

WTO chief plays down China rare earth row

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The head of the World Trade Organization on Friday played down a dispute over China's controls on exports of rare earth minerals, saying it was unlikely to escalate into a trade war.

The United States, European Union and Japan have lodged a complaint with the WTO against China over its curbs on the shipments of the commodities, which are vital in the manufacture of high-tech goods.

But Pascal Lamy said: "Since the [dispute settlement](#) has been set up, no trade dispute has generated a trade war. That's the experience of the past.

"I have no reason to doubt that... it will be different now.

"I do understand that the headline about trade wars (is) better than the headline about trade frictions. But that's not a reality so far."

However, Lamy, who on Thursday met Japanese Prime Minister Yoshihiko Noda, refused to be drawn further.

"Whenever a question is raised regarding an ongoing mitigation, the DG (director-general) of the WTO should shut up. That's what I'm going to do," he told a news conference.

The three economic powers claimed that China -- which produces 97 percent of the world's supply of [rare earths](#) such as lutetium and scandium -- was unfairly benefiting its own industries by monopolising [global supply](#).

The complaint argues Beijing places restrictions on the export of 17 rare elements as well as tungsten and molybdenum.

Used to make a range of high tech products, including powerful magnets, batteries, and LED lights, they find their way into electric cars, iPods, lasers, [wind turbines](#) and missiles.

Lamy said it was natural that there would be disagreements between WTO newcomer China and other countries.

"Notably since China stepped in, there are frictions," Lamy said. "Trade frictions are a statistical proportion of the volume of trade."

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