

China announces shakeup of rare earths industry

February 16 2011, By JOE McDONALD , AP Business Writer

(AP) -- China plans to tighten control over rare earths producers and restrict output in a five-year development strategy, the Cabinet said Wednesday, amid concern abroad about plans to reduce exports of the exotic minerals used in high-tech goods.

A Cabinet statement promised to "reasonably set annual quotas for production and export" but gave no details. It said the government will tighten environmental controls and block unauthorized production.

China accounts for almost all production of rare earths, a group of 17 minerals that are used in products such as flatscreen TVs and lightweight batteries for mobile phones and [hybrid cars](#). It announced in 2009 that it would reduce exports in what appears to be an effort by [Beijing](#) to transform China from a bulk supplier of raw ores into a producer of higher-value lightweight magnets and other products.

Wednesday's statement said Beijing will encourage mergers to create more technologically advanced Chinese rare earths producers. It promised to encourage development of technology to create rare earths products.

China will "establish healthy development of the rare earths industry with appropriate development, orderly production, high utilization and technological advancement," the Cabinet said on its website.

The United States, Canada and Australia have rare earths but stopped

mining them in the 1990s as lower-cost Chinese supplies became available. China has about 30 percent of rare earths deposits but accounts for about 97 percent of production.

Foreign manufacturers were alarmed when Beijing temporarily blocked rare earths shipments to Japan last year after a Chinese fishing boat captain was detained near disputed islands.

China's Commerce Ministry said exports of rare earths rose 14.5 percent in the first 11 months of last year over the same time a year earlier despite the decision to reduce sales. The ministry gave no explanation of why the government's quota was exceeded.

Surging global demand earths has prompted companies in the United States and Australia to start work on developing or reopening rare earths mines.

Shaken by the threat of supply disruptions, Japan has considered becoming a [rare earths](#) recycling center and is establishing partnerships with other Asian nations including Vietnam and Mongolia to develop new mines.

More information: Chinese Cabinet (in Chinese): <http://www.gov.cn>

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