

WTO to examine China rare earths dispute, says source

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A cyclist wears a protective face mask while passing dozens of factories processing rare earths, iron and coal on the outskirts of Baotou city in Inner Mongolia, northwest China in 2011. The World Trade Organization (WTO) is to investigate China's export restrictions on rare earths.

The World Trade Organization (WTO) is to investigate China's export restrictions on rare earths, a source close to the organization said on Monday.

The decision was taken at a meeting of the trade arbiter's Dispute Settlement Body (DSB) after a request by the European Union, the United States and Japan.

An earlier call for DSB arbitration was blocked on July 10 by China, which is accused of unfairly choking off exports of [rare earths](#), tungsten

and [molybdenum](#) to benefit domestic industries.

The US claims that China sets [export](#) quotas, duties and other restrictions that make the products increasingly expensive.

In response China's WTO delegation said it "regrets that the complaining parties request the DSB to establish a panel on these disputes for a second time", adding that its policies "are aimed at protecting natural resources and achieving sustainable economic development".

China had "no intention of protecting the domestic industry through means that would distort trade," the delegation said, adding that it would cooperate with the panel.

According to Beijing, the country produces more than 90 percent of the world's rare earths but its has only 23 percent of global reserves.

The products are used in high-tech equipment ranging from [iPods](#) to missiles.

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.

WTO panels are in general composed of three people tasked with investigating complaints and providing recommendations to resolve the dispute. In principle the investigating panel has six months to deliver its findings.

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