

China restarts rare earth shipments to Japan

November 24 2010, By JAY ALABASTER , Associated Press

(AP) -- China resumed exports to Japan of rare earth minerals crucial in high-tech manufacturing after a two-month de facto ban and a Japanese conglomerate announced a major supply deal with an Australian miner that will reduce dependence on Chinese production.

China currently controls 97 percent of the global output of [rare earths](#), needed to produce everything from cell phones to [hybrid cars](#). Resource-poor Japan was given a jolt in September when Beijing imposed a de facto ban after a diplomatic spat, and Tokyo immediately began seeking new trading partners.

News of the resumption came Wednesday as Sojitz Corp., a large Japanese conglomerate, announced a major tie-up with Australian mining company Lynas Corp. to secure supply for the next decade.

"Efforts that aim to diversify the regions and countries from where we import rare earths are intensifying, and I want to increase my efforts even more in this area to demonstrate solid, steady progress," said Japanese trade and industry minister Akihiro Ohata.

Japanese officials said that two ships bearing the minerals had left Chinese ports bound for Japan, signaling that exports had restarted. China has denied a ban, but Japanese companies say exports have been halted by a sudden increase in government inspections and paperwork.

Tokyo's efforts to find alternative supply have included talks with other Asian countries including Vietnam and Mongolia.

In Australia, Sojitz and Lynas have agreed to a deal in which the Japanese conglomerate would get exclusive import rights for over 70 percent of the 22,000-ton capacity at a rare earth mine operated by Lynas, the companies said in a joint press release.

Sojitz has agreed to seek up to \$250 million in funding from Japan to develop the project, which is to begin initial operation next year and hit full capacity in 2012.

Japan's diplomatic row with China began in September, when its coast guard arrested a Chinese fishing boat captain after his ship collided with patrol boats near disputed islands.

The collision in the East China Sea plunged relations between the countries to their lowest level in years, despite Japan's eventual release of the boat captain.

[China](#) temporarily cut off ministerial-level contacts with [Japan](#), repeatedly summoned Tokyo's ambassador to complain, and postponed talks on the joint development of undersea natural gas fields.

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