

IM21: West relies on significant Illegal rare earths exports

Black market rare earth oxides from China form significant portion of supply

Western consumers of rare earths are more reliant on illegal material than they may realise, delegates at IM's 21st Industrial Minerals Congress & Exhibition (IM21) heard in Budapest, Hungary today.

Rare earths exports out of China have fallen across the board in February – apart from cerium, official statistics released today by the Chinese custom agency shows (see table).

Material smuggled out of China to circumnavigate the export quotas is a concern in the country which is looking to limit material to the world market.

Vasili Nicoletopoulos, of Natural Resources GP, explained that smuggled rare earths account for 15% of light element supply to western consumers and up to 50% of heavy element output.

Japan, China's biggest customer for the critical elements, is 20% reliant on illegal exports.

Beijing has acknowledged the smuggling activities that it is trying to control. The Chinese government actually used this as a rationale to limit exports, arguing that the rare earths on the world market from its country is more than stipulated in the quotas.

Black market minerals is the driver behind the country's push to consolidate its mining industry. Free government loans for its biggest players are designed to force consolidation in the sprawling, fragmented resources sector. It is the smaller mines or processing operations that account for the bulk of illegal material after they are denied the licence to export. Regional entrepreneurs looking to make money ignore national laws and smuggle material usually labelled as a different product.

February rare earths exports from China				
Rare Earth	Quantity (kg)	Value (\$)	y-o-y quantity (%)	Top exporting country
Cerium oxide	80,000	3,654,400	57042.9	France
Dysprosium oxide	0	675	(100)	Japan
Europium oxide	0	0	(100)	Belgium
Lanthanum oxide	30,701	2,459,278	(41.3)	Italy
Neodymium oxide	21,402	4,666,024	(38)	Germany
Praseodymium oxide	3,000	541,760	0	France
Yttrium oxide	10,477	1,163,913	(77.7)	US

Source: China customs data

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