, which has restrictions on rare earth exports.

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.

Residents living nearby the plant and civic groups have staged protests for months over fears of health and environmental risks posed by potential leaks of radioactive waste. Lynas has said its plant has state-of-the-art pollution control.

Controversy over the project poses a headache to the government with general elections expected to be called by April.

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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