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Strategic Mineral Investments

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Another cold war is ramping up. This time it is not so much between the USSR and the West but specifically between China and The United States. Issues for investors at the heart of this struggle for global political, financial, and strategic dominance include strategic mineral investments. High tech and the world of the future demand a set of elements collectively called rare earth minerals. These minerals are found in rocks all over the world but in trace amounts. Mining companies with strategic mineral investments seek out higher concentrations of these valuable minerals and then need to refine them. The ones that do this efficiently will be the most profitable investments.

Does China Control the Rare Earth Minerals Market?

Back in 2010 China exported about 97% of all rare earth minerals consumed by the tech industry. Today that percentage has fallen significantly as other nations are ramping up efforts at mining and extraction. As of 2018 China's share of global rare earth mineral exports was 46.3% with the USA, Austria, and Malaysia at in the 9% range, Japan exporting 7%, and the rest of the world making up the remaining 23%. Making good bets on strategic mineral investments will require finding the companies doing business in this sector and assessing their ability to make a healthy profit.

Global Rare Earth Supply Chains

An extensive article in China Power reviews the status of [global rare earth mineral supply chains](#).

As China's economy has developed over the last several decades, its leaders have sought to transform the country into a key player in strategically important industries. Toward this end, Beijing has established China as the dominant global supplier of rare earths, a collection of 17 minerals that are indispensable to the manufacturing of smartphones, electric vehicles, military weapon systems, and countless other advanced technologies.

The degree to which China has leveraged their position at the top of the supply chain for these minerals is what has worried the West and, in fact, countries across the globe. The Defense sector is especially concerned about relying on China for minerals that are essential to its high tech weapons arsenal.

Potential Strategic Mineral Investments

A US mining operation highlighted in the *China Power* article is the Mountain Pass Mine. They are the primary US rare earth producer. However, they have routinely sent their production to China for processing! That will change in 2021 as Mp Materials (MP on the NYSE) sets up a refining operation at the mine. MP currently trades for \$31.80 a share which is up from \$9.60 when it first traded in January of 2020 and which is down from its high of \$45.99 in March of 2021.

Investments in Lithium Mining

In our article about [lithium mining investment issues](#) we noted that mining and processing of lithium for high tech batteries is a similar issue for the USA versus China. As we noted, the USA has sources of lithium via mining operations and brine extraction. In the coming decade and beyond we expect to see successively larger projects to mine and process lithium as well as rare earth minerals in the USA.

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