



## **FED:Warning for Australia as China 'weaponises' rare earths**

AAP Newsfeed

May 7, 2024 Tuesday 1:29 PM AEST

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**Length:** 446 words

**Dateline:** CANBERRA May 7

### **Body**

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Mineral sands and rare earths company ***Iluka Resources*** has issued a stern warning as China seeks to "weaponise" the supply of vital materials and discourage Australian progress.

"Rare earths are among the very few metals where China has demonstrated a preparedness to weaponise its control, chief executive Tom O'Leary told the annual general meeting in Perth on Tuesday.

China's dominance was achieved through production supremacy as well as influence over pricing, he said.

"It's this monopolistic production combined with interference in pricing that's resulting in market failure," he warned.

***Iluka*** is planning Australia's first fully integrated refinery for the production of separated rare earth oxides at Eneabba in Western Australia, supported by a \$1.25 billion federal loan, but shareholders are concerned about a cost blowout.

The company disclosed in February that the plant's price tag had increased to \$1.7-\$1.8 billion from around \$1.5 billion.

Mr O'Leary said although there was a "significant increase in the capital" required to build the refinery, the energy transition and need for sovereign capabilities to counter interference were megatrends shaping the global economy.

"The need to act with urgency particularly in relation to heavy rare earths is self-evident," he said.

"For our part, we have taken steps to catalyse an Australian rare earths industry that is truly independent."

Mr O'Leary said ***Iluka*** was in discussions with the federal government on the company's capital structure but would not be drawn on arrangements or likely terms.

But it was "extremely unlikely that the commonwealth would countenance advancing all of the funds necessary to meet the additional capital requirement", he said.

Meanwhile United States, Canada, Japan, South Korea and some European countries were "aiming squarely" at retaining onshore some of the economic opportunities of the energy transition, he said.

"In addition to being essential for the production of electric vehicles and wind turbines, the key heavy rare earths dysprosium and terbium have critical applications in defence and national security," Mr O'Leary explained.

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"And there are clear ongoing efforts, including by China's state-owned entities to extend their nation's monopoly by controlling Australia's rare earths deposits from Western Australia to western Victoria," he said.

Binding offtake agreements for raw materials and stakes in Australian producers were among the tactics used to discourage local development of refineries, he said.

China in December banned the export of heavy rare earths extraction and separation technologies, to further tighten control.

**Load-Date:** May 6, 2024

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