

## **Perth USAsia Centre**

### **In the Zone 2019 – Critical Minerals**

#### **Address by the Honourable Kim Beazley AC Governor of Western Australia**

**Tuesday, 8<sup>th</sup> October 2019**

I would firstly like to acknowledge the traditional owners of the land on which we meet – the Whadjuk Noongar people – and pay my respects to their elders past, present and future.

Secure access to resources has always been integral to prosperity. Now we are in the fourth industrial age, and critical minerals are becoming exponentially important.

We need to be aware that the next phase of mineral production and leadership in Western Australia is critical to national prosperity and our survival. Critical for ourselves. Critical for our friends. Critical for our trading partners. We have all the minerals vital for battery production, all now being mined. We have all the rare earths – heavy and light – critical for industrial magnet production and all the other components for fourth industrial revolution production, present here in WA. Some in production.

Alluding to my former role as Ambassador to the U.S. I am frequently queried about an allegedly demeaning inferiority in the balance of power in the relationship. It is weighted, however there are equalisers. We speak as a nation prepared for its own defence. An important customer of U.S. defence industry, as well as bringing capabilities to the problem zones whilst imposing minimal demands on the U.S. for our own support. Our Joint Facilities and agreements are critical for American information and operations across the five domains; land, air, maritime, space and cyber. Our mineral situation now weighs even more heavily in that balance.

Nevertheless, we come with no agenda beyond the necessity for all to have diversity in options for acquiring what they need. But we are conscious that for our allies we have what they need for confidence in production for their security. In a world where suspicion and autarky increasingly rule in nations' policy directions, we offer a confidence that potentially relaxes stress points driven by fears for access to critical minerals.

In this regard we present competence in production in one of the world's great minerals provinces. We know what to do and how to do it efficiently and safely. We present to our partners no ethical problems on any ethical front. We offer secure and free access to the minerals of prosperity and security with no hidden or overt embarrassments. This is not just a matter of economy, it is also security. There is much talk around exploration for and production of critical minerals around the globe. Until it emerges with production on the ground, it is fraught with boosterism. Here boosters are balanced by producers.

The essential nature of cobalt, lithium and rare earth metals to rapidly emerging technology is seeing nations and corporations start to scramble to secure supply. Few outside of China have

accomplished this, and many great nations may struggle to feed their technology-based economies in the coming years.

China has been proactive. *Made in China 2025* is an ambitious strategy which essentially compels it to prevent foreign ownership of its own critical resources like rare earth resources. It has amalgamated 150 of these companies into six State-owned enterprises, and impressively, secures foreign sources of critical minerals via strategic investments. Owing to modest domestic production, sensibly, India also uses a State-owned entity to help to ensure its own supply of rare earths, painstakingly derived from beach sands.

The United States, as a tech-centric economy, has realised it can no longer ignore the growing challenges of secure supply of critical minerals, and is exercising renewed diligence. This includes working with Canada, and a recently agreed critical minerals partnership with Australia. It does however have a long road ahead. Similarly, the Europeans and others in North Asia are starting to act, but behind closed doors they speak of their industries' vulnerabilities and have much work to do.

Big tech and other strategic producers, including defence industry, are understood to possess often modest stockpiles of critical minerals – amounts they keep classified – and it appears they are insouciant when it comes to supply contingencies. This is a significant risk. As but one example, some 3300 items of military equipment do not work without rare earths. This includes everything from nuclear weapons to night vision goggles – almost everything bar a rusty knife or pair of boots.

And no, against what some commentators assert, including erroneously to international defence organisations in recent years: you cannot simply ramp up production and effectively process rare earths from scratch in six months; or recycle them in suitable quantities to meet strategic needs spanning economic and defence interests – metallurgists and others actually involved in the technical side of the industry will advise you that this is simply untrue.

In Western Australia, we look favourably upon those who allow us to move down the mining value chain – not to simply dig up and crush rocks, or ship critical minerals. In fact, many citizens I speak to across the State are concerned by the latter. They are not sold solely on arguments around job creation and short term economic gains for resources that are gone forever – instead aspiring to achieve more.

I agree, where we have a genuine comparative advantage, it is wise to push for a greater value add to the economy. I am pleased to see the State moving in the right direction. This is evidenced by American and Chinese investment in lithium hydroxide processing plants, and Lynas exploring greater rare earth processing opportunities in the Goldfields. Thank you Ms Lacaze.

To our friends here today from across the Asia-Pacific, and indeed many lucrative local operators who have been benefiting from our resources for years, 'please keep Western Australia's downstream ambitions in mind'. Increasingly, Western Australians expect this. Personally, I also think that we can build upon our noteworthy progress by working together.

As Governor of Western Australia, I would like to reiterate the astounding fortune we offer the globe in providing free and fair access to critical minerals, which underpin the world economy. The fact that half of the world's lithium supply comes from WA, including the world's largest lithium mine only

two and a half hours from here, is testament to this. In fact, someone quipped to me that the Greenbushes mine probably had both the world's highest grade and second highest grade of lithium in the world. The second being its tailings dam. We now seem to have other equally, some speculate, even more promising lithium reserves in our North.

Beyond high grade resources, including all forms of critical minerals available right here in Western Australia, our mining industry is the gold standard in offering:

- No sovereign risk;
- Secure and voluminous supply;
- Fair and safer work;
- Innovative mining; and
- Environmentally and ethically responsible supply.

To my fellow Western Australians, it is not just a matter of 'dumb luck' in being blessed with an abundance of mineral reserves; *we should all be extraordinarily proud* that we have created the conditions to realise world leading achievements in mining.

Aside from having world-leading innovations, the importance of such professionalism perhaps resonates with me most greatly when taking a closer look at a critical mineral like cobalt. Like the blood diamond trade, which the world moved quickly to remedy, big corporations who value their 'brand' need to get serious about ethical mining.

At a guess, everyone in this room has a mobile phone or computer, or perhaps even drove here today in an electric car, or flew to Perth on a jet plane. On this basis, I think it fair to say that we must consume cobalt as an essential component of these and many other ubiquitous technologies.

But few of you might know that about two-thirds of world cobalt production is mined in operations which use children as young as six, working 14 hours a day, for a few dollars, in very tough conditions. Perhaps not as confronting as the blood diamond trade, but clearly not right.

Would something like this happen here? No it would not. Would it happen if Australian expertise ran such mines overseas? No it would not. I am pleased to see block chain technology being explored to mitigate such unethical sources to hold corporations to account – the jig is almost up. I am also pleased to see some companies investing to reduce the amount of cobalt needed to make products work.

The world of mining employs the equivalent of roughly Australia's entire population, in one of the world's most dangerous industries. Australia is obviously a superpower in the mining arena, yet we are omitted from one list. Unlike China, the United States, India, the United Kingdom, France, Japan, Zimbabwe and South Africa, data dating back to the 1800's shows that we have a safety record which has seen us omitted from the list of the world's worst mining disasters.

More recently, the Brumadinho tragedy in Brazil in January this year took more lives than all coalition deaths combined in the 1990-91 Gulf War. While Australian tragedies are not lost on me, including the Mount Kembla mine accident of 1902 that claimed the lives of 96 miners... I ask you – are Australian standards conducive to major accidents like this? No.

I had the pleasure of meeting with a great global-wide Norwegian organisation recently – an undisputed champion of environmentally responsible practice. I was advised that we in Western Australia not only match the world's best for environmental standards in the resources industry, we often nudge above it. Can many others lay claim to such responsibility in a necessarily environmentally intensive industry? The answer is no.

So, to those countries and the many tech corporations currently unable to secure critical minerals for their future, I say, look to Western Australia. We believe in fair and open trade here and ready access to resources. We also have every type of critical mineral here.

A few mere years from now when many of the corporate heavy weights, defence suppliers and national economies are no longer 'in the game' because their critical mineral supplies or ethical reputation is severely compromised, those who took action now will be grateful they did.

Please enjoy the outstanding conference that awaits us. Thank you.

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