

China will adopt Stable Rare Earths Export Quotas in 2013

✘ In 2012, the world grew weary of China's rare earth export quotas, leading to a trade dispute involving the World Trade Organization (WTO) and a lawsuit against China over export restrictions and near monopolization of rare earth elements from the United States, the EU and Japan. However, the export quota was still significantly higher than the actual amount of rare earth exports due to flagging global demand since 2011. The rare earth products (REO) quota in 2012 was 30,996 metric tons and China's actual volume of exports only was 13,014 metric tons of in the first 11 months for 2012. This represents less than half of the 2012 full-year quota, according to the China Customs Statistics Information Center.

On December 28, 2012, China's Ministry of Commerce announced that the first batch of rare earth export quotas for 2013 shall amount to 15,499 metric tons, noting that: "there is about half the quota set for all of 2012". The quota accounts for 87% light rare earths, or 13,561 metric tons, and medium-heavy rare earths at 13 percent, or 1,938 metric tons. There will be a total of 28 enterprises sharing the quota, including Inner Mongolia's Baotou Steel Rare-Earth Hi-Tech Co, the country's largest light rare earth producer. Only one enterprise, Jiangxi South Rare Earth Hi-Tech Co., Ltd (a subsidiary enterprise engaged in the separation of rare earth under China Minmetals Corporation (CMC) Rare Earth Group, the country's largest heavy rare earth producer) missed the qualification for the first batch of rare earth exports.

China usually issues two yearly batches of export quotas for rare earths. Below is the Distribution Table of the First & Second Batch of China's Rare Earth Export Quotas in 2011-2013:

Distribution Table of the First & Second Batch of China's Rare Earth Export Quotas in 2011-2013											Unit : Ton	
No	Company	2011		2012				2013				
		the first batch	the second	the first batch		the second		the first batch		the second		
		REE	REE	LREE	HREE	LREE	HREE	LREE	HREE	LREE	HREE	
	China Minmetals Corporation	1250	1327	2148	309	423	152	856	207			
1	Incl: China Minmetals Non-ferrous Metals Co., Ltd.	747	773	1267	199	289	112	710	173			
	Ganxian Hongjin Rare Earth Co., Ltd.	102	158	288	42	27	33	146	34			
	Jiangxi South Rare Earth Hi-Tech Co., Ltd.	401	396	593	68	107	7	none	none			
2	Sinosteel Corporation	584	666	1010	145	96	0	495	54			
3	China National Non-Ferrous Metals I/E Corp. Jiangsu Branch	493	483	1101	202	239	63	776	166			
4	Grrem Advanced Materials Co., Ltd.	333	346	716	135	402	41	722	158			
5	Guangdong Rising Nonferrous Metals Import & Export Co., Ltd.	431	449	866	141	102	28	492	92			
6	Ganzhou Qiangong Rare Earth Group Co., Ltd.	329	303	688	144	156	43	419	101			
7	Leshan Shenghe Rare Earth Co., Ltd.	750	840	917	112	102	0	624	69			
8	Jiangyin Jiahua Advanced Material Resource Co., Ltd.	481	475	899	154	146	138	533	139			
9	Yixing Xinwei Leeshing Rare Earth Company Limited	440	431	750	109	226	105	576	109			
	Baotou Iron & Steel (Group) Co., Ltd.	2695	3220	1369	78	2469	196	1696	115			
	Include: Inner Mongolia Baotou Steel Rare-Earth (Group) Hi-Tech Co., Ltd.	740	979	none	none	1192	73	519	34			
10	Inner Mongolia Hefa Rare Earth Science & Technology Development Co., Ltd.	750	858	none	none	940	105	421	34			
	Baotou Huamei Rare Earth Hi-tech Co., Ltd.	954	1112	984	61	242	14	545	36			
	Baotou Tianjiao Seimi Polishing Powder Co., Ltd.	251	271	385	17	95	4	211	11			
11	Aluminum Corporation of China	774	802	739	231	181	55	413	121			
	Include: CHALCO Rare Earth (Jiangsu) Co., Ltd.	774	802	739	231	181	55	413	121			
12	Jiangxi Rare Earth & Rare Earth Metal Tungsten Group Co., Ltd.	432	461	647	11	159	2	475	5			
13	Ganzhou Chenguang Rare Earths New Material Co., Ltd.	374	424	800	117	196	27	518	68			
14	Yiyang Hongyuan Rare Earth Co., Ltd.	594	664	832	34	204	7	581	25			
15	Gansu Rare Earth New Material Inc.	689	746	1290	163	317	38	814	88			
16	Shandong Pengyu Industrial Co., Ltd.	709	802	594	88	146	21	422	48			
17	Xuzhou Jinshi Pengyuan Rare Earth Material Factory	410	502	754	87	185	20	550	63			
18	Guangdong Zhujiang Rare Earth Co., Ltd.	166	186	none	none	130	73	75	38			
19	Liyang Rhodia Rare Earth New Materials Co., Ltd.	324	319	714	227	176	53	443	138			
20	Baotou Rhodia Rare Earth Co., Ltd.	867	935	1463	129	359	31	1090	81			
21	Huhhot Rongxin New Metal Smelting Co., Ltd.	296	301	none	none	479	50	144	16			
22	Baotou Santoku Battery Materials Co., Ltd.	127	146	288	25	71	6	164	13			
23	Zibo Jiahua Advanced Material Resources Co., Ltd.	805	835	none	none	1434	57	671	24			
24	Xi'an Xijun New Materials Co., Ltd.		75	42	5	139	27	12	0			
	Total export quotas	14446	15738	30996	2641	8537	1233	1938				
		30184 tonnes		30996 tonnes								
				(Include, LREE 27122 tonnes, HREE 3								

China's Ministry of Commerce said that the rare earth export quota system aims to protect resources and the environment to further strengthen the management of rare earth exports while standardizing export orders in an effort to promote sustainable development.

"The government should gradually loosen its rare earth export quota system and consider lifting rare earth export restrictions, which may help competitive rare earth enterprises in reaching out to global markets and reduce smuggling." As prices of China's rare earth products dropped sharply over the past year, there will be additional rare earth supply patterns being formed through the New Year, as hinted by insiders in some of China's rare earth enterprises.

Will China continue to adopt a stable rare earths export quota policy in 2013? On December 19, 2012, Liu Yanan, vice-chairman

of the Chinese Chamber of Commerce for Metals, Minerals and Chemicals Importers and Exporters, said that the export quota for rare earths will not be altered. Moreover, export volumes in 2013 will remain relatively stable despite decade-low export levels. This suggests that the price of rare earths also should remain stable. I think that the Chinese government is attempting to allay fears of cornering rare earth export quotas ahead of time. China will, therefore, maintain a stable rare earth export quotas policy in 2013; and this could prove to be the right choice.

In order to stabilize the rare earth market and help guide stable prices for rare earth products, on December 21, the Ganzhou Rare Earth Industry announced that the Ganzhou Rare Earth Mineral Industry Co., Ltd, the largest producers of heavy rare earth minerals in the world has adjusted the ion-absorbed-type rare earth (heavy rare earth) ore price down to 170,000 Yuan per ton from 250,000 Yuan per ton. On December 25, Baotou Steel Rare Earth announced that it would continue to cut production for a third month to help stabilize tumbling prices. In a statement, it noted that "the rare earths market started to recover in the past two months without improving fundamentally."

On the same day, it was confirmed that the State Regulator for the Center of Supplies Reserve (SRCSR) had started to adopt a stockpiling policy, suggesting they would need to store a total of 19,750 metric tons of rare earth oxide in the coming two to three months. (Including: Lanthanum and Cerium 11000 metric tons, Praseodymium-Neodymium 4,000 metric tons, Neodymium 1000 metric tons, Praseodymium 500 metric tons, Europium 200 metric tons, Terbium 150 metric tons, Dysprosium 400 metric tons, Yttrium 2500 metric tons.)