

# **Japan plans to mine rare earth metals in Vietnam**

**Shino Yuasa, Associated Press, 10-21-10**

TOKYO—Japan plans to mine in Vietnam for rare earth metals used in high-tech manufacturing in a bid to reduce its dependence on China, which virtually monopolizes the global supply of the strategic materials, officials said Friday.

Japanese Prime Minister Naoto Kan and Vietnamese Prime Minister Nguyen Tan Dung are expected to agree on the proposed deal in Hanoi later this month, a trade ministry official said.

Japanese Trade Minister Akihiro Ohata said Vietnam has a promising potential for rare earths production, and Tokyo wants to jointly work with Hanoi on the exotic metals.

Rare earths are crucial in advanced manufacturing such as computer disk drives, mobile phones and hybrid car components. China produces some 97 percent of the world's supply of rare earths.

Trade Ministry official Hideyuki Wakutsu said Japan and Vietnam will set up a joint venture to mine rare earths in the Southeast Asian country. He gave no further details.

China has blocked rare earths shipments to Japan since Sept. 21 in possible retaliation for Tokyo's arrest of a Chinese fishing boat captain near disputed islands.

The captain was released - and Beijing has repeatedly denied any official ban on shipments to Japan - but Japanese authorities say supplies have yet to resume.

The disruption has shaken Japanese industry, which is now looking for new suppliers of the exotic metals other than China, and considering becoming a rare earth recycling center.

With the mining deal in Vietnam, Wakutsu said Japan wants to reduce its dependence on China for rare earth supplies. Around 60 percent of China's rare earth shipments go to Japan, he said.

"It is too risky to depend on one country for crucial material supplies," Wakutsu said. He declined to comment on whether the deal with Vietnam is linked to China's ban on rare earth shipments.

Separately, Toyota Tsusho Corp., a rare earth importer and affiliate of Toyota Motor Corp., said Friday it will team up with Vietnamese companies to mine rare earths there. Takeshi Matsuura, a spokesman of Toyota Tsusho, said Japanese firm Sojitz Corp. will also join the project.

"We want to secure a stable supply of rare earth minerals," Matsuura said. Toyota, the world's No. 1 automaker, has a 20 percent stake in Toyota Tsusho.

Shares in Toyota Tsusho rose 0.2 percent to 1,291 yen Friday, while those in Sojitz were unchanged at 146 yen.