

ChelPipe Buys Rare Earth Deposit Share

By [The Moscow Times](#)

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ChelPipe paid \$115 million for 30 percent of a Siberian rare earth deposit as the maker of steel pipes seeks to secure raw materials amid competing demand from China, Japan and the United States.

"It is more like financial investment for us, but it also can secure our position in the metals which we use in the production of large-diameter pipe production," ChelPipe chairman Sergei Moiseyev said.

ChelPipe acquired the stake in Technoinvest Alliance, owner of the Zashikhinskoye deposit in the Irkutsk region that has reserves of 25 million kilograms of niobium. A plant to process the ore will be built next year with an annual capacity of 100,000 tons of the raw material, Moiseyev said.

The price of niobium, used in products from guided missiles to medical equipment, rose as much as 50 percent in China and about 16 percent in the United States and Europe last year as the Democratic Republic of Congo and neighboring nations curbed supply, Solikamsk

Magnesium Plant, a Russian rare earth company, said in a report on its web site. Congo President Joseph Kabila last year banned mining in three eastern provinces for six months to root out "mafia groups" controlling the trade.

Rules backed by Apple and Intel to stop sales of minerals used in electronics from funding war in Central Africa also took effect in April this year.

Congo faces "a de-facto embargo" on rare earths, John Kanyoni, president of the mineral exporters association of the country's North Kivu region, said earlier this year.

"We see niobium prices much higher and hope to recoup our investment within three to five years," Moiseyev said.

ChelPipe faces competition for rare earth resources, with the global market likely to double by 2015 to as much as \$6 billion, according to an Ernst & Young report published in April. Demand last year was about 124,000 tons, just 10,000 tons short of output, the U.S. Congressional Research Service said.

China and Russia can begin searching for minerals on the deep Pacific Ocean seabed after the International Seabed Authority, based in Kingston, Jamaica, this week approved applications from Nauru, a Pacific island nation, and Tonga as well as the exploration requests from China and Russia, Bloomberg reported.

While mining seabed deposits so far hasn't proved economical, Canada's Nautilus Minerals is developing technology to mine gold- and copper-rich ore on the seabed. Metalloinvest owns a 21 percent stake in Nautilus. Prices of copper and gold are trading close to records as demand from China grows.

The four applicants want to explore the Clarion-Clipperton Fractured Zone in the eastern central Pacific, which lies mostly at a depth of between four and six kilometers, the seabed authority said on its web site in a July 19 statement.

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