

U.S. rare-earth mining urged

Official: Supply of element may run out

Jim Snyder and Jim Efstathiou Jr., Bloomberg News Service, 12-16-10

Rare-earth materials used in wind turbines, solar panels and clean-energy products are at risk of being disrupted and the U.S. should reopen mines to assure a steady supply, an Energy Department official said.

In a study of 14 elements, the department zeroed in on five rare earths and found that supplies of dysprosium, which is used to make wind turbines and electric vehicles, may fall short of demand, said David Sandalow, the Energy Department's assistant secretary for policy and international affairs.

The risk of disrupting supplies may increase as more clean-energy technologies are developed, even after China, which produces at least 90% of the world's rare-earth metals, pledged to provide sufficient supplies, he said. The U.S. should restart mining rare-earth materials and promote recycling of products with these elements to meet demand, he said.

"Reopening domestic production is an important part of a globalized supply chain," Sandalow said Wednesday at a conference sponsored by the Center for Strategic and International Studies in Washington.

Wind turbines, photovoltaic cells and electric vehicles account for about 20% of global demand for rare-earth metals, the Energy Department said in a report Wednesday. It takes 7 to 10 years to obtain permits to open a new mine in the U.S., the longest among the top-25 mining countries, according to the report. The Energy Department plans to begin research into critical materials and to work with Japan and nations in Europe to lower the risk of supply disruptions.

Molycorp, owner of the world's largest non-Chinese deposit of rare-earth metals, and Lynas plan to open mines in the next two years to meet demand, which is forecast by the Chinese Rare Earths Industry Association to rise almost two-thirds by 2015. Greenwood Village, Colo.-based Molycorp rose as much as 12% Wednesday in New York Stock Exchange composite trading. Molycorp has almost tripled since its first day of trading July 29.

Molycorp plans to restart a California mine in the second half of 2011 and produce about 20,000 tons of rare earth oxides by the end of 2012, it said in October. The Mountain Pass mine met almost all the world's rare-earth metals demand before closing eight years ago.

"The availability of a number of these materials is at risk due to their location, vulnerability to supply disruptions and lack of suitable substitutes," according to the report.

The U.S. needs to promote training of engineers and scientists on rare earths and their use, Sandalow said.