

August 27, 2010

The Wall Street Journal (as reported in "The Australian") boldly states in an opening paragraph to an article: "THE world will belong to the countries who control the resources, such as rare earth metals, which power the 21st century."

Of course, this is why Evo Morales is visiting South Korea. Technology producing countries around the world desperately need access to resources. In some countries, like Japan and Korea, the state both directly and indirectly invests in securing the resources of the technology future. They understand that without the raw materials of technology, clean technologies will remain a dream, and national security will become a nightmare.

And so, a landmark Memorandum of Understanding has been signed between the state-owned Korea Resources Corporation and the Bolivian national mining company, Comibol. The countries will collaborate on developing and industrializing Bolivia's Salar de Uyuni lithium reserve. Other participants in the program include Korean firms Posco, LG International Corporation, GS Caltex and Daewoo International.

This follows another recent resources deal in which Korea Resources Corporation and Posco acquired a controlling stake in a Chinese rare earth mining company, Yongxin Rare Earth Metals.

At the Institute for the Analysis of Global Security, we have been working to illustrate the link between geopolitical stability and resources. This is why IAGS Executive Director and TREM Center Advisor Gal Luft is quoted in the Wall Street Journal:

Gal Luft, a director of the Washington-based Institute for the Analysis of Global Security, pointed to China's 95 per cent control of global production of rare earth metals, predicting that foreign policies around the world would be shaped by the need for dysprosium, cobalt and platinum in the same way that oil defined geopolitics in the 20th century.

China's ever-tightening restrictions on rare earth exports quotas will be slashed by 72 per cent by the end of this year - reflect a pattern that may soon be seen in other commodities. "When it comes to resources, there is no free market," Mr Luft said. "The lesson for governments that want to stay in business is that you can't source things you want from one place."

The Japanese foreign minister, Katsuya Okada put it best. He said, "Until recently, the government took the attitude that this was something best left to market forces ... but the world has changed dramatically and the Government cannot just sit back any more."