

Japan -- no improvement in China rare earths ban

Mari Yamaguchi, Associated Press, 10-12-10

TOKYO — Japanese officials said Tuesday they have not seen any easing of China's de facto ban on exports of rare earth minerals - crucial for advanced manufacturing - despite a thaw in tensions over a territorial row between the two Asian powers.

China has denied that it has halted exports of the materials. But Japanese companies have said shipments of rare earths have virtually stopped since around Sept. 21, held up at Chinese ports by increased paperwork and inspections.

"The reality is, the situation has not at all returned to normal," trade and industry minister Akihiro Ohata told reporters Tuesday. Ohata said he is considering sending senior trade officials to Beijing for talks if the problem persists.

China produces 97 percent of the global supply of rare earths. To cope with growing demand at home, China has been reducing export quotas of rare earths over the past several years, causing concern about the minerals' supply long before September's restrictions to Japan.

Shaken by the potential threat of supply disruptions to its manufacturers, Japan is considering becoming a global center for rare earth recycling and is partnering with Mongolia to develop new rare earth mines.

The halt to shipments happened after Japan's Sept. 8 arrest of a Chinese fishing boat captain whose trawler collided with two Japanese patrol vessels near disputed islands in the East China Sea.

According to a government survey of companies taken Oct. 8-11, Japanese importers of rare earth materials from China said shipments continued to stall over the weekend.

The survey found that shipments of other Chinese raw materials had also been stuck in China, but with some companies reporting that those goods are starting to flow again.

Japanese officials said they could not immediately link the problem of rare earth shipment to the recent diplomatic row.

But if China is found to be taking discriminatory actions against Japanese companies, Tokyo may take the case to the World Trade Organization, officials have said.