

# Japan-U.S. Symposium on Rare Metals

## Strategic and Rare Metals Stockpiling: Overcoming a Weak Spot in the Economy

By Hideki Minamikawa

With the progress and development of modern industries, the demand for rare metals has been increasing sharply because of their outstanding physical properties such as superb heat resistance. Today, rare metals are essential materials in an extensive field ranging from daily supplies to high-technology products. Because the import sources of rare metals are limited and because much of the imports come from the Communist Bloc and countries where the political situation is unstable, the supply structure of rare metals is extremely insecure.

In view of this situation, Japan and the United States, which between them account for about half the world's total rare metal consumption, held a symposium to exchange views on policy measures, including promotion of stockpiling, to ensure a stable supply of rare metals.

The Japan-U.S. Symposium on Rare Metals was held in Tokyo on November 8 and 9 under the sponsorship of the Institute for Foreign Policy Analysis in the U.S. (headed by Robert L. Pfaltzgraff Jr.) and the Japanese Organizing Committee for the Symposium on Rare Metals (adviser Shimpei Omoto). Supported by the Ministry of International Trade and Industry (MITI), the Ministry of Foreign Affairs, and the U.S. government, the symposium was attended by a fairly broad range of businessmen, academics, government officials and others who have exhaustive knowledge of and interest in rare metals. The symposium produced many fruitful results.

It should be noted that behind this rising interest in the problem of rare metals was the fact that budgetary requests have been made in Japan to finance in fiscal 1983 a buildup of national stockpiles of 11 types of rare metals, including nickel, chrome, cobalt, niobium and manganese.



### November 8 (Opening Session)

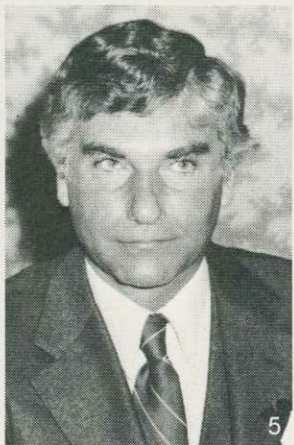
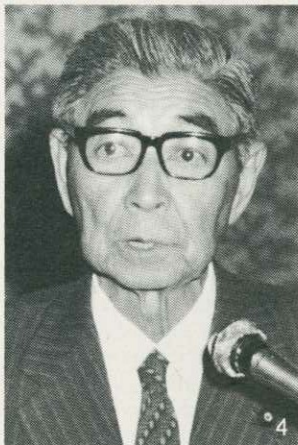
During the opening session, co-chaired by Toyoaki Ikuta, president of the Institute of Energy Economics, and Dr. Robert L. Pfaltzgraff Jr., president of the Institute for Foreign Policy Analysis, successive speakers affirmed the importance of strategic metals stockpiling.

MITI Vice-Minister Kunio Komatsu, in a welcoming address on behalf of then MITI Minister Shintaro Abe, said this was important from the point of view of Japan's efforts to invigorate the world

economy. "Japan feels it necessary to cooperate with the U.S. in stepping up stockpiling of rare metals that will contribute to revitalizing economies," he said.

President Yoshihiro Inayama of the Federation of Economic Organizations (Keidanren) told the symposium Keidanren was urging the government to promote national rare metals stockpiles and believed this should be done in cooperation with the United States.

Officials of U.S. President Ronald Reagan's administration, Under-Secretary of State William Schneider Jr. and National Security Council member Gaston Sigur, stressed that access to critical raw



1. Co-chairman Toyooki Ikuta, president of the Institute of Energy Economics
2. U.S. Under-Secretary of State William Schneider Jr.
3. Utah congressman Dan Marriott
4. Yoshitake Sasaki, a Lower House member of the ruling Liberal Democratic Party.
5. Dr. Robert L. Pfaltzgraff Jr., president of the Institute for Foreign Policy Analysis, co-chairs the symposium with Japan's T. Ikuta.

materials was vital to national security interests and should be included in foreign policy concerns.

"The U.S. is now building up stockpiles of important strategic goods to attain three years' supply," Schneider said, adding "We have got to include access to critical raw materials in our foreign policy agenda with producing countries. My hope is that this could become an element in the diplomatic agenda for all industrialized countries."

Director General Toru Toyoshima of MITI's Agency of Natural Resources and Energy said it was estimated that a 30% cut in essential rare metal supplies to Japan would have the effect of reducing Japan's gross national product by 4%.

Toyoshima expressed Japan's strong resolve to start building up a national stockpile of rare metals from fiscal 1983, while stressing the need for cooperation between the U.S. and Japan, which together account for nearly half the world's consumption of rare metals.

Parliamentarians of both countries participating in the symposium supported the call for resources stockpiling. Utah congressman Dan Marriott advocated joint efforts between the United States and its allies to promote rare metals production, while Yoshitake Sasaki, a Lower House member of the ruling Liberal Democratic Party and chairman of the LDP's Natural Resources and Energy Council, pledged

his utmost efforts to acquire the necessary budget appropriations to finance stockpiling in fiscal 1983.

"From the standpoint of international security, the U.S. expects its allies to build up national stockpiles of rare metals," Marriott said, while Sasaki stressed national security as the LDP's "top priority."

During the afternoon session, representatives of U.S. and Japanese business spoke on the importance to industry of national raw metals stockpiling, while special guest Sven Johansson, a Swedish government expert, spoke about his country's stockpiling policy.

Johansson said Sweden is now considering expanding its existing two-months' stockpile of rare metals to a three-months' supply. "Stockpiling contributes to stability in international trade and allows a period of grace to take steps necessary if problems arise," Johansson said. He also said it enabled countries to resist the threat of intimidation through trade.

Dr. Daniel Fine, professor at Massachusetts Institute of Technology, in a similar vein, said supply of rare metals could be used as a political tool, and since private sector stocks had declined and supply source diversification would take time, rare metals stockpiling must be carried out at a national level.

In summing up, the co-chairmen agreed on the need to consolidate rare metals stockpiles and said establishment of a na-

tional stockpile by Japan would be an important first step toward U.S.-Japan cooperation in this field.

The symposium then endorsed a joint statement which read: "It is strongly urged that the Ministry of International Trade and Industry, the Federation of Economic Organizations (Keidanren) and the Liberal Democratic Party join forces and make efforts so that a system to build up a national stockpile of rare metals will be established in Japan in fiscal 1983."

## November 9 (Second Day)

The second day of the symposium was devoted to round-table discussions by specialists, covering areas such as future U.S.-Japan cooperation in stockpiling, especially collaboration with regard to purchase and release of rare metals, and swapping between the two countries.

Dr. Richard Donnelly, director of Industrial Resources in the office of the U.S. Under-Secretary for Defense for Research and Engineering, said rare metals stockpiling was a kind of insurance, which may seem costly at the time, but in case of an emergency could even appear insufficient.

Hideaki Kase, director of the Japan Security Research Center, said it was essential that Japan take steps to ensure its security against possible fluctuations in vital rare metals supply from potentially unstable areas such as southern Africa, even though supply at present is relatively stable.

The symposium concluded with delegates agreeing to promote exchanges of relevant information and, for the moment, joint study of various feasible ideas.

In his final remarks, U.S. co-chairman Pfaltzgraff said the symposium had produced significant results. "I hope the results will be utilized for improving each country's stockpiling system," he said.

Japanese co-chairman Ikuta called for increased mutual exchange on the stockpiling question. "Japan and the United States are not merely friends, but allies," he said. "Our two countries share a common interest in striving for stable supply of rare metals in order to preserve the peace and stability of the Free World."

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