

China rare earths supplier suspends production

October 20 2011, By JOE McDONALD , AP Business Writer

(AP) -- China's biggest producer of rare earths is suspending production for one month in hopes of boosting slumping prices of the exotic minerals used in mobile phones and other high-tech products.

This week's move by Inner Mongolia Baotou Steel Rare-Earth (Group) Hi-Tech might fuel tensions with the [United States](#) and Europe. They have questioned Beijing's decision announced earlier to limit exports while it tries to develop its own manufacturers of magnets and other products made of rare earths.

In a statement through the Shanghai Stock Exchange, Baotou Steel said it wants to "balance supply and demand" after prices for rare earths fell amid uncertainty about the U.S. and European economic outlooks.

Rare earths are a group of 17 minerals used in manufacturing flat-screen TVs, mobile phones, batteries for [electric cars](#), [wind turbines](#) and weaponry.

China has about 30 percent of global rare earth deposits but accounts for 97 percent of production. [Beijing](#) has alarmed global manufacturers by reducing exports, prompting pressure from Europe and the United States to treat foreign and domestic buyers equally.

In China, prices of some rare earths have fallen sharply since June.

The price of neodymium oxide has declined 34 percent to \$157 per

[kilogram](#), while europium oxide is down 35 percent at \$2,904 per kilogram, according to Lynas Corp., an Australian rare earth producer.

Beijing is merging its rare earths producers to tighten control over production, sales and pricing.

It announced in June that Baotou Steel would become the only miner, refiner and seller of rare earths in the northern region of Inner Mongolia, a production center. It said 35 other companies there would be merged or closed.

Sichuan province in the southwest and Shandong in the east also have abundant rare earths deposits.

The United States, Canada and Australia also have rare earths but stopped mining them in the 1990s as lower-cost Chinese ores flooded the market.

Since then, [Chinese officials](#) have been concerned that uncontrolled exports were allowing Western and Japanese producers of lightweight magnets and other products made of rare earths to capture most of the profits.

Companies are restarting production in Canada, California, Russia and elsewhere but it will be some time until those supplies make it to market.

In September, China's Ministry of Land and Resources ordered a further tightening of controls on exploration, mining and sales of [rare earths](#), which it called China's "21st century treasure trove of new materials."

More information: Inner Mongolia Baotou Steel Rare-Earth (Group) Hi-Tech: <http://www.reht.com>

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