



## Officials Claim Chinese Rare Earth Metals Embargo Expands to Include to U.S. and Europe

By Clay Dillow Posted 10.20.2010 at 2:59 pm



**Rare Earth Exports Held at Chinese Loading Docks** Though Chinese officials deny it, sources in the industry say Chinese exports of critical rare earth elements bound for the U.S. and Europe are being held up by customs officials in China. *Pete via Wikimedia*

It was disconcerting last month when industry officials reported that China had [halted shipments](#) of rare earth elements to Japan. Now, if reports in the [New York Times](#) are true, it seems the secret embargo has widened to include the U.S. and Europe. Anonymous officials claim that Chinese customs officials quietly imposed the export restrictions on Monday morning, just hours after a top Chinese trade official denounced U.S. trade actions.

Needless to say, this is a disturbing trend. The alleged halting of shipments to Japan came on the heels of an international tussle over a Chinese fisherman who was detained after running into a couple of Japanese Coast Guard vessels in Japanese waters that China has long contested. Now the rumblings of this unspoken embargo on shipments to the West follow a round of intense political sparring and finger-pointing over trade and currency issues between the U.S. and China last week.

U.S. officials are looking into the Times' report as part of a larger investigation of Chinese trade policies that could be in violation of WTO rules, and have not yet taken a position on the matter. But it all points toward a rising display of Chinese economic nationalism, and while Beijing denies that it is using its economic muscle to push other nations around, it also denies that it has suspended shipments to Japan over the last month even though that suspension has been widely confirmed by the industry.

It leaves the West in something of a political and economic pickle; a strong stance sends the signal that Western economies won't be bullied, but it also might mean its supply of rare earths could dry up. Economically, that would be disastrous.

The seventeen rare earths – elements like neodymium, dysprosium, and cerium – are crucial for the manufacturing of just about everything a modern economy relies upon, from catalytic converters on cars to portable electronics to computer monitors to advanced weapons systems. They are not exactly rare but China has a lock on the export of refined rare earths, producing between 95 percent and 97 percent of the world's supply, depending on whose estimate you believe. Without them, much industry in the West would grind to a halt.

Many Western companies hold small stockpiles of the elements most critical to their operation, but a sustained break in the supply chain would be devastating. U.S. industry is already looking into re-opening old mines and [locating new deposits](#), but officials estimate it would take 3-5 years for them to reach full production. A [recent report](#) by the U.S. Government Accountability Office suggests that setting up an independent U.S. supply chain of rare earths would take fifteen years.

[[New York Times](#) via [Live Science](#)]

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Technology, Clay Dillow, china, defense, manufacturing, military, portable electronics, rare earth elements, trade relations

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25 COMMENTS



ChuckLiddell

10/20/10 at 3:40 pm  
Hey Chuck Liddell here.

I think this is preposterous!!! I mean this really is a national security issue here. What if we went to war with China? Dont you realize they hold all the cards here. They have alot of leverage here to push us around if we dont do what they want. My god how could we have let this happen. Send me the Iceman over there. I'll knock em all out!!!

[Link to this comment](#)



ChuckLiddell

10/20/10 at 5:00 pm  
I say to hell with china!!!! Lets invade china and and take it over. There you go problemo solved!!!! China is a joke. Their military is decades behind ours. Lets just take them over and make them our slaves. Why have cheap labor when you can have free labor?

[Link to this comment](#)

sc011

10/20/10 at 5:38 pm  
Still wondering why we invaded Afghanistan? "U.S. Geologists Uncover Staggering \$1 Trillion Cache of Unmined Mineral Resources in Afghanistan" published in Pop Sci as well. <http://www.popsoci.com/science/article/2010-06/us-geologists-uncover-staggering-1-trillion-cache-unmined-minera...>

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deegeezee

10/20/10 at 6:27 pm  
Ha! joke's on them. they forgot that we don't make anything in the U.S. anymore, anyway.

[Link to this comment](#)



Inwolf41

10/20/10 at 6:50 pm  
Inwolf41  
We can't do anything because all of our manufactured stuff comes from china, so we can't even impose an embargo. Are we smart or what, china is the monopoly king.

[Link to this comment](#)



gizmowiz

10/20/10 at 7:10 pm  
It's time to consider a global thermonuclear response.

[Link to this comment](#)



gizmowiz

10/20/10 at 7:14 pm  
There is no way that Europe, America and Japan will tolerate this. If China persists it will mean thermonuclear war with the entire free world.

[Link to this comment](#)



gizmowiz

10/20/10 at 7:16 pm  
Basically China is trying to embargo the free world much like the middle East tried to blackmail everyone in '74'. If they persist though this will absolutely mean thermonuclear war because there is no way that the free world can tolerate this kind of blackmail. Typical of communism. Russia won't even tolerate this!

[Link to this comment](#)



ChuckLiddell

10/20/10 at 7:25 pm  
Seriously china needs to get real here. Hey its our fucking fault. All those greedy corporate slob's!!!! They wanted cheap labor and thats what they got. But now we are all paying the price. China has all the cards here, we dont have any say, that is unless of course we go to war. Our government should've had the insight to foresee this happening!!!! China's got the whole world by the balls!!!!

[Link to this comment](#)

<p><a href="#">soylent</a></p>	<p>10/20/10 at 7:37 pm sc011, that's a load of nonsense.</p> <p>Production shifted to China because their environmental protection laws are weak, you can build a mine in a timely fashion without litigation and obstruction and they heavily subsidize mining.</p> <p>There is no shortage of rare earth resources in US and Europe; it's just that they will take a good 10-15 years to (re-)develop.</p> <p>Afghanistan has very unforgiving terrain, poor infrastructure and a smouldering, low-level civil war. The Pentagon pays an average of \$400 per gallon of fuel that goes into a combat vehicle or aircraft in Afghanistan. If you think it's easier to develop Afghanistan's mineral resources than Europe's or the US' you're crazy, and not just by a little.</p> <p><a href="#">Link to this comment</a></p>
<p><a href="#">tertertert</a></p>	<p>10/20/10 at 9:05 pm Hey folks, Canada here! Just to let you all know, China still loves us, so if you want us to order you some rare earths, we'd be happy to do that for you.</p> <p>All we'll ask in return is that you officially recognise "eh" as a word and change your country's bird to the Canadian Goose. Sounds good eh?</p> <p>Yours Truly, Canada</p> <p><a href="#">Link to this comment</a></p>
<p><a href="#">bob clemintime</a></p>	<p>10/20/10 at 9:11 pm soylent brings up some very good points. He actually knows what he is talking about unlike many people who comment here on popsoci. Also, China cannot do anything too drastic to the US for two reasons. One we have the strongest military in the world hands down, and two we are a large if not the largest consumer of china's goods in the world. China can not afford to have poor trade relations with the US because if we stop buying their stuff it will destroy their economy. Like it or not both China and the US are dependent on each other.</p> <p><a href="#">Link to this comment</a></p>
<p><a href="#">Dirk Mcbratney</a></p>	<p>10/21/10 at 1:58 am bob - exactly, and you didn't even have to announce your name at the beginning of your post! China is wholly dependent on making exports because that's the basis of their economy. All the folks talking about actual war are missing the point (and all the folks putting "thermonuclear" and "war" in the same sentence apparently missed the Cold War; mutually assured destruction is mutually assured.)</p> <p>The difficulty with these metals isn't rarity, it's the ecological massacre that collecting them entails. It means more or less strip mining for dirt and then filtering out the tiny fraction of a percentage point of material that happens to be what you're looking for. We let China do it because they're comfortable with destroying their ecosystem and exploiting their cheap laborers, and we've been comfortable with letting them do so. Any problems we have coming as a result of that, well, we've earned - but unless China's tiny attempts at self-sufficiency pay off *damned* fast, we'll probably be able to maintain the status quo for quite some time. And don't forget, in twenty years, *everything* will be made of carbon, anyway. = )</p> <p>Oh, yeah, um ... Chuck ... whatever? Odd thought, but try *not* announcing your name *every damned time* you post, alright? It makes it very, *very* difficult to take anything you say even remotely seriously.</p> <p><a href="#">Link to this comment</a></p>
<p><a href="#">trireme</a></p>	<p>10/21/10 at 2:40 am There was an article in the Wall Street Journal a few days ago that may explain what China is up to. As soylent pointed out, plenty of other countries have rare earths that they could mine several years from now, but in the short term companies around the world will be forced to play by China's rules. What China will probably demand is technology transfers or the construction of high-tech manufacturing facilities inside China, basically giving China access to everyone else's industrial technology. The rare earth embargo is part of an economic power grab. All very mafia-like: making companies offers they can't refuse.</p> <p><a href="#">Link to this comment</a></p>

BuzzLightYear

10/21/10 at 7:39 am

Sounds like a very major strategic blunder, on the part of USA and the West.

The good news is that China is much much more vulnerable, to shorter term economic dependencies, than they have even begun to suspect.

Quite frankly, we could disable all pirated copies of Mivrosoft OS and Apps, overnight, which MS has every right to do.

I can think of over a hundred such "props" the USA (alone) could remove and cause severe economic shock ... That is just in my first flash of thought.

Jugular?? We got yer jugular, right ... cheer.

[Link to this comment](#)



SJak

10/21/10 at 9:47 am

@trireme

Except they can. There is a little country south of China called India. You can't bully the guys who pay for your goods, and at the same time employ your population. All they will do is jump ship.

[Link to this comment](#)

thor0997

10/21/10 at 11:30 am

4 things at fault here.

1. China of course. They are the ones shouldering and power playing the west, but who can blame them? They want to join the developed world as fast as possible, and perhaps exceed America as the World Power.

2. The American people. They wanted their goods cheap, and they turned a blind eye to the horrid labor/environmental practices of China for 20 to 30 years now. It is technically the cavernous maw of the American people that made China do the horrid stuff.

3. The American Corporations. They were the ones that said "EXPORT ALL LABOR! PROFIT MARGINS THEN GO UP!" They sent a massive portion of their/our labor across to China, while the American labor force went out onto the streets to do nothing but drugs and crime. Or they imported labor forces from Mexico (often illegally) to snap up whatever low end lobs were left.

4. The American government. They didn't really do the whole "checks and balances" thing with the businesses. For a good 20 to 30 years the government had nothing to say about the labor import exports of businesses. Only recently have they really enforced American labor, but it still really isn't enough to compete with China.

So the finger is pointed at everybody. Only now that China has started the power play has the American government started giving China stern looks. Only now that China seems to be teetering on the edge of becoming a World Power (and one that is possibly angry at the US) have the businesses scrambled to get the labor, and the resources back on home turf. And very soon (if China gets really mean) will the American public start reacting to the situation. When the cheapest shirt is 20\$ and cars go up in price 30% will the American public listen.

And China is siting pretty with the West's balls in its hand. Just waiting for and excuse to squeeze...

[Link to this comment](#)



SJak

10/21/10 at 1:00 pm

@thor

It won't. There is absolutely no limit to the amount of cheap labor there exists in the world, as I pointed out before all those jobs would skip town and travel down to India.

[Link to this comment](#)

thor0997

10/21/10 at 1:04 pm

@SJ True, but it would still take a while to make the mining industry grow there.

[Link to this comment](#)

blaxpear

10/21/10 at 2:03 pm

You can thank the greedy, unregulated, corporate culture in this country for that. No one wants to think about the big picture. It's been all about quarterly earnings for far too long. Outsourcing while denying the reality that those who purchase your goods and services are effectively without income now and your business and our economy will eventually fail. Republicans (and Democrats to some extent) have been in bed with wealthy interests who care less about where the country is headed as long as their quarterly earnings are up. Now they're trying to get these Republican cronies back in control.

[Link to this comment](#)

blaxpear

10/21/10 at 2:04 pm

BTW: China is already the world super power. Anyone who thinks otherwise is dreaming.

[Link to this comment](#)



ChinaGeneral

10/22/10 at 2:15 am

I feel sorry for America after reading your comments. You guys are a bunch of selfish and un-educated mobs! China is busy making T-shirts while you guys are building weapons! invade? new world order? Who is the terrorist now after Iraq?

[Link to this comment](#)

Wanderlust

10/25/10 at 10:34 pm

@blaxpear : China isn't the world's superpower.....it isn't even a superpower....their culture isn't exported, can you name very many chinese companies? How many people around the world want to adopt a chinese style system? And those are just soft power things.

For real, hard power : Their economy is only barely as big as Japan's (recently passed it this year) and is something like 4 times smaller than America's or Europe's economies. Not to mention much of their economy is based in manufacturing which can easily be moved if the western corporations feel the wages there get too high or are being discriminated against, likewise the west can embargo goods from china. Their military is decades behind America's and they dont even have a open water navy..... They have a poor social security net which hampers entrepreneurship since citizens are scared to take the risks, they also having a massive housing and iron industry bubble that a few economists worry will collapse. Most of the country is living in intense poverty in the country without even the basic luxuries or necessities and their environment is getting raped.

Furthermore, their population is aging, and since they have a poor social security net their, the citizens save up for "rainy days" rather than buy goods.....unlike here where we buy goods and fuel the economy, their economy is fueled by our wallets and not their own.....most likely, the population will hit retirement and the chinese economy will still not be able to stand on its own.....they get old and weak before they become rich and able to stand on their own...:/

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