

From the government run "People's Daily":

China's management of rare earth resources takes effect June 24, 2010

The Chinese government's control of rare earth materials is producing results, and foreign rare-earth companies are beginning to give up raw materials to develop downstream business.



Currently, the largest foreign-invested enterprise specializing in rare earth material separation, Rhodia Group from France, found it hard to obtain raw materials for its plant in Baotou, China, and the production line has been discontinued for a long time. This is not the only case. According to rare earth industry insiders, dozens of foreign-invested rare earth separation enterprises in Jiangsu, Shandong and other places are facing raw material shortages and underproduction.

The foreign-invested enterprises are turning their efforts into downstream development. Earlier, a consortium of POSCO (Pohang Iron and Steel Co. Ltd) and the Korea Resources Corporation bought Yongxin Rare Earth Trade Co., Ltd with 59.76 million yuan.

Developing downstream business is also the choice for foreign rare earth enterprises, which have been in China for 10 years.

"Now we have to do further processing, and polishing powder is our main business," said one

insider from Rhodia's Baotou operation.

Although the price of rare earth materials soars, foreign-invested and joint venture companies can do nothing to take advantage of opportunities. From last year, China's been increasingly strict with rare earth ore control, and purchase of rare earth raw materials is becoming more and more difficult.

"Last year some of the production line stopped. Part of the reason was weak demand, but after things got better, we still face a shortage of rare earth materials," a rare earth industry insider told reporters.

"If there is not much space for raw material development, we have to turn to further processing, and foreign capital now only have to develop deep processing," a Rhodia insider said.

Source: <http://english.people.com.cn/90001/90778/90860/7038898.html>