

Traders: China resumes rare earth exports to Japan

September 29 2010, By SHINO YUASA , Associated Press Writer

(AP) -- Beijing has apparently told Chinese companies they can resume exports to Japan of rare earth minerals used in high-tech products but is holding up shipments with tighter customs inspections, two Japanese trading firms said Wednesday.

If [China](#) is found to be taking discriminatory actions against Japanese companies, Tokyo may take the case to the World Trade Organization, an official from the prime minister's office said.

Traders said China had stopped shipments of rare earths since last week. Many speculated the move was linked to tensions between Tokyo and Beijing over Japan's detention of a Chinese captain whose fishing boat collided with two Japanese coast guard vessels on Sept. 7 near disputed islands.

[Japan](#) released the Chinese captain last Friday. On Monday, China started allowing Japan-bound exports of the exotic metals, said the two officials from two Japanese trading firms.

"Suddenly, China started giving export permissions to our Chinese business partners," said an official at a major trading house. He declined to comment whether the resumption was due to Japan's release of the Chinese captain.

But Tao Yong, spokesman for Chinese customs agency, denied that any ban had ever been imposed.

"Customs has not issued any discriminatory policy against Japan on exporting rare earths," he said.

China produces over 95 percent of the global supply of rare earths - metallic elements crucial for [superconductors](#), computers, hybrid electric cars and other high-tech products. Japan imports half of China's shipments of the exotic metals.

But rare earths from China have not arrived in Japan yet due to tighter custom inspections of goods going to and from Japan at Chinese ports, the officials said. They declined to be named as they are not authorized to talk to the media.

"Under normal circumstances, Chinese customs inspect around 10 percent of total rare earth shipments to Japan. But they are inspecting almost 100 percent, really slowing the whole shipment process," said one trading company official.

The two officials said Japan-bound shipments of rare earth elements were stuck at Chinese ports.

Japan has twice inquired with China about alleged trade restrictions, but that Chinese authorities say there are no measures in place, said Noriyuki Shikata, a spokesman for the prime minister.

"If the Chinese government is taking unilateral measure targeted at Japanese companies," Japan could take the case to the WTO, the Geneva-based trade body that can settle trade disputes, he said.

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