

The Coming Ascendancy of Military Metals

written by Christopher Ecclestone | May 12, 2024

Let's face it folks, if China attacked Taiwan the last thing on people's minds would be EVs. Thus, in a game of supranational Rock, Paper, Scissors the players with best access to military metals win. As we think we demonstrated in our commentary on [Criticality & China](#), China is more over a barrel on the supply of critical metals for defense (or offense) purposes than the West is. With super long supply lines and immense stretches of ocean, most of which under the domination of Western navies, China in a shooting war can go whistle for supply of a swathe of the most critical metals (including copper, iron ore, chrome, manganese, vanadium & nickel).

Looking at a hypothetical list of China's wants and needs in the metals/minerals space and overlaying on that distance to the sources thereof and then taking into account that China has very few "friends" indeed, it is not a pretty picture. Even those friends it has (the Belt & Road Crowd) are bought and paid for but can just as easily disappear like gorillas into the mist when there is a call to take sides. China has hitherto relied upon the "kindness of strangers", or rather upon their fondness for greenbacks, to ensure supplies. With only North Korea as a true "friend", it's not a good scenario for China.

One might note that we seldom talk about Russia as a threat. Frankly a shooting war with Russia is way less likely than one with trigger-happy Xi. The Ukrainian adventure is wearing Russia down, even if it remains undefeated. The bigger threat for Russia is China than the West. The West covets nothing Russia has, whereas China eyes Siberia as the solution to ALL its

metals & material needs.

The West now obsesses over what China has and yet it (collectively) has most of the things that China, where it matters, does not. And of the things that China dominates, its domination is largely just a product of laziness of the West, failure to invest and China, for a long while, having super low wage costs and almost zero environmental controls. China has been for 40-50 years essentially like Western Europe and the US were in the Victorian Age.

When the Gallium/Germanium “scare” [broke out](#) in July/August of 2023, the chickens in the henhouse reacted to the fox with much squawking and flapping of truncated wings but more than half a year on Apocalypse Now has become Apocalypse Delayed and the Chinese measure has not proven to be the end of the world as we know it. Indeed, to the contrary, managers of Chinese enterprisers stuck between the rock and a hard place of having productions quotas to reach and yet having their markets chopped off at the knees have resorted to clandestine shipments over the Vietnamese border to help make the twain meet. The West meanwhile discovered that (pre-internet) there used to be Gallium production in the West, and that Germanium production was as easy as working over tailings ponds at Zinc smelters. Much ado about nothing.

The same can be said for Tungsten, a prime munitions and armour-plating metal, that is now resurging in the West, while Antimony and Rare Earth production (both with strong military applications) out of Chinese mines is plunging due to long term over-exploitation and high-grading.

Below is an attempt to quantify those metals that one should really care about in an increasingly bellicose world.

Military Metals

Critical Metals

Tungsten
Antimony
Tin
Beryllium
Some REEs (esp. Yttrium)
Uranium
Gallium
Germanium

Others

Steel (iron ore)
Aluminium
Copper
Nickel
Zinc
Vanadium

Of course, the promoters would be warmed by seeing Rare Earths, but in reality, the main ones that matter are those that go into lasers and night-vision equipment (not EVs and wind turbines!) The Lanthanides to watch for in military applications are Yttrium, Samarium, Terbium, Erbium and Dysprosium.

So here we find ourselves in 2024, on the cusp of a precipice of our own making, with China at our side with a similar, or way worse, dilemma with regard to metal/mineral supplies.

A key issue that should be focused on is “deniability”, i.e. which metals are so far away from China or in potentially hostile hands that China can be denied those metals. Thus, instead of obsessing on what China has got, maybe more time should be spent on what it has not, and how (if the bullets start flying) one can deny China access to those things that

might expedite its success in any aggressive moves. Denial alone can be somewhat like cutting off one's nose to spite one's face. The watchwords should be "Supply & Denial".

So, what are these metals that investors should be targeting (pardon the pun)? Show us your security clearance and we might tell you....