

## Focus on Myanmar:

# Raw Material Supplier for Heavy Rare Earths and Factor of Unrest

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**A military coup has put Myanmar's importance as a supplier of critical heavy rare earths at risk. Political uncertainty and export problems could jeopardize the supply chain. Current developments highlight the need to examine alternative sources of supply.**

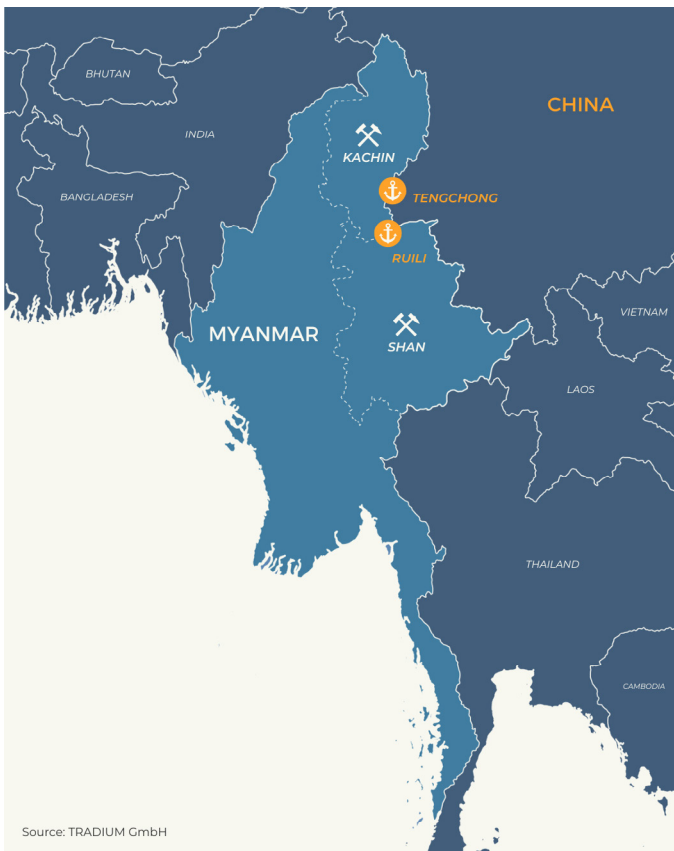
When it comes to rare earths, one of the first countries that springs to mind is China, which has dominated the market for many years with its quasi-monopoly. Much of the world depends on exports from the Middle Kingdom. Interestingly, the country has also been the [largest importer of rare earths since 2018](#). These metals are refined there and processed into magnetic components, for example. One of the most relevant supplier countries is neighboring Myanmar, home to heavy rare earths including dysprosium and terbium. These are less common than light rare earths such as cerium or lanthanum, and revenues from their sale are correspondingly higher. So is their criticality. Heavy rare earths are indispensable for the energy transition and a multitude of other applications.

## Special Geology Makes Myanmar Interesting

Some of the most important sources of heavy rare earths are [ion adsorption clays](#), which occur primarily in areas subject to strong weathering processes. They are found all over the world, but their mining is limited to southern China and Myanmar. In this type of deposit, the rare earth elements accumulate on the clay surface and can be extracted through leaching processes.

Myanmar's most important mines are in the northeastern states of Kachin and Shan. The [official transshipment of goods to China](#) takes place mainly via the ports of Tengchong and Ruili in the southwestern Chinese province of Yunnan. The often-impassable area also likely harbors separate routes for illegally extracted resources.

China's focus on Myanmar's mineral resources intensified after 2012. At that time, the People's Republic [reconsidered its raw materials strategy](#) and assigned greater importance to the use of mineral resources outside the country. As a result, China began to look abroad for new sources, and Chinese mining companies have been setting up operations in multi-ethnic Myanmar since at least 2014. The export of rare earths to China rose sharply in the following years. According to the [U.S. Geological Survey](#), Myanmar exported its entire annual production to the People's Republic in 2018. Due to the



Rare earth mining in Myanmar

rapid and partially unregulated expansion of mines under Chinese leadership, the Myanmar government issued an [export ban on rare earths to China](#) at the end of 2018. Although [this ban was officially lifted](#) in September 2019, there were still [occasional interruptions](#) in deliveries to Myanmar's much larger neighbor.

### Political Uncertainties after the Military Coup

Since it gained independence from Great Britain in 1948, Myanmar has repeatedly been characterized by political uncertainty and armed conflict. Most recently, a military coup against the democratically elected government under State Counselor Aung San Suu Kyi in 2021 drew the attention of the global public and directly impacted the country's extractive industry. The military

junta already had a large number of [mines under its control](#) before the coup. After the coup, the [number of mines increased](#) many times over.

The junta uses violence to exert its authority over regions with large deposits of raw materials. Local populations rarely succeed in preventing the construction of new mines, [as was the case in April 2023](#), for example. Meanwhile, the junta is using inspections to try to control the effects of sometimes-uncontrolled mining. Mining activities have therefore been suspended in Kachin State since September 4. The unpredictable duration of the inspections has led to [uncertainty in the industry](#), which highlights the country's great importance to China's rare earth industry. The same applies to border traffic, which has been interrupted several times due to the coronavirus pandemic.

Despite the partially uncertain supply chain, exports of rare earths to China are growing steadily. In 2021, 71% of rare earths imported to China came from Myanmar. The [industry service Adamas](#), for example, estimates the current share is 41% - 70% more than in the second half of 2022 and nine times more than in the first half of 2022. It should be noted that China only lifted all its COVID-19 measures at the end of 2022, allowing border traffic to flow freely again.

## **Resistance to Military Regime Grows**

Myanmar may be facing another ordeal as resistance to its junta grows. [At the end of October 2023, one of only five official border crossings with China fell](#) into the hands of rebellious local minorities.

Military experts doubt the rebels have the means to weaken the junta in the long term. However, should border crossings in Kachin also fall to them, exports to China — and thus this important supply chain for heavy rare earths as a whole — would be at risk.

## **Analysis of the situation by Jan Giese, Senior Manager Minor Metals and Rare Earth Elements at TRADIUM**

China's raw materials strategy is geared towards securing access to critical minerals outside its own country and diversifying its sources of supply abroad. To this end, China is seeking cooperation with resource-rich partner countries such as Myanmar, which has large deposits of heavy rare earths. These trade relations help preserve China's domestic raw material resources and strengthen its international economic position as the world market leader in the production of rare earth products. The current situation in Myanmar is considered tense. It could therefore be difficult to ensure a stable import of rare earths from Myanmar to China.

Against this backdrop, it is all the more important in the long term to find Western sources of heavy rare earths as alternatives. There are currently only a few mining projects. In the future, the focus should also be on building and expanding refining capacities in a targeted manner. This will provide junior miners with an alternative to selling their extracted concentrate and prevent their material from always flowing to China. However, such value chains are not created overnight. In addition to financial support and technological know-how, it takes many years of development.

TRADIUM has been supplying the processing industry with strategic raw materials for more than 20 years at the highest quality standards. Our care extends across the entire supply chain, starting with the selection of raw material producers. For many years, in the area of rare earth imports, we have maintained successful partnerships with Chinese companies that have their own mining and refining capacities. Regular on-site visits and close dialog enable us to check their compliance with ESG guidelines. Our next planned visit is scheduled for fall 2024. TRADIUM stands for transparency, sustainability, and long-term partnerships in the procurement of strategic raw materials.

## About TRADIUM GmbH

As an owner-managed company, TRADIUM GmbH in Frankfurt, Germany, has successfully served customers in industry and trade since 1999. We supply a range of innovative industrial sectors that use technology metals, rare earth metals and precious metals, including electronics, automotive, glass and ceramics, and dental technology. As a globally operating company, TRADIUM works with many international partners. Long-standing co-operations guarantee the reliability, market proximity and topicality of the respective products. Companies without storage facilities can keep their raw materials in the highly secure bonded and duty-free warehouse operated by TRADIUM's sister company, METLOCK GmbH.



**Jan Giese**

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## About Jan Giese

Jan Giese has been working in industrial sales of technology metals and rare earths at TRADIUM in Frankfurt/Main (Germany) since 2022. Before that, the business administration graduate headed global purchasing at Heraeus Quarzglas GmbH, a business unit of the global family-owned company Heraeus, for 2.5 years. During his time with Heraeus, Jan Giese was in charge of buying rare earths as raw materials; he has learned about the challenges the industry faces through first-hand experience. Since working for TRADIUM, he has been deepening his knowledge of rare earths markets and their players.

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