

# Canada hunts for rare earth metals as China cuts back

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A steep decline in Chinese exports of rare earth metals used in many hi-tech gadgets has forced a global search for new crucial supplies and hopes are high for major finds in Canada, analysts say.

"Everyone has started to search for rare earth elements (REE)," Michel Jebrak, a mineral resources specialist at the University of Quebec in Montreal, told AFP.

"The Japanese are desperately searching all over. Europe has a new strategic plan to secure rare earth elements too. It all started with concerns over China's monopoly, triggering a race to find new deposits and mine them."

[Rare earth metals](#) are a set of 17 [chemical elements](#) that despite their name are abundant in the Earth's crust, but very dispersed and rarely found in economically exploitable concentrations.

China currently produces, mostly in Inner Mongolia, almost 95 percent of the rare earth elements used in cellular telephones, [hybrid cars](#), wind power generators, flat screen televisions, MP3 players, computers and other devices.

The main obstacle is finding high enough concentrations of the metals to cope with growing demand and break the West's reliance on China for supplies.

It is also thought that China could undermine efforts to bring new supplies online by flooding the international market with cheap REEs and making new mines uneconomical, Jebrak warned.

"It's a brave new world, and that's a problem," he said. "The sector just exploded over the past year but could just as quickly collapse."

China ordered a cut in REE exports in late 2010 in order to keep supplies for its own burgeoning high tech industry, to bolster prices and to encourage foreign firms to set up plants in China to access its restricted supply.

But the move by Beijing provoked anger in Japan, Germany and the United States -- already concerned that current supplies might not meet an expanding demand for REEs -- before export quotas were raised this year.

Western nations have since had to consider ways to break China's monopoly and this led to the launch of dozens of mining exploration sites for REEs -- one-quarter of them in Canada.

Toyota announced last week plans for a joint venture with Canadian junior mining company Matamec to develop a [rare earth elements](#) mine in Quebec to obtain supplies for the automaker's hybrid and electric vehicles.

"Companies like Toyota fear Chinese export quotas will be reduced again in 2014 or 2015 and so they want to secure new REE supplies as soon as possible," said Matamec chief executive Andre Gauthier.

If the Matamec deposit is proven to be economically exploitable, Toyota will finance the dig and buy all of its output for use in its hybrid vehicles.

According to Jean-Marc Lulin, head of the Quebec Mining Association, several junior mining companies are rummaging for REEs in Canada's outback and predicted that within a few years the country could begin exporting REEs.

Australia and the United States are also vying to become major producers, he added.

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