

# Traders: China halts rare earth exports to Japan

September 24 2010, By SHINO YUASA , Associated Press Writer

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(AP) -- China has halted exports to Japan of rare earth elements - which are crucial for advanced manufacturing - trading company officials said Friday amid tensions between the rival Asian powers over a territorial dispute.

Japan imports 50 percent of China's rare earth shipments. Rare earth are metallic elements crucial for manufacturing superconductors, computers, hybrid electric cars and other high-tech products.

The two trading company officials said the shipments were suspended on Tuesday. Companies using the rare metals are believed to have stockpiles that could last several months.

"We are told that only Japan-bound shipments were suspended. The Chinese side did not give any reasons for the suspension," said an official at a major Japanese trading house.

Another trading house official also said China's rare earth exports to [Japan](#) were halted on Tuesday. "We don't know when the exports will resume," he said.

The company officials declined to be named as they were not authorized to talk to the media.

China and Japan have locked horns over the sovereignty of small islands in the East China Sea. Ever-present anti-Japanese sentiments in China

intensified following Tokyo's arrest of a Chinese fishing boat captain in early September and his ensuing detention.

Prosecutors on Ishigaki island in southern Japan, where the captain has been in custody for more than two weeks, said Friday they would free him though it was unclear when that would occur.

The captain was arrested after his boat collided with two Japanese coast guard vessels near the disputed islands. China responded by suspending high-level contacts.

Japan's trade minister, Akihiro Ohata, said he has "information" that China's exports to some Japanese trading houses have been stopped. But the minister said China's government has not informed Tokyo of such a move.

Asked whether China's export suspension was linked to the territorial dispute, the minister said: "We are checking facts."

While voicing concern over China's export suspension, one Japanese trading house official said China's 30,000 ton global export quota of rare earths in 2010 is expected to expire at the end of September

The official at the major Japanese trading house said China's suspension of rare earth exports will have "a minimum impact" on its business and stockpiles.

"We knew China's export quota of rare earths will run out at the end of this month anyway. So we are not worried about China's suspension," the official said.

He declined to give the amount of rare earths stockpiles at his [trading](#) company, but said manufacturers using [rare earth elements](#) often have

stockpiles lasting for three to five months.

Apart from [China](#), the United States and Australia have some of the largest concentrations of rare earths.

On Thursday, China's Trade Ministry denied reports that Beijing is tightening curbs on exports of rare earths to Japan.

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