

China announces Rare Earth Export quotas for the start of 2013

Typical, I am just closing down the computer, late for a meeting near London, when Xinhua online English language edition, carries news of China's Ministry of Commerce new rare earth export quotas for the start of 2013. They total 15,501 metric tonnes, comprising 13,563 tonnes for light rare earths and 1,938 tonnes for the heavy rare earths. With much of 2012's quota unused, this probably won't have the kind of impact of earlier announcements, but with Baotou Steel Rare-earth (Group) Hi-tech Co., Ltd., extending its REE production suspension for another month, due to this year's REE price collapse, you never know.

According to figures provided by Xinhua, the price of praseodymium-neodymium oxide, primarily used to make ceramics and magnetic materials, dropped to around 300,000 yuan (47,700 USD) from about 1.4 million yuan per tonne (222,000 USD) at the high point. In consequence Baotou Steel saw its third quarter net profits dive 89.6 percent year on year to 120 million yuan.

With most of Europe in recession, and Japanese manufacturers in something of a Chinese rare earths boycott over an increasingly dangerous Japan v China fight over the Diaoyu/Senkaku Islands in the East China Sea, Japanese F-15s were scrambled again on Saturday after another Chinese maritime patrol aircraft flew within 150 kilometres of the islands, this quota announcement is likely to be met by a big yawn. (China's foreign ministry issued a nasty statement in response, saying it's military was monitoring Japan's moves.)

Still, with Japan's new hard line nationalist government

promising to build on the disputed islands, something China has pledged not to allow, 2013 is looking unusually dangerous. Europe's Nato air forces are reputed to have used up most of their supply of smart munitions in Libya, and are in desperate need of resupply ahead of any action in Syria or Iran. Perhaps some of this quota is needed after all.