

Rostec Agrees \$1Bln Rare Earth Deal in Bid for Self Sufficiency

By [The Moscow Times](#)

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Russia will invest \$1 billion in rare earths production by 2018 in a bid to become less dependent on China, which controls more than 90 percent of global supply of the elements used in sectors including defense, telecommunications and renewable energy.

The U.S., Japan and the European Union have complained to the World Trade Organization about China's efforts to control the sector, saying China is trying to use its stranglehold over supply to drive up prices and gain a competitive advantage.

Rostec and IST group, an investment company belonging to Russian tycoon Alexander Nesis, have agreed to invest \$1 billion in rare earths production by 2018, they said in a statement on Tuesday.

Rostec aims to cover Russian demand for these raw materials by 2017, the company added.

"The President [Vladimir Putin] and the government have set a task to expand rare earths production as Russia's stocks are almost depleted," a source in state industrial and defense conglomerate Rostec said Tuesday.

Stocks need to be replenished as the main producer, China, has increased prices sharply," the source said.

TriArkMining, a joint venture between Rostec and IST, has won the right to acquire 82,653 tons of monazite concentrate, stored in warehouses of state-owned Uralmonatsit in the Sverdlovsk region of the Urals.

The JV plans to extract about 40,000 tons of rare earths from the monazite concentrate stored in the warehouses over the course of seven or eight years starting from 2015, the companies said.

The stock is rich in heavy rare earths, such as dysprosium and terbium, crucial for high-power magnets needed by the auto, defense and clean energy industries.

Heavy rare earths are scarcer than cerium and other light rare earths, making them much more valuable.

Russia consumes about 1,500 tons of rare earths per year and annual demand is expected to reach 6,000 tons by 2020, Rostec said.

The company, which has eight firms producing a wide range of defense products, sees rare earths as a strategic raw material.

China will cap rare earth production at 93,800 tons for 2013 as part of efforts to rein in unlicensed production in the sector, it said last week.

Russia accounts for only 2 percent of the world's rare earths production. Without new projects, its share in world output would fall below 1.5 percent in the coming years," Sergei Chemezov, Rostec's chief executive, said in the statement.

"Besides that, Russia's high-tech industry will be protected against fluctuations in the rare earths global market."

The IST group will be a managing partner in the JV, using its experience in industrial engineering and construction of mineral processing and hydrometallurgical plants.

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