



China bans Japan RE exports

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Blanket ban on rare earths sold to neighbour in retaliation to fishing vessel capture

China has imposed a total ban on rare earth exports to Japan as fallout from an incident involving a collision of fishing vessels reached an industrial level.

Rare earth oxide users in Japan have spoken of serious concern as its primary supplier cut all supply ties.

“The [rare earths ban] rumour is true. I thought this problem would be solved soon, but frankly we are worried,” a leading Japanese rare earths trader told **IM**.

The move is designed to suffocate the Japanese industries reliant on rare earths such as LCD screen polishing, petroleum refining and mobile phones, and follows an indiscriminate global export restriction by China over the last two months.

China monopolises global rare earth supply, controlling 95% of all production with Japan being the world’s biggest consumer.

Diplomatic fallout

Asia’s two largest economies have been embroiled in a diplomatic row over the last two weeks after a Chinese fishing boat and Japanese patrol boat collided in the East China Sea.

The incident was close to a disputed chain of Islands known in Japan as Senkaku and in China as Diaoyu.

China has pulled all immediate diplomatic level meetings with Japan and is demanding the release of the fishing vessel’s captain after freeing the 14 crew in recent days.

While there has been no official comment from either authority on the rare earths ban, for Japanese traders it is clear.

The source said: “They have not explained the reason, but it is obvious it is related to the fishing vessel.”

At the start of September Japanese users of rare earths were panicking over the supply restrictions imposed by China which saw export quotas in 2010 fall by 70% on the year before.