

# Technology Metals Report (07.05.2024): Canadians Set Stringent Conditions for Chinese Investments and the EU's Issues New Tariffs on Chinese EVs

written by Tracy Hughes | July 5, 2024

Jack Lifton provides a commentary on this week's TMR  
(07.05.2024)

Welcome to the latest issue of the Technology Metals Report (TMR), brought to you by the [Critical Minerals Institute](#) (CMI). In this edition, we compile the most impactful stories shared by our [CMI Directors](#) over the past week, reflecting the dynamic and evolving nature of the critical minerals and technology metals industry. Among the key stories featured in this report are the stringent [conditions](#) Canada has set for mergers and acquisitions in the critical minerals sector, the EU's new [tariffs](#) on Chinese electric vehicles, and South Korean firms [targeting](#) energy and rare earth mining in Vietnam.

This week's TMR Report also highlights the [countdown](#) to the [Critical Minerals Summit III](#) in Toronto, a landmark event scheduled for August 21-22, 2024, at the prestigious National Club. Themed "Connecting Leaders, Advancing Critical Minerals," the summit promises to be a pivotal gathering for industry leaders. The [www.criticalmineralsummit.com](http://www.criticalmineralsummit.com) website lists all the prominent speakers who will be attending. Additionally, we

explore major industry movements such as BASF's [withdrawal](#) from lithium investments in Chile, hedge funds hoarding cobalt amid market slumps, and Renault's strategy to cut EV battery costs. Stay tuned for these and more updates shaping the critical minerals landscape.

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**Canada sets high bar for approving large M&A deals in critical minerals:** (July 4, 2024, [Source](#)) – Canada announced stringent conditions for approving mergers and acquisitions in its critical minerals sector, emphasizing that only under “the most exceptional circumstances” would such deals be approved. This move, declared by Industry Minister Francois-Philippe Champagne, accompanied the [approval](#) of Glencore PLC's (LSE: GLEN) \$6.93 billion acquisition of Teck Resources Limited's (TSX: TECK.A | TSX: TECK.B | NYSE: TECK) steelmaking coal business. The government identified 31 minerals, including copper, lithium, and nickel, as crucial for modern technology and energy transition, like electric vehicle batteries. Under the Investment Canada Act, deals must demonstrate a net benefit to the country. Champagne emphasized the need to protect this strategic sector, indicating rigorous scrutiny for any foreign investment, particularly from China, in the critical minerals space. Canada has recently urged Chinese investors to divest from domestic companies to maintain control over these resources.

**China-built EVs hit with duties in biggest EU trade case yet:** (July 4, 2024, [Source](#)) – The European Union is set to impose tariffs ranging from 17.4% to 37.6% on Chinese-made electric vehicles (EVs) starting Friday, in its largest trade case against Beijing. These provisional duties, intended to counter the influx of state-subsidized cheap EVs, will remain for four months, during which negotiations between the EU and China will

continue. Chinese manufacturers such as BYD, Geely, and SAIC will face significant duties, while cooperative Western carmakers like Tesla and BMW will see tariffs of 20.8%. The EU's move aims to ensure fair competition, but it risks provoking Chinese retaliation, potentially impacting European exports like cognac and pork. The final decision on permanent tariffs will be made after further investigation and member voting, with potential implications for Chinese EV pricing and manufacturing investments in Europe.

**S.Korean firms target energy, rare earth mining in Vietnam:** (July 3, 2024, [Source](#)) – During a four-day visit to South Korea, Vietnamese Prime Minister Pham Minh Chinh met with leaders from six major South Korean firms, discussing various investment opportunities in Vietnam. South Korean steel giant Posco expressed interest in rare earth mining and processing in Vietnam, with a focus on sustainable and environmentally friendly methods. Daewoo Engineering & Construction Co. Ltd. aims to invest in key thermal power projects and develop smart urban areas in Hanoi and other regions. LG Display plans to double its production capacity in Vietnam, particularly at its LG Innotek Plant in Hai Phong City, which produces camera modules. The South Korean firms highlighted the strong bilateral ties and the improved business climate in Vietnam, with PM Chinh promising government support to facilitate their investments and operations.

**China's BYD is set to take Tesla's crown as the world's No. 1 producer of battery electric vehicles:** (July 2, 2024, [Source](#)) – Chinese electric vehicle (EV) giant BYD is poised to surpass Tesla in battery electric vehicle (BEV) sales in 2024, according to a Counterpoint Research report. This shift highlights the evolving global EV market. BYD's second-quarter BEV sales rose nearly 21% year-on-year to 426,039 units, while Tesla's fell 4.8% to 443,956 units. Despite BYD surpassing Tesla in total

production last year, Tesla led in BEV production. China's dominance in the BEV market is significant, with its sales projected to be four times that of North America's in 2024. The European Union plans additional tariffs on Chinese EVs to protect its industry, potentially driving Chinese manufacturers to explore emerging markets. Global BEV sales are expected to reach 10 million in 2024, amid a decline in internal combustion engine vehicles.

**BASF Pulls Plug on Potential Chile Investments Amid Lithium Rout:** (July 2, 2024, [Source](#)) – BASF SE has halted plans to invest in lithium mining in Chile, citing falling battery metal prices due to a global slowdown in electric vehicle (EV) adoption. The German chemicals giant ended initial discussions with Wealth Minerals Ltd. (TSXV: WML | OTCQB: WMLLF), causing Wealth's shares to plummet by 31%. The proposed deal included potential funding and a cathode plant in Chile for EV batteries. BASF did not disclose reasons for ending the talks. This follows BASF's recent cancellation of a \$2.6 billion nickel-cobalt refinery project in Indonesia. With EV sales growth slowing and lithium prices at a three-year low, BASF aims to support its European operations through a new battery recycling plant in Germany. This decision affects both European battery metal supply ambitions and Wealth's strategic plans in Chile.

**Hedge Funds Are Hoarding Cobalt Amid Battery Metal Slump:** (July 1, 2024, [Source](#)) – Hedge funds like Anchorage Capital Advisors and Squarepoint Capital LLP are increasing their cobalt holdings, seizing opportunities created by falling spot prices and a more liquid futures market. Cobalt prices have plummeted to a seven-year low due to surplus production from the Democratic Republic of Congo and Indonesia. Financial players are now engaging in physical metal trades to capitalize on these low prices, reminiscent of strategies used nearly a decade ago when funds bought cobalt during weak market conditions and

profited as prices surged. The rise of cobalt futures trading on CME Group's Comex exchange has facilitated hedging of physical positions. However, the market is challenged by an oversupply and declining demand, partly due to the popularity of lithium-iron phosphate batteries. China's strategic stockpiling offers some optimism amid this market glut.

**Renault Vows to Lower EV Battery Costs 20% With Cheaper Process:** (July 1, 2024, [Source](#)) – Renault SA is set to cut its electric vehicle (EV) battery costs by around 20% by integrating cheaper lithium iron phosphate (LFP) cells alongside its current nickel cobalt manganese (NCM) process. This change, starting in 2026, aims to enhance competitiveness and profit margins by centralizing suppliers and adopting new production methods. Renault's Ampere unit will collaborate with LG Energy Solution and other partners, including Contemporary Amperex Technology Co., to establish a European EV supply chain. These steps are part of a broader industry trend towards more affordable EVs, as European automakers, including Volkswagen, face stiff competition from cheaper Chinese models. Additionally, Renault scrapped its Ampere IPO plan due to cooling investor interest and seeks partners for developing affordable EV platforms amidst a slower-than-expected EV market shift.

**The Critical Minerals Sourcing and Pricing Credibility Crisis is Upon Us:** (July 1, 2024, [Source](#)) – The ongoing issues in the rare earth and lithium markets are largely influenced by China's dominance. Past crises, like the rare earth crisis of 2010-12 and the current lithium supply crisis, were exacerbated by the misconception of global demand, which was predominantly Chinese. China's significant role in processing and producing these minerals has led to a supply crisis for the rest of the world (ROW). The pricing and specifications set by China remain unchallenged due to the lack of reliable Commodity Exchanges. The market's reliance on China highlights the need for competent

and credible experts in mining, refining, and manufacturing to strengthen the rare earth and lithium supply chains outside of China.

**China issues rare earth regulations to further protect domestic supply:** (June 29, 2024, [Source](#)) – China has introduced new regulations to protect its rare earth supplies, emphasizing national security. These rules, issued by the State Council, govern the mining, smelting, and trade of rare earth materials, which are vital for products like electric vehicle magnets and consumer electronics. The regulations assert state ownership of rare earth resources and mandate government oversight of the industry. Starting October 1, a traceability system will be implemented for rare earth products, requiring companies to record and report product flow. This move follows China's previous restrictions on exports of elements crucial for chip-making and rare earth technology. The EU, aiming to boost its rare earth production by 2030, anticipates a significant increase in demand. These regulations could heighten tensions between China and the West, particularly the U.S., amid ongoing economic disputes.

**Ford CEO Jim Farley calls on the United States to rally behind EVs:** (June 28, 2024, [Source](#)) – Ford CEO Jim Farley has called on the United States to support electric vehicles (EVs) to maintain its leadership in automotive innovation. Farley, a self-described “car guy,” urged even traditional car enthusiasts to give EVs a chance, sharing his personal positive experience with the Ford F-150 Lightning Platinum. He praised its smooth, quiet ride, rapid acceleration, and practical features like a lockable frunk and mobile generator capabilities. Farley emphasized that EVs are becoming more affordable and have lower ownership costs compared to internal combustion engine cars. He acknowledged the prevalent misinformation about EVs but compared this to past skepticism over Ford's switch to aluminum bodies, which was

ultimately successful. Farley highlighted that most people who try EVs prefer them, with nearly 70% of global EV owners stating they will only buy electric vehicles in the future.

**DOE seeks domestic LEU supply contracts:** (June 28, 2024, [Source](#))  
– The US Department of Energy (DOE) is seeking proposals to purchase low-enriched uranium (LEU) from domestic sources, supported by \$2.7 billion from President Biden’s Investing in America agenda. This initiative aims to strengthen the domestic nuclear fuel supply chain by acquiring LEU from new or expanded domestic uranium enrichment facilities. The DOE plans to sell this LEU to US reactors, reducing reliance on Russian imports. The contracts, lasting up to 10 years, will support clean energy generation and national security. Energy Secretary Jennifer Granholm emphasized the importance of boosting domestic enrichment capacity. National Climate Advisor Ali Zaidi highlighted the role of this initiative in transitioning to clean energy and creating union jobs. The DOE also outlined waivers for limited Russian-origin LEU imports to prevent supply disruptions, with a ban effective from August 11, 2024, to the end of 2040.

## **Investor.News Critical Minerals Media Coverage:**

- July 02, 2024 – Select Global Events and the CMI Announce Partnership for the International Critical Minerals Expo & CMI Summit IV <https://bit.ly/3zv3K7i>
- July 1, 2024 – The Critical Minerals Sourcing and Pricing Credibility Crisis is Upon Us <https://bit.ly/4eWrMZ4>

# Investor.News Critical Minerals Videos:

- July 4, 2024 – F3 Uranium’s Dev Randhawa says “The Athabasca is the place to be” <https://bit.ly/4bvL0Sl>

# Critical Minerals IN8.Pro Member News Releases:

- July 3, 2024 – Terra Balcanica Signs Definitive Agreement to Acquire Saskatchewan Uranium Assets <https://bit.ly/4eNEc5c>
- July 3, 2024 – Fulcrum Metals – Disposal of Uranium Assets <https://bit.ly/3zsmTXn>
- July 1, 2024 – Obonga: Progress Update <https://bit.ly/450KSvh>
- July 1, 2024 – Fulcrum Metals – Exercise of Dunn Option <https://bit.ly/3zrxnGo>
- July 1, 2024 – Resignation of Non-Executive Director Mr. Paul Zink <https://bit.ly/4btvFSj>