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## China may lose rare earth metals monopoly with Greenland development

Leo Lewis | October 05, 2009

Article from: *The Times*

**AN obscure, desolate plateau on the southwestern shores of Greenland could transform the future of consumer technology and shift the balance of power in the global supply of rare earth metals.**



**Competition:** Icebergs are reflected in the waters of a fjord in southern Greenland. Picture: Reuters

The treasure trove beneath the rocks and ice of the Ilimaussaq Intrusion represents the world's largest known reserve of rare earth metals, the "technology" group of lanthanide elements used in products from mobile phones and low-energy light bulbs to hybrid cars and missile guidance systems.

The find has the potential, its developers claim, to severely dent China's global monopoly over rare earth production, a 95 per cent dominance of total worldwide output that Beijing has strategically nurtured for 15 years and recently has started to treat as a potent trade weapon.

According to the Australian mining company with rights to develop it, the site could also spectacularly change the national fortunes of Greenland, which is undergoing significant political change as it draws closer to independence from Denmark.

From January next year, Greenland will gain full sovereignty over its natural resources. The rare earths alone have the potential to double the country's effective GDP. Studies of the site show that the Ilimaussaq reserves would comfortably meet at least 25 per cent of global rare earth demand for the next half-century.

"This site is a country-maker for Greenland and the first big opportunity to represent a monopoly-breaker of Chinese dominance," Roderick McIllree, the chief executive of **Greenland Minerals & Energy**, said.

The company has engaged advisers with a view to listing on the main board of the London Stock

Exchange early next year, The Times has learnt. The site is expected to be able to produce about 50,000 tonnes per year of rare earth-bearing ore by 2014.

The chairman of the subsidiary operating in Greenland will include Lars Emil Johansen, the country's former prime minister. The cost of extracting the rare earths will be offset by the profits from extracting uranium from the same site, effectively preventing China from undercutting the operation on price, which is how it obtained its dominance over the world market in the first place.

Although the site in Greenland has been known as a source of uranium for many years, its development as a base for rare earth extraction comes at a critical moment.

China has relentlessly slashed its export quotas for rare earths every year since the start of the decade, much to the despair of Japan, which has plans to forge ahead in new markets, such as electric cars. Those restrictions have sent the likes of Toyota and Japan's largest trading houses scrambling to secure more supply, with government sources in Tokyo describing a "panic mentality" among some large industrial groups.

Rare earth metals are so critical to both military and "green" technologies that the Japanese authorities are drawing-up plans to create a strategic national reserve.

Michael Hutchinson, a director of the London Metal Exchange and the non-executive chairman of Greenland Minerals, said that the reserves in Ilimaussaq could change the dynamics of rare earth metal usage worldwide.

By hugely increasing the global supply and helping to create a more transparently priced market for the metals, their use would naturally increase, he said. Rare earths could, therefore, undergo the same transformation as aluminium, with the same scene-changing effects.

A century ago aluminium was so valuable a metal that Queen Victoria sported a ring made of it. When supply became cheaper and steadier, it fundamentally altered the way in which aircraft, cars and other technologies were built.

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