



By: *Tomorrow's Affairs Staff*

Europe does not need to be dependent on Chinese rare materials - it should return to mining



Europe has become entirely dependent on China for its supply of rare metals, in part because of its deep-rooted environmental awareness. But if it really wants to achieve its green transition goals, it will have to start mining more.

Since August 1, China has restricted the export of two metals - gallium and germanium. Both are on the list of 17 strategic raw materials, that is, on the broader list of 34 critical raw materials, created by the European Commission.

China has made this move as blackmail against Western importers, fully aware that their green and digital industries are almost entirely dependent on China's supply of rare metals.

Beijing's decision is deeply politically motivated and represents a response to Western, primarily American, restrictions on its companies to invest in China's high-tech sector.

China has restricted the export of two rare strategic metals as of August 1. But it is possible that at any moment, the Politburo of the Chinese Communist Party might decide to restrict the export of a few more or even all rare metals essential to the Western high-tech industry.

EU plans could be more decisive

Due to dependence on a competing supplier having a monopoly on the export of critical raw materials, European supply chains are highly vulnerable to disruption.

By 2030, the EU expects to import a maximum of 65% of its needs for strategic materials from

other parties as part of its plan to minimise reliance on unreliable suppliers, particularly China.

The goal is that by the end of the decade, 50% of the EU's needs for rare metals should be obtained from processing in the EU, and at least 10% from its own exploitation on the territory of the EU.

Is this enough for the EU to let out a sigh of relief and, as in the case of eliminating its dependence on Russian energy sources, and cease to be dependent on the critical materials imported from China? Probably not.

China has shown countless times, most recently on August 1, that it is an unpredictable link in the supply chain which abuses its monopolistic position for foreign policy purposes.

Since it has made the development of high technologies and decarbonisation a priority of its economy in the next few decades, China will be an ever-increasing consumer of critical raw materials and increase the price of exports.

In its new European critical raw materials act, the EU still refrains from applying more decisive measures even though it has been aware of such trends.

For example, as one of the activities intended to reduce dependence on Chinese critical raw materials, the EU announced that it would work on the establishment of the "Critical Raw Materials Club", which will include "all like-minded countries willing to strengthen global supply chains".

Can the EU be sure that some of those currently "like minded" states will not become different as a result of political changes?

For example, Argentina as a significant country in supplying lithium today. Or Mali, also a lithium supplier?

Can Sweden meet the demand?

The discovery of Europe's largest reserves of rare metals in northern Sweden earlier this year has been encouraging news for European plans to diversify supply sources as quickly as possible.

The deposit of more than one million tons of rare metals in Kiruna, near the Arctic Circle, is strategically significant for Europe's green and digital transition.

The demand for rare metals, necessary for electric vehicles and wind generator turbine production, will increase by more than 5 times in the EU by the end of the decade.

But, similar to any other mining facility, it will take 10 to 15 years before integrating Kiruna into the market's supply.

And what is even more significant for European conditions, rare metals from the Swedish mine will flow to the starving European market only if, in the meantime, the concerns of the Sámi people, Europe's only recognised indigenous people, who live in the polar zone where the mine is planned, are resolved.

Is the environmental price still acceptable?

Scientists gathered in the EU-project EURARE determined 10 years ago that Europe has quite enough reserves of rare metals on its territory for its own needs.

However, exploitation has been difficult or impossible for years due to the concerns and protests of the local population that it would endanger the environment.

For too long, Europeans have considered mining an industrial branch that should exist only in developing economies - Africa, Asia or South America - because it is not environmentally acceptable.

During that time, China has pursued a strategy of monopolising the production of at least 19 out of a total of 30 rare raw materials that the EU considers critical to its green transition.

"There are some very genuine environmental concerns out there, which we need to listen to, that we need to address, but without mining there are no critical raw materials, and without critical raw materials there is no digital and green transition. However, it can be done sustainably and to minimise the impact", said Colin Mackey, head of Rio Tinto European operations.

Sweden, along with the UK, is one of the leaders in environmentally sustainable mining technologies. The discovery of the largest European reserves of rare metals in Sweden to date suggests that removing strategic dependence on Chinese imports cannot be performed without a greater contribution of domestic mining.

"Electrification, the EU's self-sufficiency and independence from Russia and China will begin in the mine", said Ebba Bush, the Swedish Minister of Energy, Business and Industry, on the occasion of the discovery of rare materials stocks in Kiruna.

