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Can The US Avoid Foreign Energy Dependence? Lithium Demand a Boon for Chinese and Australian Producers

POINT ROBERTS, Wash., Feb. 28, 2019 (GLOBE NEWSWIRE) --Investorideas.com, a leading investor news resource covering AI and lithium stocks **concludes our two-part series** looking at the increased demand for lithium for EV's and the effect it has on the global market .

The Houston Chronicle [recently reported](#) on the possible foreign energy dependence lithium could create for the US as, "Australia and Chile are the largest producers and lithium mines have already increased production, creating a surplus that sent prices of the metal crashing down last year. But the long-term outlook is strong for demand and prices, analysts maintain."

"The demand for lithium isn't really in question, it's just a matter of when that demand really kicks in," an analyst at Benchmark Mineral Intelligence told Reuters last year. "You just have to look at the number of battery factories that are being built around lithium-ion technology."

The US is not sitting idly by though as Senator Murkowski discussed in a recent[Energy and Minerals Hearing](#). In her opening remarks she stated, "Over the past several years our committee has sought to call attention to the reliance on foreign nations for our minerals. The administration has taken several important steps but we must compliment their actions with our own legislative actions..."

When speaking to Simon Moores and asking questions for how the US can move to the forefront for battery materials and minerals "We can't afford to be a bystander when we are looking at the future...so much of this goes back to investment."

Standard Lithium Ltd. ([TSXV: SLL.V](#)) ([OTCQX:STLHF](#)) has no plans to remain a bystander. The specialty chemical company is focused on unlocking the value of existing large-scale US-based lithium-brine resources and believes new lithium production can be brought on stream rapidly by minimizing project risks at the selection stage (resource, political, geographic, regulatory and permitting), and by leveraging advances in lithium extraction technologies and processes.

Securing their technology, Standard Lithium just [announced](#) they filed a patent application with the U.S. Patent and Trademark Office covering the Company's novel process for the recovery of Lithium from brine. The patent applications covers technology the Company and its Scientific Advisory Team have developed.

The company is now funded for future growth with news [announced](#) it entered into a funding equity agreement for gross proceeds of \$10,500,000 CAD.

Foreign competition is fierce though as **BYD Company LTD.** ([OTC:BYDDF](https://www.otcmarkets.com/stock/BYDDF/quote)) [recently announced](#) plans for a new battery gigafactory to support its ambitious electric vehicle plans in China which will be able to produce 20 GWh of battery cells for its electric vehicles.

The company is investing 10 billion yuan (~\$1.49 billion USD) in the facility located in southwest China's Chongqing Municipality.

At an output 20 GWh, it would make BYD's new factory one of the largest battery factories in the world.

BYD also [reported](#) preliminary net profit for 2018 that was 31.4 percent lower than a year earlier, pinning the blame on intensifying competition in the world's biggest auto market, for example Tesla's own Gigafactory 1 in Nevada, which is currently believed to be the largest battery cell factory in the world, has an estimated output of about 35 GWh per year.

Tianqi Lithium Corp. ([SZ:002466](https://www.szse.cn/stock/quote/002466)), one of the world's top 3 lithium producers, after more than half a year, [recently closed](#) its deal to purchase a 23.77% stake in rival Sociedad Quimica y Minera de Chile SA after clearing several regulatory hurdles.

This \$4.1 billion deal is seen by some as a risky move as Tianqi, which has around 12 billion yuan (\$1.77 billion) in assets, relied on leverage to make the investment.

"The tie-up with SQM is a hard-won deal, and we are looking at the fast development of the lithium industry over the next five to 10 years," said Wu Wei, the company's President, in an [interview with Caixin](#) (link in Chinese).

The hype for lithium is helping many company stocks rally such as **Galaxy Resources Limited** ([ASX:GXY](https://www.asx.com.au/stocks/GXY)) who [reported their quarterly results](#) for the three month period ending December 31st, 2018. The company reported closing cash and liquid assets of 41.4 million USD and zero debt.

The company also included a market analysis commenting that "Market indicators observed throughout Q4 2018 were illustrative of the robustness of the maturing lithium market. Domestic lithium chemical prices within China plateaued, following several periods of retreat, which many have interpreted as signaling the bottom of the pricing cycle within this region. Key indicators point to a more buoyant market environment throughout 2019 with Chinese domestic prices for lithium stabilizing during the last quarter and the combination of strong demand growth and supply challenges to support a favorable market moving forward."

US companies like Standard Lithium may have their work cut out for them in 2019 as Australian and Chinese producers also race to meet the demand the EV sector is placing on lithium. There is a new global energy race for lithium, and it's a race which everyone is hoping to win.

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