

# The Metal Trump Wants More than Gold. China's Control Over Strategic Metals

By [Charles Kennedy](#)

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*China has a monopoly on one of the most strategic metals on the planet, and Washington is anxious to change that.*

Global dominance at this point in the game means control of the rare earths elements that form the backbone of existing technology and the future of technology, and while everyone is busy playing at war with oil and gas, Beijing is busy sitting on a monopoly of our most precious strategic metals.

There are 16 metals in total that form the world's strategically critical rare-earth elements—and [China controls](#) the supply of every single one because it controls 96% of production.

One of these crucial metals is Cesium.

It's worth up to twice the price of gold, ounce for ounce, there are only three producing mines in the world, and all of them are controlled by China.

The only question in this game now is whether there is any chance for North America to get its hands-on new cesium of its own to get out from under a Chinese monopoly.

But while there are only three cesium mines in the world, the potential is in new supply. Of five cesium occurrences in Canada's Ontario province, a small-cap Canadian explorer called [Power Metals](#) owns [100% of three of them](#) (West Joe, Tot Lake and Marko).



The company discovered the pegmatites at [West Joe Dyke in August 2018](#), intersecting high-grade cesium mineralization in six drill holes when it was targeting lithium instead.

So, the focus now is not on what has been lost to China, but the promise of new North American critical cesium.

### **Exactly How Strategic Is Cesium?**

Cesium is extremely rare globally. In [May 2018](#), the United States Department of the Interior included lithium, cesium and tantalum on its list of Critical Minerals.

The supreme technological war of global dominance can't be won without these metals, so whoever controls them has the upper hand.

Cesium is described by the German Institute for Strategic Metals ([ISE](#)) as “the most electropositive of all stable elements in the periodic table”, and the heaviest of the stable metals. Cesium is “extremely pyrophoric, ignites spontaneously when in contact with air, and explodes violently in water or ice at any temperature above -116 ° C”.

Laboratories use cesium compounds for strategic organic chemistry, including in x-ray radiation for cancer treatments.

The list of commercial and industrial applications is long and varied, from catalyst promoters, glass amplifiers and photoelectric cell components, to crystals in scintillation counters, and getters in vacuum tubes.

Much cesium demand also comes from the [oil and gas industry](#), which uses cesium formate brines in drilling fluids to prevent blow-outs in high-temperature, over-pressurized wells.

In terms of world dominance, the “cesium standard” is the key. This is the standard by which the accurate commercially available atomic clocks measure time, and it's vital for the data transmission infrastructure of mobile networks, GPS and the internet.

That means it has serious defense applications as well, including in infrared detectors, optics, night vision goggles and much, much more.

At high purity levels, using the 2018 price for 99.98% pure cesium metal, it's worth about \$79 per gram—twice the price of a gram of gold, according to [renowned geologist Mickey Fulp](#). Most uses required 98% pure cesium, which was set at about \$39 for 25 grams in 2018. Otherwise, it's hard to get a world market price on cesium because there is no trading of this strategic metal.

But imagine China being able to starve manufacturers of something like cesium, which would seriously disrupt U.S. industry and hinder the development of critical military equipment. That's exactly why this rare metal was left off [Washington's tariff lists](#) in the trade war back-and-forth.

But Dr. Julie Selway, a key geologist for the Ontario Geological Survey during the tantalum boom of the early 2000s, and now VP of exploration for [Power Metals](#), says the three properties the company is drilling are hoped to have similar finds as the strategically important Sinclair mine in Australia.

"They are shipping their resource, which they say is higher than 10% cesium-oxide, and ours have some that are [between 12% and 14% of cesium-oxide](#)," Selway—one of the world's most renowned experts on pegmatites—told Oilprice.com.

[Power Metals has intersected cesium \(Cs\) mineralization in 6 drill holes](#) on West Joe Dyke, with "exceptionally high-grade" Li and Ta intervals. They also found Cs mineralization in drill core in the first new dyke below Main Dyke, as well as in the drill core in Northeast Dyke.

### **How Deep Is China's Control?**

China has dominated rare-earths since the 1990s with power in this sector that rivals OPEC for oil—even if it doesn't make the headlines like oil and gas does.

In 2010, China cut back on exports, triggering major price spikes all over the world because of the critical nature of these metals to the tech industry.

That woke Washington from its slumber, but only slightly.

Beijing's next move, according to the [Wall Street Journal](#), was to manipulate the market so that rare earth elements (RREs) were cheaper in China than outside the country. What this did was prompt some major manufacturers and tech industries to set up shop in China, where they could get supplies at a lower cost.

In the entire world, there are only three pegmatite mines that can produce cesium: one is the Tanco mine in Manitoba, the second is the Bitika mine in Zimbabwe, and the third is the Sinclair mine in Australia.

Where does China fit into this picture? It controls them all, beyond its own borders, with few players like Power Metals and its three-play Cesium venue which could challenge that total control.

Washington's emergence from its cesium slumber, however, was short-lived.

According to Fulp, speaking to [Kitco](#), a United States company essentially sold off its control of cesium to Sinomine Resources of China last summer—even after the U.S. placing the metal on the critical list. Prior to this June 2019 deal, cesium production was largely controlled by Boston-based [Cabot Corporation](#), which owned the Tanco mine in Manitoba, but which also has operations in China. This mine was shut down in 2015, with demand met from stockpiles.

Now, Tanco and Bitiki are no longer producing, but Sinomine Resources Group holds all the cesium ore stockpiles.

What that means is that this playing field isn't just of strategic proportions—but it's locked up.

The only company in the cesium supply chain right now is Chinese, and one of the only companies on the radar for potential commercial cesium supplies in North America is Canadian junior Power Metals, which is hoping to prove that it's sitting on the world's fourth minable deposit of the critical metal.

That's why, finally, in December 2019, the United States and Canada agreed on a [strategy](#) to reduce the need for rare-earth metals mined or controlled by China.

### **Other companies shaking up China's rare-earth dominance:**

#### **Teck Resources (NYSE:TECK, TSX:TECK)**

Teck could be one of the best-diversified miners out there, with a broad portfolio of Copper, Zinc, Energy, Gold, Silver and Molybdenum assets. Its free cash flow and a lower volatility outlook for base metals in combination with a potential trade war breakthrough could send the stock higher in H2 of this year.

Teck's share price stabilized last year and many investment banks now see the stock as undervalued. Low prices for Canadian crude and disappointing base metals prices weighed on Q4 earnings.

Despite its struggles, however, Teck Resources recently received a favorable investment rating from Fitch and Moody's, and will likely benefit from its upgraded score. "Having investment grade ratings is very important to us and confirms the strong financial position of the company," said Don Lindsay, President and CEO. "We are very pleased to receive this second credit rating upgrade."

#### **Turquoise Hill Resources (NYSE:TRQ ,TSX:TRQ)**

Turquoise is a mid-cap Canadian mineral exploration and development company headquartered in Vancouver, British Columbia. Its focus is on the Pacific Rim where it is in the process of developing several large mines.

The company mines a diversified set of metals/minerals including Coal, Gold, Copper, Molybdenum, Silver, Rhenium, Uranium, Lead and Zinc. One of the fortes of Turquoise hill is its good relationship with mining giant Rio Tinto.

Turquoise has seen its share price languish last year, and the successful development of its world-class Oyu Tolgoi project in Mongolia is of utmost important to the future of this miner.

## **Pretium Resources (NYSE:PVG, TSX:PVG)**

This impressive Canadian company is engaged in the acquisition, exploration and development of precious metal resource properties in the Americas. Pretium has an impressive portfolio and if you can catch the stock while the price is right, there could be huge opportunity for upside. Additionally, construction and engineering activities at its top location continue to advance, and commercial production is targeted for this year.

With Pretium's variety of assets, this mining giant is a key figure in Canada's resource realm. Investors know a good thing when they see it, and have definitely taken note of this company's ambitious and forward-looking drive.

## **Magna International (NYSE:MGA, TSX:MG)**

Based in Aurora, Ontario, Magna is a global automotive supplier is gutsy and innovative—and definitely tuned to the obvious future—clean transportation. A great catalyst is its development of a combo electric/hydrogen vehicle—a fuel cell range-extended EV (FCREEV). It's not going to produce them (for now, at least) but plans to use the model to show off its engineering and design prowess and produce elements of the electric drivetrain and contract manufacturing. It's insightful, forward-thinking and smart value/low cost for shareholders.

## **Agnico Eagle Mines Ltd (NYSE:AEM, TSX:AEM)**

Canadian based gold producer, Agnico Eagle Mines is an especially noteworthy company for investors. Why? Between 1991-2010, the company paid out dividends every year. With operations in Quebec, Mexico, and Finland, the company also is taking place in exploration activities in Europe, Latin America, and the United States.

While Agnico primarily focuses on gold, it made this list because it's a prime example of sustainability and environmental consciousness, and that means everything in a world rapidly shifting away from traditional mining.

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**Charles** is a writer for *Oilprice.com*.

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Articles by: **Charles  
Kennedy**

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