

# China's Ministry of Commerce Publishes Rare Earth Export 2013 List

A list, entitled "Preliminary List of Enterprises meeting Rare Earths Export Qualification standards in 2013" was published by China's Ministry of Commerce (MOFCOM) on December 17, 2012 in order to protect resources and the environment while strengthening the administration of rare earth exporting regulations. The list includes a total of 25 qualified enterprises and 4 enterprises still to be examined and approved. According to the MOFCOM announcement this list is only intended to cover currently listed enterprises rather than any new applicants to the sector. In the event that, within the period of publication, the listed enterprises to be examined and approved provide relevant documentation, they will be able to earn qualification. Should they fail to produce the documentation, they will be deemed unqualified. After the expiry of the qualification period set in the List, the formula of rare earth quotas set in 2012 will be used to determine the export quotas of the first batch of rare earth production in 2013, based on the export performance of relevant enterprises.

The number and the names of the qualified enterprises should not see any changes from the list released in 2012; and the 2012 rare earths quotas formula has also not changed. However, it is worth noting that in order to ensure a more accurate delineation of quotas for the affected companies, the quotas issued this time have been calculated on the basis of the relevant companies' actual export performance from 2010 to 2012. The formula for calculating rare earth quotas in 2012 is as follows:

Due quota = rare earth quota  $\times \frac{A1+A2}{A1}$  = Export volume of the enterprise for the past 3 years  $\div$  National total export volume

×0.5 (weight)

A2 □□Export value of the enterprise for the past 3 years ÷ National total export value□×0.5(weight).

According to the data from The Chinese Society of Rare Earths (CSRE) Yearbook, China actually exported rare earth separation products (REO) in the following amounts (in metric tons): 36,074, 34,600, 15,660. It exported rare earth permanent magnets and other processed products (physical quantity) in the following amounts (in metric tons): 9,363, 13,886, and 16,372 from 2009 to 2011. Meanwhile, the China Customs Statistics Information Center, in a report released last month, noted that China's exports of rare earth separation products (REO) was 11,312 metric tons and rare earth permanent magnet and other products (physical quantity) was 32,879 metric tons in the first ten months of 2012 (from January to October).

In my view, China's actual export of rare earths has dropped for three consecutive years from 2010 to 2012, so this could have a major impact on the country's rare earth export quota and the total of export quantity could be cut down in 2013. However, if the export quota is reduced, it will once again raise supply concerns from the United States, the EU and Japan, not to mention the WTO, accusing China of monopolistic practices in the form of export restrictions on raw materials. Moreover, the government will also have to confront the problem of resolving rare earths companies' domestic overstocking. It would appear that the Chinese government is facing a new rare earths export quotas dilemma.

The MOFCOM's Online List of Enterprises that Preliminarily Meet Export Qualification of Rare Earth in 2013 is noted below:

Qualified Enterprises (25): China Minmetals Non-ferrous Metals Co., Ltd Ganxian Hongjin Rare Earth Co., Ltd Sinosteel Corporation China National Nonferrous Metals Imp.

&Exp.Corporation Jiangsu Branch Griem Advanced Materials Co., Ltd Guangdong Rising Nonferrous Metals Group Co., Ltd Ganzhou Qiandong Industry (Group) Co., Ltd Leshan Shenghe Rare Earth Science Co., Ltd Xi'an Xijun New Materials Co., Ltd. Inner Mongolia Baotou Steel Rare-Earth(Group) Hi-Tech Co., Ltd Baotou Hefa Rare-Earth Technology Development Co., Ltd Baotou Huamei Rare Earth Hi-tech Co.,Ltd Baotou Tianjiao Seimi Polishing Powder Co.,Ltd Baotou Santoku Battery Materials Co.,Ltd Zibo Jiahua Advanced Material Resources Co., Ltd Yixing Xinwei Leeshing Rare Earth Co.,Ltd. Ganzhou Chen Guang Rare Earths New Material Shares Co., Ltd. Yiyang Hongyuan Rare Earth Co.,Ltd. Gansu Rare Earth New Material Limited-Liability Company Shandong Peng Yu Shares Co., Ltd. Xuzhou Jinshi Pengyuan Rare Earth Material Factory Guangdong Zhujiang Rare Earth Co., Ltd. Huhhot Rongxin New Metal Smelting Co.,Ltd. Liyang Luodiya Rare Earth New Materials Co., Ltd. Baotou Rhodia Rare Earth Co.,Ltd

Enterprises to be Examined and Approved Name(4): Chinalco Rare Earth (JIANGSU) Co.,Ltd Jiangxi Rare Earth & Rare Metals Tungsten Group Co., Ltd. Jiangyin Jiahua Advanced Material Resources Co., Ltd Jiangxi South Rare Earth Hi-tech Co., Ltd