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The Strategic and Security Implications of Rare Earths

Ryan David Kiggins

1 Why rare earths?

Patrolling near the contested Islands of Senkaku/Diaoyu in the East Asian Sea on 8 September 2010, a Japanese Coast Guard crew detained the captain of a Chinese fishing boat whose crew was plying their trade near the Islands claimed as Japanese territory. The waters around these contested islands contain rich fishing grounds in addition to potentially large deposits of oil and natural gas. The fishing boat captain was taken to Japan. Meanwhile, the Chinese government vehemently protested, and, ultimately, the fishing boat captain was returned to China, 16 days later on, 24 September 2010. During the 16-day diplomatic imbroglio between China and Japan and, it would appear, as part of an effort to increase pressure on Japan to release the Chinese fishing boat captain from custody, the government of China, on 10 September 2010, ceased rare earth metals exports to Japan. This action led to substantial distress within the tight knit circles of Japanese government and business elites owing to Japan's absolute dependency on rare earth imports from China to feed its production of high technology products on which its economic model is based. In effect, China, in combination with other forms of diplomatic pressure, used rare earths as a bludgeon to forcibly coerce Japan into aligning its policy with Chinese interests or suffer economic hardship. The use of rare earths by China in this manner was made possible by the fact that China presently controls 95 percent of global rare earth production, Japan relies on China to supply 80 percent of its rare earths consumption, and that Japan has no readily available natural endowment of rare earths or substitutes. On 24 September 2010, Japan released the Chinese fishing boat captain though rare earth shipments from China to Japan did not resume until 19 November 2010, and then

only at considerably reduced levels. Scarcity and the lack of available substitutes for rare earths in combination with China's dominant rare earths market position and its (ostensible) willingness to use that market position to accomplish political objectives, gives rise to new security risks and vulnerabilities that scholars of global political economy have yet to fully address. The collection of essays in this volume, grapple with the emergence of rare earths as an emergent strategic commodity for which lack of access constitutes a security risk with the potential to escalate to an existential security threat.