

# Tungsten: tough metal, tough tactics

AND time for the tough to get going and bring mines into production. ***The Outcrop***, by Robin Bromby.

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## **Viewpoint > Outcrop**

How often have we written, or read, about the degrees of control that China maintains over various metals?

## Comments

Rare earths are a prime example, of course. But the Chinese can influence many metals as we well know.

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## **Robin Bromby**

But it may be that, when it comes to tungsten, Beijing has had its comeuppance.

Christopher Ecclestone of Hallgarten & Co in London has produced a report on tungsten that shows how China's efforts to use its tungsten dominance to make a grab for the global tools market fell apart. They didn't manage to spike the guns of their competitors and Ecclestone's sardonic comment — "our hearts bleed for them" — would no doubt be shared by many concerned about issues on the strategic metals front.

As we all remember, in the 1990s the Chinese undertook dumping and other measures to disrupt several metals markets — graphite, rare earths and others — putting out of business many mines owned by Western companies. Tungsten was no exception.

This writer back in the first decade of this century was following several local tungsten projects. But, apart from China's strategies (after all, it has 61% of known tungsten resources), there was the GFC and the general post-2011 metals price malaise, and our plucky hopefuls made little headway. Market interest drained away.

This meant the closure of mines, or projects being put on the backburner, here as well as in Brazil, Canada, France, Peru, South Korea, Sweden, Thailand and the US.

As Ecclestone paints it, "China made a grab for the global tool market. First sink the tungsten prices and drive the few remaining non-Chinese producers to the wall, then hike the prices, restrict imports, force Western (mainly German or Swedish) players in the tool business to move plants to China or eat their lunch via predatory pricing and — voila — global domination of yet another niche".

It did not quite work out that way. The European tool makers actually showed some backbone and instead set out to pay more to support up-and-coming players. Locally, we have seen Wolfram Bergbau und Hutten AG, a supplier of tungsten powders, (and, along with having its own mine in Austria, being a subsidiary of Swedish toolmaker Sandvik) back little Aussie battler King Island Scheelite, while Germany's Chronimet is now working with Speciality Metals International and its Mt Carbine project in Queensland.

Ecclestone concludes that the industry has passed through the eyes of the storm and the Chinese strategy has lost its wheels. That's where he adds: "Our heart bleeds for them".

The German and Swedish toolmakers were the potential prime victims of the Chinese strategy. Instead of throwing up their hands, they showed that a symbiotic relationship could be developed between miners and users.

Ecclestone points out that the European fight-back contrasted with the way in which their South Korean and Japanese counterparts just rolled over and played dead.

Now there is a real opening for prospective non-China tungsten producers — not only because the Europeans want to buy their product, but because China is only a few years away from being a net importer of the metal.

He sees Australia as having the potential to become a major tungsten producer. But it would seem that speed is now of the essence: as well as from us, more tungsten could begin flowing from South Korea, Portugal, Canada and others.

The point is that, so far as China is concerned, they have large resources — but they are also have a government that at long last is trying to clean up the environment, and miners are one of the main targets. Ecclestone reports that 280 illegal tungsten mines have felt the heavy hand of the government. Last year key ammonium paratungstate smelters in Jiangxi province were closed down due to problems with tailings storage and slag treatment.

Those new Western projects that are well advanced right now have an advantage due to the long lead times for tungsten deposits to be developed. Hallgarten has found that the global pipeline of new projects is largely empty. New tungsten mines cost hundreds of millions of dollars to develop.

Two months ago, British research company Roskill put out predictions for tungsten over the next decade. Allowing that there was a mixed outlook due to uncertainty about how quickly electric vehicles would disrupt the auto industry and how quickly tungsten-containing lightbulbs would be phased out, the research company noted that with several major mines reaching the end of their lives new mine supply will nevertheless be required.

It seems that fortune will not only favour the brave, but those who can get their acts together in the short term.

