

# Premier: China won't block rare earth exports

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In this undated photo, chunks of chemically processed rare earths are shown in Beijing. China's recent halt of exotic metal shipments to Japan amid a diplomatic spat has reverberated throughout the world's high-tech manufacturing hubs \_ now on heightened alert to the risks of relying on one country for materials that do everything from helping hybrid engines run to creating the color red in televisions. (AP Photo/Kyodo News)

(AP) -- China is not using its control over supplies of rare earth - exotic metals crucial in advanced manufacturing - as a diplomatic "bargaining chip," state media quoted Premier Wen Jiabao as saying during a visit to Europe.

Recent reports that Beijing had temporarily suspended shipments to Japan of the metallic elements, used in computer disk drives, hybrid car components and other high-tech products, has drawn attention to China's

near monopoly on the materials.

Speaking to a China-European Union business summit in Brussels, Wen echoed other Chinese officials in denying Beijing had ordered traders to hold back rare earth shipments to Japan due to a recent flare-up in tensions, the newspaper China Daily reported Friday.

"China is not using rare earth as a bargaining chip," said Wen, China's top economic official.

The government's official web site carried some of Wen's remarks, including his call for sustainable development of China's abundant reserves of the 17 minerals, which have exotic names like dysprosium and terbium.

"What we pursue is to satisfy not only the domestic demand but also the global demand of rare earth. We should not only stand from the present, but should also look forward to the future," the government's account of Wen's remarks said.

"If rare earth minerals were used up, how would the world and China deal with the problem?" he said.

China produces 97 percent of the global supply of rare earths, and experts forecast that annual demand could exceed 200,000 tons by 2014, far exceeding current production level of 124,000 tons a year.

"It is necessary to exercise management and control over the rare earth industry, but there won't be any embargo," the China Daily quoted Wen as saying.

China has denied it was halting exports, but Japanese trading firms said shipments stopped around Sept. 21, held up at Chinese ports by

increased paperwork and inspections. That came after Japan arrested a Chinese fishing boat captain whose trawler collided with two Japanese patrol boats off disputed islands in the East China Sea.

Concern about rare earth supply had been brewing long before September's restrictions to Japan. To cope with growing demand at home, China has been reducing export quotas of rare earths over the past several years. In the second half of this year, the government has capped overseas shipments at 7,976 tons, down 49 percent from the first half, according to figures from China's Ministry of Commerce.

Shaken by the potential threat of supply disruptions to its manufacturers, Japan is considering becoming a global center for rare earth recycling and is partnering with Mongolia to develop new rare earth mines.

Japan's Cabinet on Friday approved new funding for securing [rare earths](#) as part of 5.05 trillion yen (\$61 billion) in new economic stimulus.

Concerns over the issue are prompting a resumption of some projects in the U.S. and Australia that had been postponed for years due to competition from cheap Chinese suppliers.

Meanwhile, the official Xinhua News Agency said Friday that geologists have discovered a large, still untapped new deposit in central China's Henan province.

Authorities were drawing up plans to prevent illegal mining of the reserves, it said.

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