

China to appeal WTO ruling over rare earth exports

August 24 2011, by Fran Wang



Rare earths are seen awaiting export at a port in Lianyungang, eastern China. The country has said it would appeal against a World Trade Organisation (WTO) ruling that it illegally restricted exports of the material key to many high-tech industries.

China, under pressure to relax controls over rare earths, said Wednesday it would appeal against a World Trade Organisation ruling that it illegally restricted exports of other key raw materials.

The WTO last month upheld complaints by the United States, European Union and Mexico, ruling that [China](#) had failed to abide by accession commitments when it imposed quotas and duties on several types of minerals.

The complainants charged that export quotas and duties imposed by

Beijing on the raw materials were illegal and against commitments China made when it joined the world trade body.

"China will appeal," commerce ministry spokesman Shen Danyang told journalists at a briefing Tuesday. "We maintain that our policies do not violate WTO rules."

The July 5 WTO ruling applies to elements including bauxite, coking coal, fluorspar, magnesium, [manganese](#), silicon metal, [silicon carbide](#), yellow phosphorus and zinc.

The complainants charged that all are key inputs for numerous products in the steel, aluminium and chemical sectors and said any restrictions could lead to sharp spikes in world prices.

WTO arbitrators backed the complaints, ruling that China had failed to abide by its accession commitments when it imposed quotas and duties.

Rare earth minerals

Group of 17 elements used in a wide range of consumer products

Features:

▶ Gray to silvery metals

▶ Soft, malleable and ductile

China supplies at least 95 percent of world's rare earths

Some products that contain rare earth elements:

■ iPods

dysprosium, neodymium, praseodymium, samarium, terbium

■ Wind turbines

dysprosium, neodymium, praseodymium, terbium

■ Hybrid vehicles

dysprosium, lanthanum, neodymium, praseodymium

■ Fibre optics

erbium, europium, terbium, yttrium

■ Energy-efficient fluorescent light bulbs

europium, terbium, yttrium

Source: USGS

AFP

A fact file on rare earth minerals and their central role in the production of many high-tech products

They rejected Beijing's arguments of conservation concerns as China failed to prove that it imposed export restrictions in tandem with limits for domestic consumption of the [raw materials](#).

Earlier this year Beijing also caused an international outcry after it moved to tighten its grip over [rare earths](#) -- 17 elements critical to making many high-tech products -- including slashing exports and imposing higher taxes.

China, the world's largest producer of rare earths, has also cited environmental concerns and domestic demand for tightening restrictions on the key ingredients for making everything from iPods and [wind turbines](#) to missiles.

If the WTO ruling is upheld, it could bolster international efforts to get Beijing to relax controls over rare earths which they have failed to do so far despite intense lobbying by key trade partners.

Both the United States and the European Union welcomed the WTO ruling, with EU Trade Commissioner Karel De Gucht saying at the time that China should also ensure "free and fair access to rare earth supplies".

China has said its measures are in line with the objective of sustainable development promoted by the WTO and incentivise the healthy development of the resource industry.

In the wake of the ruling, Chinese media hit out at the European Union and United States, accusing them of acting out of self-interest.

The state-run Economic Information Daily said the [United States](#) and Europe were seeking access to China's resources to "satisfy the needs of their domestic industries, especially the development needs of high-tech industries."

The newspaper -- owned by the official Xinhua news agency -- said China should be "on guard" as some countries pursue their own interests and "make better use of WTO rules to fight for its own lawful rights and interests".

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