# Europe's Struggle with Rare Earth Sector Revival and Uranium Market Merger Trends



### Europe Faces Challenges in the Rare Earth Sector

LONDON - Efforts are underway in Europe to revive the rare earth processing industry, crucial for the green energy transition but facing significant hurdles. One notable effort is Solvay's attempt to restore its La Rochelle plant in France, which was once a global leader in rare earth production during the 1980s and 1990s. The plant, currently producing 4,000 metric tons annually, aims to meet 20-30% of Europe's rare earth magnet demand by 2030, although achieving this may be difficult.

The European Union's new law, effective from May 2024, targets significant increases in domestic production of critical minerals used in technologies like electric vehicles (EVs) and wind turbines. The EU aims to mine 10%, recycle 25%, and process 40% of its annual needs domestically by 2030. Despite these goals, European output lags far behind China's 298,000 tons of rare earths, with significant gaps in mining and metal/alloy production.

Public opposition, limited funding, and industry reliance on affordable Chinese imports are some obstacles. For example, Sweden's LKAB project hopes to start re-processing waste by 2030, contributing 1% of local demand. Norway’s Rare Earths Norway could contribute 10% by 2031 if it overcomes current challenges.

Neo Performance Materials is constructing a magnet factory in Estonia, set to open next year, while Germany’s GKN Powder Metallurgy and Slovenia’s Magneti Ljubljana are also expanding operations albeit with higher costs compared to Chinese imports.

### Uranium Market and Mergers in the Mining Sector

Yellowcake, or uranium oxide, crucial for nuclear fuel production, has seen its value nearly triple to $84 per pound over three years. The market cooled since January, causing uranium prices to drop by a fifth.

Amidst these developments, Australia’s Paladin Energy and Toronto-listed Fission Uranium announced a $830 million all-share merger. This merger aims to counteract market volatility and address future demand, particularly from China's expanding nuclear sector, which should increase its need by 139% by 2030.

While currently unprofitable, both companies expect positive cash flow imminently. Paladin's operations in Namibia are set to start this year, and Fission's Patterson Lake South project in Alberta aims for a 2029 start. This merger reflects strategic moves to bridge uranium supply gaps in the coming decades.