

China looks to tighten rare earths export regulations

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The Chinese government is considering setting more regulations on the export of rare earths minerals as it copes with a rise in smuggling and the export of byproducts that do not fall under any of its current restrictions.

The government is mulling quotas for those byproducts, such as neodymium-iron-boron (Nd-Fe-B) alloys that contain 30 percent rare earths, and separate quotas for light and heavy rare earths. The minerals are critical components in advanced-technology products like iPads and hybrid cars, and China is the world's leading producer of the prized raw materials.

China already regulates the export of ferro-alloys with more than 10 percent rare earths, but Nd-Fe-B is currently classified as a processed good, not a raw material. Industry insiders have said that some companies are processing Nd-Fe-B in only a minor way to bypass quotas.

High prices and export taxes have led to an increase in smuggling, which market analysts say has led to China's exports falling under quota. In the first half of this year, China exported about 8,000 tons of rare earths materials, compared to the quota of 14,446 tons, according to customs data.