

Economy

Rare earths 'will not be bargaining instrument'

By Wang Xing (China Daily)
Updated: 2010-10-29 07:09

Beijing seeks 'to cooperate with countries' over use of vital metals

BEIJING - China said on Thursday that it will not use rare earths as a diplomatic "bargaining tool", in response to challenges against its management of the vital metals.

It also said measures to restrict the exploitation, production and export of rare earths are in line with World Trade Organization (WTO) rules.

Zhu Hongren, spokesman for the Ministry of Industry and Information Technology, said at a press conference in Beijing that China will seek international cooperation to solve recent disputes over rare earths.

□

Related readings:

- ◆ ['No ban' on exports of rare earths to Japan](#)
- ◆ [China restricts rare earths for environment: Minister](#)
- ◆ ['Bigger say' set on rare earths market](#)
- ◆ [Chinalco steps up drive for rare earths](#)

"China will not use rare earths as an instrument for bargaining," said Zhu. "Instead, we hope to cooperate with other countries in the use of rare earths on the basis of win-win outcomes and jointly protect the non-renewable resource."

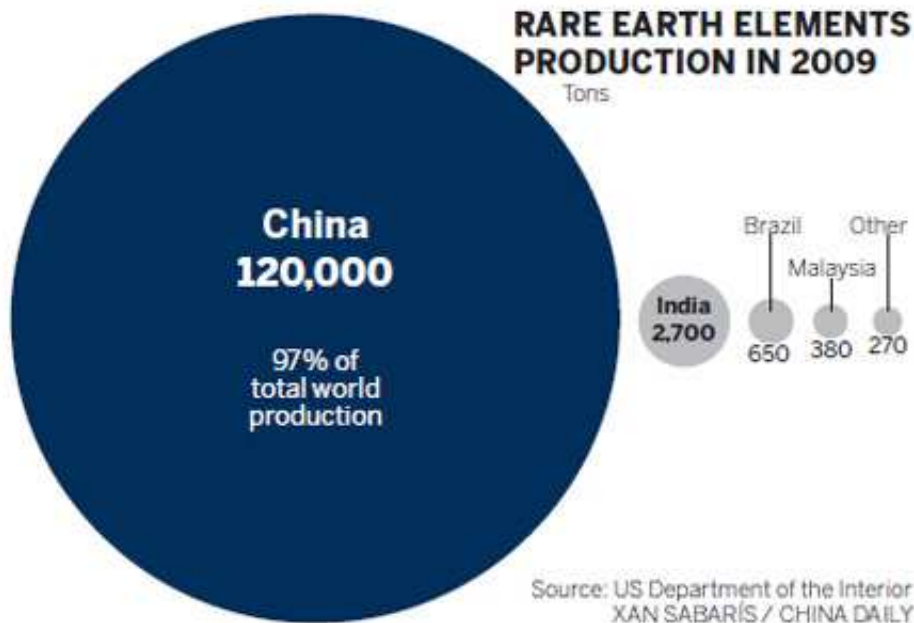
China has cut export quotas for rare earths, vital for the production of a range of high-tech products, as reserves slumped, due in part to smuggling.

There were earlier reports that it would further cut quotas next year, but the Ministry of Commerce denied the reports.

Zhu said that China's restrictions on rare earth exports are for long-term development.

Zhu made the remarks after US Secretary of State Hillary Clinton said on Wednesday that it would welcome any clarification of China's stance on rare earths and encourage countries affected to "seek additional supplies".

During the past few months some countries, such as Japan, have expressed fears over China slashing exports next year.



The US and European Union said earlier this week that they were pressing for solutions. The issue is expected to be discussed at next month's G20 summit in South Korea.

Rare earth metals are comprised of 17 elements and are vital in the production of high-tech products such as lasers, missiles, computers and superconductors.

China has 36 percent of the world's rare earths but supplies about 97 percent of world demand, pointing to an obvious over-exploitation, analysts said.

The US accounts for 13 percent and Russia 19 percent of global reserves, but they have largely stopped production since they can import the minerals from China at low prices while protecting their own stocks and environment, analysts said.

Japan, meanwhile, has imported large amounts of the minerals from China and kept part of the imports as "rainy day" reserves.

Zhu said that China's over-exploitation of the metals has created many environmental problems, which justifies the country's production and export control policies.

The Commerce Ministry said China's reserves of medium and heavy rare earths may only last 15 to 20 years at the current rate of production, which could lead to China being forced to import supplies.

The Ministry of Foreign Affairs said on Tuesday that it is China's legitimate right to manage its own reserves.