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Korea opens holding facility to stockpile rare minerals

Date: December 07, 2007

Korea on Friday (Dec. 7) opened its first rare mineral holding facility that can help insulate the country from unexpected surges in prices and sudden shortfalls in global supply.

The facility in Icheon, 80 kilometers southeast of Seoul, is to be used to strategically hold eight types of rare minerals used to produce steel, electronic products, precision machinery, energy generation and weapons systems.

The minerals to be held are chromium, tungsten, molybdenum, antimony, titanium, niobium, selenium and so-called rare earth metals.

The Korea Resources Corp. (KORES) that operates the site said 170.0 billion won (\$184.9 million) has been earmarked for the project that will run until 2016.

The project calls for stockpiling minerals and enlarging the holding facility to 21,450 square meters. This will allow up to 76,000 tons of rare minerals to be stored, equivalent to the amount of materials that are used by the country during a two-month period.

At present, the storage facility covers 4,959 square meters and is designed to hold 3,510 tons of materials.

"The facility is very important because it can allow the country to deal with unforeseen developments in the international resources market," said KORES President Lee Han-ho.

He pointed out that most of the rare minerals that will be kept at Icheon are produced by a handful of countries and cannot be replaced by other resources. China produces 97.6 percent of the world's rare-earth metals and 89.5 percent of tungsten, while Brazil accounts for 93.5 percent of niobium.

The chief executive added that there have been steady gains in prices of these minerals that make it advisable for Korea to have a ready reserve.

The price of titanium has jumped three-fold since 2003, while those for molybdenum and tungsten have risen six and five times, respectively, in the past four years.

Lee said all major industrialized countries hold stockpiles of key minerals, with the United States having 4 years' worth in storage, while Japan's reserves can sustain the country's industry for six months.

Korea's Public Procurement Service started stockpiling base metals such as nickel, copper, lead and zinc from 1967 and spends about 1.2 trillion won annually to maintain reserves in holding facilities in Incheon, Mokpo, Gwangju, Busan and Daegu.

The procurement office does buy rare minerals, but they are usually not held in storage and are primarily released in the market to stabilize local prices.

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