Japan’s Strategy to Reduce China’s Rare Earth Dominance

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Rare Earth Latest News

- China’s one-year pause on export controls offers only temporary relief to global rare earth users, serving merely as a brief window to recalibrate strategies before Beijing tightens its grip again.
- Japan provides a proven model for resilience. Having faced China’s coercive export tactics long before others, Japan strengthened its supply chains by diversifying sources, investing in alternatives, and preparing for disruptions — emerging as the first warning signal of China’s growing dominance in the rare earth sector.

China’s 2010 Rare Earths Blockade: A Wake-Up Call for Japan

- In 2010, after a collision involving a Chinese fishing boat and Japanese coast guard vessels, China halted rare earth exports to Japan.
- This created panic in Japan’s automobile industry, which relied heavily on rare earth magnets and imported nearly 90% of these minerals from China.

- Though the dispute was later resolved, rare earth prices skyrocketed tenfold within a year, exposing Japan's extreme vulnerability and triggering its long-term push for supply chain resilience.

Japan's Multi-Pronged Strategy for Rare Earth Security

- Japan responded to China's 2010 export halt by stockpiling rare earths, boosting recycling, and rapidly diversifying supply chains.
- It invested in mines in Australia and Vietnam and achieved **60% independence in critical minerals and fossil fuels by 2022**.
- Japan continues to import rare earths from China mainly for advanced materials but is now **building resilient networks**, forming global partnerships, and encouraging recycling and alternative technologies.

Japan's Self-Reliance Package: Reducing Dependence on China

- Japan's strategy includes cutting rare earth usage through new technologies, developing alternative materials, expanding recycling infrastructure, investing in overseas mines, and maintaining strategic reserves.
- This multi-layered policy approach shows that no single solution can reduce vulnerability; instead, long-term planning, diversification, and strategic stockpiles are essential.

China's Expanding Global Control Over Rare Earths

- China's dominance is growing: **its share in global rare earth mining rose from 38% (2020) to 70% (2023), supported by investments in Africa and Latin America**.
- It also controls processing capacity in Malaysia and stakes in Australia's Lynas.
- This consolidation threatens global supply chains, especially in energy transition technologies and defence applications.

Implications for India: Limited Immediate Impact but Long-Term Challenges

- China's restrictions will not severely affect India now, but India needs a refreshed strategy as demand rises.
- India possesses significant rare earth reserves of about 6.9 million tonnes, mainly in Odisha, Andhra Pradesh, Tamil Nadu and Rajasthan.
- **Despite being among the world's top five holders**, India's output remains very small — only 2,700 tonnes of rare earth oxides in 2023, compared to China's 2,24,000 tonnes.
- Although India has strong potential, especially for mineral and defence applications, exploration has been slow and conservative.
- Recent reforms now aim to boost private sector participation in exploring and extracting critical minerals, signalling scope for future expansion.
- Production has begun to rise, reaching **2,900 tonnes in 2023–24** and projected to grow to **around 5,000 tonnes** in coming years, a sharp increase from earlier years producing under 1,000 tonnes.

- However, risks persist as China tightens its global control over rare earth mining and supply chains, posing potential supply crunch challenges.

Global Response: US and EU Push for Self-Sufficiency

- **The U**S is stockpiling magnets and rare earths while investing in processing facilities.
- **The EU** is expanding its list of critical minerals and aiming for higher domestic production.
- **Germany** is stockpiling deep-sea metals, and companies like Solvay are scaling up processing in Europe.
- Together, these efforts aim to reduce long-term dependence on China.

Source: IE | LM
