

# China starts stockpiling rare earths: report

July 5 2012

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File photo shows soil containing various rare earths on a dock at the port in Lianyungang, east China's Jiangsu province. China has started stockpiling rare earths for strategic reserves, a state-backed newspaper said Thursday, in a move which may raise more worries over Beijing's control of the coveted resources.

China has started stockpiling rare earths for strategic reserves, a state-backed newspaper said Thursday, in a move that may raise more worries over Beijing's control of the coveted resources.

[China](#) has already started the purchase -- using state funds -- and storage of [rare earths](#) for strategic reserves, the China Securities Journal said, but did not specify exactly when the initiative was launched.

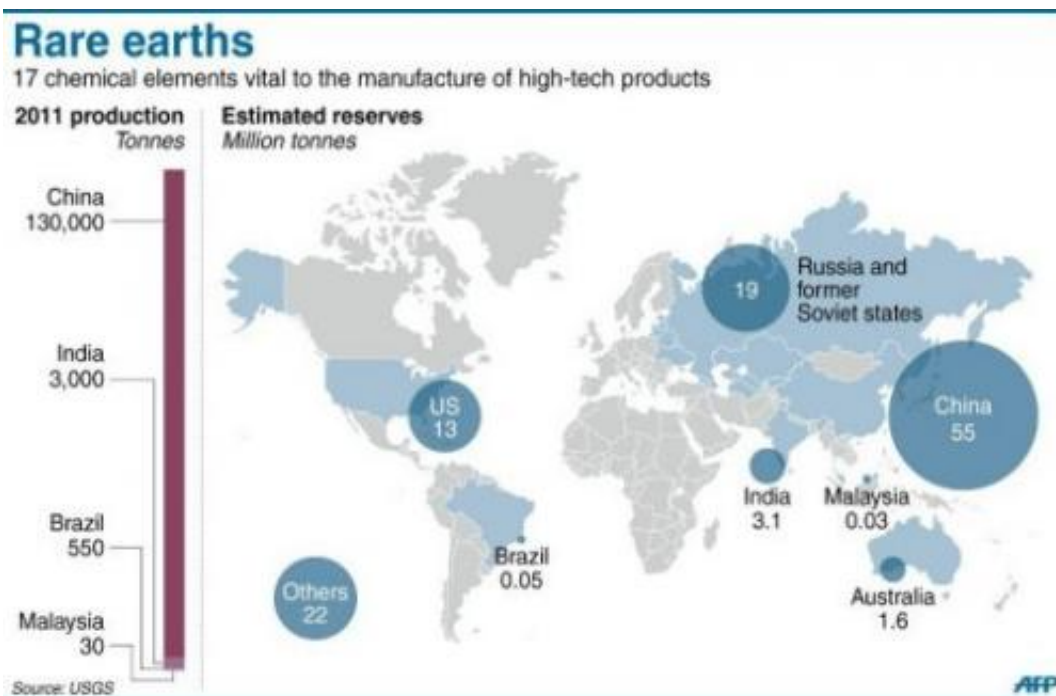
"This is China's start of work for state strategic buying and storage of rare earths," the newspaper said.

The country produces more than 90 percent of the world's rare earths,

which are used in high-tech equipment ranging from [iPods](#) to missiles, and it has set production caps and export quotas on them.

Major trading partners last month asked the [World Trade Organization](#) (WTO) to form a panel to resolve a dispute over China's export limits on rare earths after earlier consultations through the global trade body failed.

The European Union, the United States and Japan accuse China of unfairly choking off exports of the [commodities](#) to benefit domestic industries.



Graphic factfile on reserves and production of rare earth minerals worldwide. China has started stockpiling rare earths for strategic reserves, a state-backed newspaper said, in a move that may raise more worries over Beijing's control of the coveted resources.

China has previously defended its rare earths policies, saying they aim to protect resources and the environment as part of an effort to promote sustainable development.

A Chinese official said last month the regulation of the rare earths industry was in line with global trade rules.

China had already announced its intention to build a strategic reserve system, but had not publicly said that it had started stockpiling.

The China Securities Journal said current low prices for rare earths had prompted the start of strategic buying and the reserves could be used to address future shortfalls of the resources.

[Chinese market](#) players hope the strategic buying will help stabilise prices, which plunged in the first half of this year after companies sold stocks ahead of planned tax changes, the newspaper said.

The Ministry of Industry and Information Technology, which oversees the industry, declined to immediately comment on the report.

A Shanghai-based metals analyst, who declined to be named, also told AFP that China wanted to take advantage of low prices for rare earths to build the strategic reserves.

"The other reason is that China hopes to control rare earth prices within a reasonable range, so as to encourage the long-term, healthy development of downstream industries," the analyst said.

Government stockpiling could reduce the volume of China's exports of rare earths, the analyst said.

China has so far granted companies the right to export 21,226 tonnes of

rare earths this year. In 2011, the government granted rare earth export quotas of 30,200 tonnes but only 18,600 tonnes were exported.

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