

# The Chinese rare earth tax and the separation technology revolution

December 3, 2014 – In a special **InvestorIntel** interview, the Editor-in-Chief and Publisher Tracy Weslosky speaks with Jack Lifton, Founding Principal of Technology Metals Research, LLC talk about the new Chinese heavy rare earth tax rumor, the latest rare earth separation technology processes and the impact on the Chinese-Australian free trade agreement on the resource market.



**Tracy Weslosky:** I'm going to start first with that rumor that we had – in a story that we placed on our site where our Asian correspondent talks about a [new heavy rare earth potential tax](#) from the Chinese. We haven't had anything like this since 2011, of course the markets went crazy. Talk to me about this. *Do you think this is real?*

**Jack Lifton:** Yes, I do. It's the way that China has resolved the issue of how to conserve and protect its very limited heavy rare earth resources, which are so important. This is not a surprise to me. We did it to ourselves. We made it a big fuss about, well, there's this and that and the Chinese have just reviewed their history of western capitalism. They said, oh – all we need to do is put a big export tax on, that's okay. So, they did it. Look, they've been looking for a way to do this for four years. They will now do it.

**Tracy Weslosky:** Okay. If they're going to do what they did in 2011 everybody should get ready for a very busy Christmas day

because I believe they put that news out in 2011 on Christmas. Jumping next to other news, we have a lot of big news in the market. Of course, Ucore put out their, you know, revolutionary, what is it, molecular recognition technologies. Now I'm just . . .

**Jack Lifton:** Right.

**Tracy Weslosky:** I'm just an investor. I don't know what an MRT is. I need you to talk to me about that.

**Jack Lifton:** Well, let's say that molecular recognition technology it is basically a way of separating metals from each other by utilizing chemicals, organic chemicals, that selectively bind to one or the another and then they can be separated and they can be then relieved of their burden of the specific metals. Now what I'm saying is there's no way to explain this in a few moments and to people who don't have the particular background. Just let me say this, all separation technologies are the same. They're trying to separate things from each other that are closely related chemically. In the case of the rare earths, they're the most closely related long string of elements in the periodic table. Very difficult to separate from each other. It can be done. It's very expensive. The thrust of MRT, continuous ion exchange, accelerated solvent extraction, all of these technologies that are now underway is to lower the cost. The technology is to accomplish the same thing, separating the rare earths. It's the cost that's always been the issue, the enormous cost. I believe that we will see now in the next year to year and a half scale up of one or more of these technologies, rocketing down the cost and completely changing the landscape for junior rare earth companies.

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