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business

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ONEUSD=EQUALS

▲RMB 6.3611

▼HKD 7.7556

■JPY 78.26

▼EUR 0.8091

▼GBP 0.6408

▼AUD 0.9476

▲INR 55.22

▼CAD 0.9971

▲KRW 1128.63

▼THB 31.50

▲BRL 2.0284

System to price rare earths

New platform introduced in Baotou to avoid market volatility in key metals

By WANG ZHUOQIONG
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China is to set up a national pricing system for rare earth metals within the next month, in addition to its new trading platform, to further regulate the industry and strengthen its control of the resources, essential materials in consumer electronics and other high-tech goods.

Speaking on Wednesday at the Rare Earth Industry Forum in Baotou, in the Inner Mongolia autonomous region, Ma Rongzhang, secretary-general of the China Rare Earth Industry Association, said the association will establish the pricing index with the aim of leveling out price volatility in the market.

The move, still awaiting approval, will also help the country be a stronger competitor in the international market, and play an important part in the sustainability of the sector, although no specific details were given.

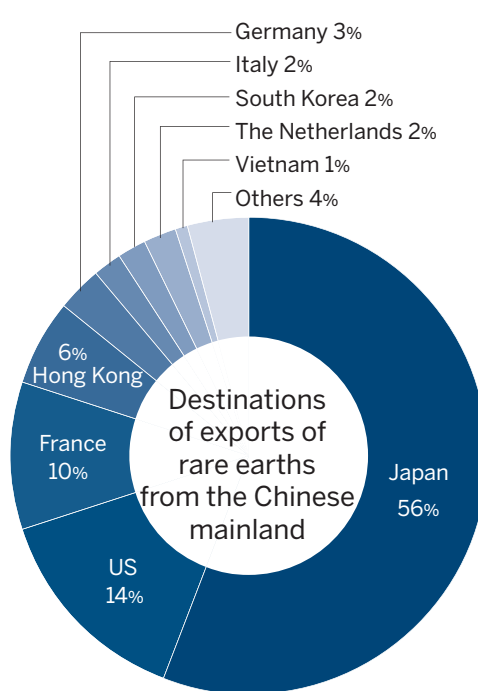
The new rare earth trading platform was launched in Baotou.

North China's Inner Mongolia autonomous region is home to more than half of the world's light rare earth output.

The platform will be operated by the country's top rare earth producer, the Inner Mongolia Baotou Steel Rare-Earth (Group) High-Tech Co, as well as with nine other firms and institutions including the southern giants Xiamen Tungsten Co Ltd and Guangdong Rising Nonferrous Metals Group Co Ltd.

With a total investment of 100 million yuan (\$15.7 million), each shareholder invested 10 million yuan and holds a 10 percent stake in the exchange.

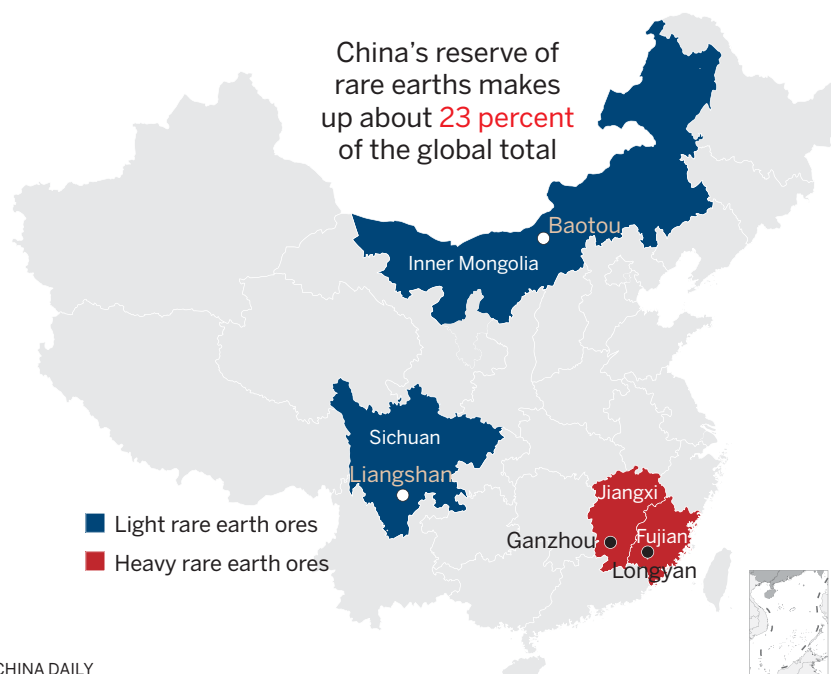
Dudley Kingsnorth, a pro-



Source: State Council Information Office

TIAN CHI / CHINA DAILY

RARE EARTHS FOUND IN CHINA



A worker displays permanent magnetic materials made of rare earth ores in Xinfeng county, East China's Jiangxi province.

ZHOU KE / XINHUA

fessor in energy and mineral economics at Curtin University in Western Australia, said he is supportive of the idea, and that it will improve transparency and help avoid volatility.

But he added that the supply of heavy rare earths will be the major concern of the industry in the future.

Chen Zhanheng, deputy secretary-general of the association, pointed out that some of China's rare earth products — traded, for instance, inside

some southern provinces to avoid tax — might not necessarily be put onto the national trading platform, but that a stabilized price will benefit everyone.

He also suggested China stockpile more heavy rare earths instead of light rare earths, which are considered as being overproduced.

However, Huang Chang-geng, senior vice-president of Tungsten, said he was still unaware of any specific regula-

tions and systems for the fledgling platform.

China produces 90 percent of all rare earths, while it has 23 percent of world resources, but many in the industry consider this as unsustainable.

The most urgent action is required on heavy rare earth supplies, said Alastair Metcalf, chief executive officer of Hastings Rare Metals Ltd in Australia.

He suggested that China secure stock from other coun-

tries for its processing plants, particularly Australia.

In July, the World Trade Organization formed a special group to investigate the issue of stockpiles after the European Union, the United States and Japan complained over what they claimed were Chinese export controls.

Rare earth exports this year are expected to drop to around 10,000 tons, much lower than the industry export quota of 31,000 tons.

In the first half of the year China exported no more than 5,000 tons of rare earths, said Ma. Last year, overall exports were 16,900 tons, about 56 percent of the country's export quota.

Ma said that indicates the rare earth export quota is not a barrier to overseas consumers importing rare earths from China.

Rare earth exports, according to statistics by Chinese customs, were 17.83 percent of its total output of 96,900 tons in 2011.

Smuggling is attributed as the main reason for the export fall, in addition to sluggish demand caused by rising prices, sufficient stockpiles from overseas consumers, and reduced market share of the US products, Ma said.

Rare earths, a group of 17 metals, are essential in the manufacture of high-tech products ranging from smartphones and wind turbines to electric car batteries and missiles.

China now top export destination for most of US

By TAN YINGZI
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All but 15 of the 435 districts represented in Congress recorded larger numbers of goods sold to China than to other export markets in 2011, according to a leading business group.

The US-China Business Council, which represents US companies that do business with China, also found that in 418 of those 420 congressional districts, the growth in exports to the country hit triple digits between 2002 and 2011.

"Exports to China contribute to America's economic recovery and support good jobs for American workers."

"China is the third-largest US export market and continues to provide growing opportunities for US businesses, large and small," said the council's vice-president, Erin Ennis.

Canada and Mexico are the top two US export markets, largely due to their proximity to the United States and participation in the North American Free Trade Agreement.

From 2000 through 2011, US exports to Canada increased by \$102 billion, followed by China (\$88 billion), Mexico (\$86 billion) and Brazil (\$28 billion), the business council's report said.

To add jobs, President Barack Obama in January 2010 introduced a plan to double US exports by 2014, which will require annual growth of at least 15 percent on average for five straight years.

Tuesday's report by the council noted that China is the only large US export market that has exceeded this goal in the past two years.

The top three districts that export to China in 2011 were Washington state's 4th Congressional District (\$3.3 bil-

lion), Louisiana's 5th (\$3.1 billion) and Oregon's 1st (\$1.5 billion).

Their chief exports include agricultural products, computers and electronics, chemicals, waste and scrap. Broken down by state, Washington had five of the top 10 exporting districts, followed by Louisiana with three.

"Congressional districts in states as diverse as Colorado, Nevada, Ohio, Michigan, Pennsylvania, Virginia and Wisconsin also benefited from rapidly increasing exports to China — including exports of manufactured goods such as electrical equipment, machinery, computers and electronics, transportation equipment, and other high-end products," Ennis said.

Despite the rapid improvement, China was the destination of only 7 percent of US exports last year. For China, the United States is only the fifth-biggest source of imports, according to the US Trade Representative's Office.

To maximize exports, the US-China Business Council suggests in its report that Washington policymakers increase the capacity and resources of trade-promotion agencies such as the US Commercial Service, the US Export-Import Bank and the Trade Representative's Office while providing more support to local-level exchanges between the two countries.

The Chinese government has said that US controls on the export of technology products are the main constraint on trade with China.

Former US Treasury secretary Henry Paulson wrote in his recent report A New Framework for US-China Economic Relations that the US should be more open to Chinese investment, grant China market-economy status on a sector-by-sector basis and reform its outdated export-control system.

E-commerce stores becoming popular means of buying crabs

By SHEN JINGTING
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Although crab season officially starts in China in September, e-commerce websites are already offering crabs harvested from Jiangsu province's Yangchenghu Lake in an attempt to attract lovers of the seafood.

During the annual Mid-Autumn Festival — which will fall on Sept 30 this year — one of the most popular delicacies to appear on Chinese dining tables are hairy crabs drawn from Yangchenghu Lake. Compared with other freshwater crabs, those caught in Yangchenghu Lake are said to have fatter eggs and tastier meat.

The widespread belief about those attributes is reflected in their prices. Crabs harvested from Yangchenghu Lake generally cost between 50 yuan

and 150 yuan (\$8 and \$24) apiece, whereas regular freshwater crabs go for about 10 yuan.

The busiest time for crab sales is often from mid-September to November. Even so, many Chinese e-commerce websites allow shoppers to order them as early as late June.

Online stores started to become popular among crab buyers in 2009, largely because of the lower prices they offer. Shoppers have also found they can save time and effort by buying seafood on a website rather than in a physical store.

On Wednesday, 360buy.com, a leading e-commerce website based in Beijing, reached an agreement with the Suzhou Yangchenghu Lake Crab Association, allowing it to become the first authorized online store to offer authentic Yangchenghu Lake crabs.

"The cooperation will help us avoid fake and low-quality crabs," said Zhang Shouchuan, vice-president of 360buy.com.

Many people have said they like to shop for Yangchenghu Lake crabs online, Zhang added.

"It is convenient and (the crabs) can be delivered to their homes," he said.

Yang Weilong, chairman of the Suzhou Yangchenghu crab association, said e-commerce websites are gradually playing a greater role in the sale of crabs.

"Previously, we ignored e-commerce websites, but they emerged as formidable distribution channels and demonstrated a strong ability to expand," Yang said.

Every year, about 2,500 metric tons of crabs are harvested from Yangchenghu Lake. Some of the crabs are sold at more than 1,000 brick-and-

mortar stores in China and Southeast Asian countries, according to statistics from the association.

"We are talking with a bunch of e-commerce websites, including Tmall and yihaodian.com," Yang said.

Tmall.com, the biggest online shopping website in China that provides a platform for businesses to trade with consumers, has attracted hundreds of crab sellers since 2009.

Hu Jiajia, 23, lives near Yangchenghu Lake and opened an online crab store on Tmall.com in 2009.

His e-store, which is called Hu Nong, started accepting online orders in July.

"People in big cities such as Guangzhou, Beijing and Shanghai consume most of the Yangchenghu Lake crabs," Hu said. His online store has been undergoing a rapid expansion

and has managed to nearly double its sales every year. In 2011, it sold 150,000 crabs, a record number, and it expects to see an even better performance this year.

About 80 percent of the crabs Hu raises are sold online, he said. The rest go to local crab dealers or are cooked in households for customers who have made the trek to Yangchenghu Lake.

"To be honest, it's becoming harder and harder to have strong sales," Hu said. "The competition is pretty fierce now."

More than 200 harvesters of crabs from the Yangchenghu Lake region have set up e-stores, up from about a dozen in 2009.

Chen Shousong, chief analyst with Analysys International, said selling crabs online will become more popular, saying it is convenient for both



JIANG XIN / FOR CHINA DAILY

A 360buy.com stand at the China Beijing International Fair for Trade in Services in Beijing. The leading e-commerce website reached an agreement with the Suzhou Yangchenghu Lake Crab Association on Wednesday to become the first authorized online store to offer authentic Yangchenghu Lake crabs.

dealers and buyers. "But selling crabs online requires one to have a good warehousing and shipping system, which is a high bar-

rier to starting an e-commerce website," he said.

Chen Limin contributed to this story.