Technology Metals Report (09.13.2024): The Russian Restriction List and Rising Chimerican Tensions Drive More Attention to the Criticals

written by Tracy Hughes | September 13, 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 Russia's potential export restrictions on uranium, titanium, and nickel, China's directive to its automakers to retain advanced EV technology, and the growing significance of "Chimerica" – the intertwined economic relationship between China and the United States – dominating global critical mineral control.

This week's TMR also highlights the surge in lithium miner stocks due to production adjustments by CATL, the European Union's call for Australia to ease foreign investment regulations, and UN experts advocating for a global system to trace critical minerals essential for renewable energy. These updates reflect the increasing geopolitical and economic complexities facing the critical minerals sector. To become a CMI member (if your not already one), click here

This has been an exciting week for **Investor.News** interviews, featuring insightful conversations hosted by myself and CMI Co-Chair Jack Lifton. I interview Dr. Erik Eschen of VAC about

securing $335 million in financing to build America's first permanent magnet facility – click here. Jack Lifton hosts a discussion with CMI Director Chris Gibbs, who is also the CEO and Director of American Rare Earths Limited (ASX: ARR | OTCQX: ARRNF), focusing on the Halleck Creek project and building a U.S. rare earth element supply chain – click here. Finally, Pat Bolland interviews Frank Basa on Coniagas Battery Metals Inc.'s (TSXV: COS) 'Feed First' strategy and the global sourcing for EV battery materials – click here. These interviews provide firsthand perspectives on critical developments shaping the future of the industry. If you're not subscribed to our YouTube Channel @InvestorCoffee, click here to subscribe. Today, for instance, I will be interviewing Peter Nicholson from WCPD Inc. on their record breaking $100 million Charity Flow-Through (CFT) financing that continues to offer high net worth investors a way to invest in Canadian critical mineral exploration deals in Canada.

Putin says Russia should consider restricting uranium, titanium and nickel exports (September 12, 2024, Source) – Russian President Vladimir Putin suggested restricting Russia's exports of uranium, titanium, and nickel in response to Western sanctions. His remarks triggered a rise in nickel prices and boosted uranium mining stocks. Russia is a major producer of these key minerals, along with natural gas, diamonds, and gold. Putin emphasized that any potential export restrictions should avoid harming Russia's economy. Western countries have reduced purchases of Russian oil and gas due to the Ukraine war, but Russia remains a critical supplier of metals, which could disrupt global markets if restricted. Canadian uranium miners saw stock increases, and experts noted challenges in replacing Russian uranium in the short term. Russia also remains a key supplier of titanium, with major buyers including Boeing, Airbus, and various Western nations, despite ongoing sanctions.

China asks its carmakers to keep key EV technology at home (September 12, 2024, Source) – China has instructed its automakers to keep advanced electric vehicle (EV) technology within the country, despite efforts to expand production abroad to avoid tariffs. The government encourages exporting knock-down kits—vehicle parts made in China and assembled in foreign markets—to protect its EV expertise. Major automakers like BYD and Chery are building factories in Spain, Thailand, and Hungary. In a July meeting, Chinese officials advised automakers to avoid investing in India and to notify authorities before investing in Turkey, where BYD plans a $1 billion factory. These guidelines may hinder automakers' global expansion efforts and challenge nations seeking Chinese investment for economic growth. The directive comes as Chinese firms face stiff competition and sluggish domestic sales.

The Future of Critical Mineral Control Lies in the Formation of Chimerica (September 11, 2024, Source) – China and the United States, referred to as "Chimerica," dominate global control of critical minerals essential for modern technology and renewable energy. Historically driven by military needs, these minerals are now shaped by consumer demand. Both nations aim for economic self-sufficiency, but geographic limitations make it unachievable. China has invested heavily in resource independence, while the U.S. has relied on external supply chains, creating vulnerabilities in its industrial base. Climate change policies have distorted real market demand, further complicating supply chains. Beyond financial resources, human capital—skilled scientists and engineers—is the most critical asset for maintaining technological progress and ensuring future economic stability in both countries.

China Detains Investment Bankers, Takes Passports in Corruption Sweep (September 11, 2024, Source) – China is intensifying its crackdown on investment bankers, with recent detentions and

stricter travel restrictions for employees of state-backed brokerages like Haitong Securities. Amid President Xi Jinping's anti-corruption campaign, the investment banking industry, comprising 8,700 professionals, is under scrutiny. Several top bankers have been detained, and firms like Haitong have imposed strict controls on travel and resignations. The government's focus is on cleaning up the financial sector, which has led to industry-wide investigations, declining IPO activity, and significant pay cuts. Consolidation within the sector is also accelerating, with firms like Haitong merging with larger rivals. The broader crackdown aims to reshape the industry and cultivate a few top-class investment banks.

Lithium Miner Stocks Soar as CATL Adjusts Output at Key Mine (September 11, 2024, Source) – Lithium miner stocks surged after reports that Chinese battery giant CATL halted production at a key Jiangxi mine, alleviating oversupply concerns. Shares of major lithium producers, including Albemarle Corp., SQM, Pilbara Minerals, and Tianqi Lithium, saw significant gains. CATL's production cut is expected to reduce China's monthly lithium carbonate output by 8%, potentially boosting lithium prices by 11% to 23% in 2024, according to UBS. Lithium shares have struggled this year due to oversupply and weaker electric vehicle demand, causing some producers to shut high-cost operations and cut expenses. Despite current challenges, analysts predict lithium prices may rise starting in 2026 as supply tightens, with stocks typically increasing six to nine months before a price recovery.

EU asks Australia to make foreign investment easier, eyes critical minerals (September 11, 2024, Source) – The European Union (EU) is urging Australia to ease foreign investment regulations to help diversify the EU's critical minerals supply chain. EU Ambassador Gabriele Visentin emphasized the importance of Australia's critical raw materials, such as lithium, cobalt,

and nickel, which are crucial for defense and clean energy technologies. While EU investment in Australia is already substantial, the bloc is keen to expand its presence, especially in sectors where China currently dominates. A memorandum of understanding was signed in May to strengthen cooperation in critical minerals, but a free trade agreement between the EU and Australia has remained elusive since talks stalled in 2022 over unresolved agricultural market access issues. The EU hopes that easing investment restrictions will foster stronger partnerships with like-minded countries.

UN experts call for global system to trace critical minerals (September 11, 2024, Source) – UN experts have called for a global system to trace critical minerals essential for renewable energy development, crucial in the shift away from fossil fuels. Minerals such as lithium, nickel, and copper are needed for technologies like electric vehicles and solar panels. With demand for these materials expected to quadruple by 2040, experts stress the importance of transparency and sustainability in mining. The UN panel, established by Secretary-General Antonio Guterres, recommended a traceability framework across the entire mineral value chain to ensure environmental and social accountability. Key principles include protecting human rights, sharing benefits equitably, and investing in innovation and recycling. Additionally, the panel suggested creating a global fund to rehabilitate mining-affected areas, especially in developing regions like Africa. The report aims to prevent past inequalities from being repeated during the energy transition.

Foreign carmakers also have a China overcapacity problem (September 10, 2024, Source) – Foreign automakers face a significant overcapacity problem in China's auto manufacturing sector, leading to increasing tensions between China and other major economies. Western concerns are mounting as China surpasses Japan as the world's largest auto exporter, with fears

that Chinese companies, aided by Beijing's industrial policies, are threatening global auto giants like Volkswagen, Toyota, GM, and Ford. While most Chinese car exports still use internal combustion engines, the rapid rise of low-cost, high-tech electric vehicles (EVs) has triggered protectionist measures from the US and EU. Foreign automakers, including Tesla, are increasingly turning to exports to cope with declining domestic sales and stiff competition from Chinese brands. With foreign brands' market share in China plummeting, many companies are now sourcing more from Chinese suppliers to remain competitive globally, as Chinese firms like BYD expand their reach.

World's largest uranium miner warns Ukraine war makes it harder to supply west (September 10, 2024, Source) – Kazatomprom, the world's largest uranium producer, is facing increased difficulty supplying western markets due to Russia's war on Ukraine and the shifting geopolitical landscape. Chief Executive Meirzhan Yussupov highlighted how sanctions have hindered shipments via traditional routes, making it easier for Kazakhstan to sell uranium to Asian partners, especially China, and Russia. Despite this, Kazatomprom seeks to diversify its customer base, aiming to maintain trade with the West. The company has explored alternative shipping routes, but the influence of Russia and China in Kazakhstan's uranium sector remains a concern for western utilities. Rosatom, Russia's nuclear monopoly, holds significant stakes in Kazakh deposits, and with increasing Chinese demand, future supplies to the West are uncertain.

China Nickel Tycoon Seeks Growth in US Energy-Storage Market (September 10, 2024, Source) – Chinese billionaire Xiang Guangda's REPT BATTERO Energy Co., a subsidiary of Tsingshan Holding Group, is expanding into the US energy-storage market by opening its first office in California. Despite geopolitical tensions between China and the US, REPT aims to grow its presence, with plans for the US to contribute over 10% of its

revenue. The company, which already serves markets in China, Europe, and Southeast Asia, sees the US as a promising opportunity. To navigate geopolitical risks, REPT is partnering with US firms in sensitive data sectors. REPT faces competition from Tesla and other major players, and while tariffs may increase costs, Chairman Hui Cao believes value for money will drive US demand. REPT is also expanding into the automotive sector.

Platinum Set for Record Deficit But Prices Yet to Recover (September 10, 2024, Source) – The platinum market is projected to experience its largest annual deficit in over a decade, with a shortfall of over 1 million ounces expected in 2024, following a deficit of 731,000 ounces in 2023. Despite this, platinum prices have remained largely unresponsive, down about 30% since early 2021. Increased demand from exchange-traded funds (ETFs) and Chinese investors is driving the deficit. Automotive demand, jewelry, and industrial sectors are expected to support overall platinum demand, forecasted to reach 8.12 million ounces in 2024. Meanwhile, supply is set to decrease due to restructuring in South Africa and reduced output in Russia. The World Platinum Investment Council anticipates that strong fundamentals will soon influence prices more significantly.

Battery maker Northvolt moves ahead in Canada but at slower pace (September 9, 2024, Source) – Northvolt, a Swedish electric vehicle (EV) battery maker, is moving forward with its C$7 billion battery plant project in Quebec, Canada, albeit at a slower pace. The company has announced a review of spending plans and potential job cuts globally, though hiring continues in Canada. Northvolt plans to update its timeline for both the Canadian and German plants in the fall of 2024. The plant is expected to start operations in 2026, and Canadian pension funds, alongside the federal and provincial governments, have invested heavily in the project. Despite Canada’s push to boost

EV manufacturing, a slowdown in EV demand has caused several industry players to delay or cancel investments totaling C$46 billion.

China Harnesses a Technology That Vexed the West, Unlocking a Treasure Chest (September 9, 2024, Source) – China has successfully harnessed High Pressure Acid Leach (HPAL) technology, long plagued by difficulties in the West, to process low-grade nickel and cobalt ore in Indonesia. Western companies had struggled with HPAL due to high costs, equipment failures, and environmental issues. However, Chinese companies, such as China ENFI and Lygend Resources, have overcome these challenges, leveraging government funding and simplified, cost-effective designs. Their success in Indonesia has reshaped the nickel market, driving down global prices and sidelining Western competitors. Despite environmental concerns and safety issues at some Chinese-run plants, China's breakthrough with HPAL has expanded their dominance in the global nickel supply, rising from 34% in 2015 to 58% in 2023.

The battle to secure economically critical metals (September 8, 2024, Source) – The U.S. and China are locked in an escalating trade war over critical minerals essential for semiconductor chips and green technology. China, which dominates rare earth element production, is imposing export controls on antimony, germanium, and gallium, citing national security. These measures are a strategic move in response to U.S. restrictions on advanced semiconductor exports to China. As this cycle of retaliation impacts global growth, businesses worry about rising prices and supply chain disruptions. The U.S. and its allies are working to secure alternative supplies through initiatives like the Mineral Security Partnership. To counter China's dominance, western governments need to streamline regulations, increase mining and refining efforts, and provide financial support for critical mineral projects. Expanding recycling and substitution

strategies could also reduce dependence on Chinese raw materials.

Investor.News Media Highlights:

- September 11, 2024 – The Future of Critical Mineral Control Lies in the Formation of Chimerica https://bit.ly/4gneAgA
- September 10, 2024 – The Art of Betting on Maybe: Junior Miners as an Options Trade https://bit.ly/3B7jAp8

Investor.News Video Highlights:

- September 12, 2024 – Chris Gibbs on Advancing American Rare Earths' Halleck Creek Project and Building a U.S. Rare Earth Supply Chain https://youtu.be/_ot7n3lEBLY
- September 11, 2024 – Frank Basa on Coniagas Battery Metals' 'Feed First' Strategy and Global Sourcing for EV Battery Materials https://youtu.be/nofB_Vf32hY
- September 10, 2024 – VACUUMSCHMELZE's Dr. Erik Eschen on Securing $335M Financing to Build North America's First Permanent Magnet Facility https://youtu.be/KE_o5Fh311E

Investor.News Member News:

- September 12, 2024 – Ucore Demonstrates Louisiana-SMC Heavy Rare Earth Processing Flowsheet at Kingston Ontario Commercialization Facility https://bit.ly/4e0bq0y
- September 12, 2024 – Federal Court of Australia Approves Transformational Acquisition of Base Resources https://bit.ly/3ZnCnaa
- September 11, 2024 – Critical Metals PLC – £350,000

Investment https://bit.ly/4ehxC67

- September 11, 2024 – Energy Fuels Advancing Work to Prepare for Restart at Nichols Ranch Uranium Project in Wyoming https://bit.ly/4elYQZs
- September 10, 2024 – Coniagas Initiates Global Feed First Strategy on Critical Minerals with SGS Quebec https://bit.ly/3ZiAcEr
- September 10, 2024 – F3 Hits 4.35m Off-Scale Mineralization (>65,535 cps) at JR Zone https://bit.ly/3zluszd
- September 10, 2024 – Power Nickel Summer Drilling Program Expands The High Grade Polymetallic Lion Zone by 50% https://bit.ly/4cX87pv
- September 9, 2024 – First Phosphate Chooses Facility in Saguenay-Lac-St-Jean, Quebec, Canada for Deployment of its Iron Phosphate Plant https://bit.ly/4eaFI0R