

# WTO upholds 'rare earth' ruling against China (Update)

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The World Trade Organization has upheld a ruling that China violated trade rules with restrictions on the export of "rare earths," the minerals used in mobile phones, hybrid cars and other high-tech products.

In March, the WTO dispute settlement panel found that China's restrictions breach WTO rules. Its ruling followed complaints by the United States, the European Union and Japan.

In its ruling Thursday, the Geneva-based WTO's appellate panel rejected Beijing's appeal, saying it hasn't demonstrated that the export quotas that China applies to various forms of rare earths are justified.

China has about one-third of global deposits of rare earths but accounts for more than 90 percent of production. In 2009, it alarmed foreign companies by limiting rare earth exports in an attempt to boost its domestic manufacturing base.

U.S. Trade Representative Michael Froman said that Thursday's decision "marks the end of the line" for the rare earths dispute.

"By upholding rules on fair access to raw materials, this decision is a win not only for the United States, but also for every nation that respects the principles of openness and fairness," Froman said.

In a statement, China's Ministry of Commerce expressed regret about the ruling and repeated its arguments that the controls were aimed at

protecting the environment and conserving resources.

The ministry promised "proper follow-up work" based on the WTO ruling but gave no details of what it would do.

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