

Ford strikes lithium deals as ‘near-shoring’ trend benefits Canadian miners

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The future site of Nemaska Lithium in the Quebec Societe-Parc Industriel, in Becancour, Que. on March 24.

Quebec’s nascent lithium mining industry has won a vote of confidence from Ford Motor Co., with the automaker signing an 11-year contract with Nemaska Lithium for future production from two planned facilities in the province announced long-term supply agreements with Nemaska and four other lithium miners Monday at an investor conference, part of a strategy to dramatically increase electric-vehicle production over the next three years. In a report,

Scotiabank analyst Ben Isaacson said Ford is the latest automaker to “near-shore” its supply of critical minerals for EV batteries to ensure its operations are compliant with the U.S. government’s recently enacted Inflation Reduction Act, which offers subsidies for clean-energy investments.

Along with Nemaska, which is co-owned by Philadelphia-based Livent Corp. and provincial government agency Investissement Québec, Ford signed contracts with three U.S. mining companies – Albemarle Corp., Compass Minerals International Inc. and EnergySource Minerals – and Sociedad Quimica y Minera De Chile SA. Albemarle and Compass struck five-year supply agreements.

Nemaska expects to begin shipping lithium ore from the Whabouchi mine in the James Bay region of Northern Quebec by 2025, after spending \$800-million on the project. The following year, the company plans to start producing processed lithium at its Bécancour plant, on the St. Lawrence River.

Ford will initially buy ore from Whabouchi, then as much as 13,000 tonnes of processed lithium annually from the Bécancour facility.

“This long-term agreement with a global leader in the automotive industry and in the development of electric vehicles is a tribute to the strength of Nemaska Lithium’s project,” Gervais Jacques, the company’s chair, said in a news release. “It also strengthens our position as a major player in the development of the battery industry in Quebec and Canada.”

On Monday Ford also unveiled aggressive EV production targets. The Detroit-based automaker produced about 100,000 battery-powered cars and trucks in 2022 and forecast that its assembly lines will turn out two million EVs annually by 2026, including vehicles sold to corporate fleets through its Ford Pro division.

“The Nemaska Lithium project will be a sustainable source of lithium, supporting Ford’s ability to scale and helping us make EVs more accessible and affordable over time to millions of customers,” Lisa Drake, Ford’s vice-president of EV industrialization, said in a news release.

Ford also revealed it plans to make greater use of lithium iron phosphate (LFP) batteries, instead of the more expensive, longer-range lithium nickel manganese

cobalt oxide variety. In a report, analysts at RBC Capital Markets said: “On battery chemistry, Ford is very bullish on LFP.”

Last year, General Motors Co. signed lithium supply agreements with Nemaska Lithium parent Livent LTHM-N and Vancouver-based Lithium Americas Corp. which is developing a project in Nevada.

Early this month, Livent announced a US\$10.6-billion merger with Brisbane, Australia’s Allkem Ltd. that would unite the owners of lithium mines in Canada, Argentina and Australia and a global network of processing plants.

Allkem owns a James Bay mine project – about 100 kilometres from the Whabouchi property – that is expected to cost US\$286-million to develop and should begin production by 2026.

The city of Bécancour, population 15,000, is already home to a battery factory jointly owned by General Motors GM-N and South Korea’s Posco Chemical Co. Ltd. and is the site of potential battery projects by Ford and Brazil’s Vale SA.

Over the past two years, the lithium industry has seen its largest companies expand through friendly mergers and hostile takeovers. Benchmark lithium prices rallied sixfold over the two years to November but have since plunged. Analysts say that created an opportunity for major EV battery makers to acquire projects and secure the raw material needed to meet surging demand from automakers switching to EVs.