

CMI Masterclass: The Global Economic War for Rare Earths

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The rare earth industry has stopped being a supply chain and started behaving like a lever of power. In a recent [Critical Minerals Institute](#) (CMI) Masterclass, [Melissa “Mel” Sanderson](#) framed the moment with the kind of blunt historical bookends that turn policy talk into something closer to strategy: in 2011, she argued, “today began” when China curtailed Japan’s access to rare earths—an early signal that minerals could be used as statecraft, not commerce. A decade later, she said, COVID exposed a different vulnerability: “the longer your supply chain, the more fragile it is.” Put those shocks together and you get what Sanderson called “a geopolitical landscape in flux not seen since World War II,” with the world—whether it admits it or not—slipping into “a global economic war.”

She opened with a deceptively simple question, limited to four countries: Brazil, India, the United States, and Canada. Which one is on track to “success” over the next decade—defined as national security, the well-being of citizens, and control of a critical mineral supply chain?

[Constantine Karayannopoulos](#)—the former President, CEO and Chairman of [Neo Performance Materials Inc.](#) (TSX: NEO | OTCQX: NOPMF)—began with a warning that sounded less like punditry than scar tissue: “there are no guarantees of success. There are no magic bullets.” Still, he said he “really like[s] what Brazil is doing,” describing advisory work with the Brazilian Development Bank (BNDES) and a “billion-dollar fund” structure he characterized as unusually practical: a pool of public and private capital—he cited contributions including a “couple

hundred million dollars” from Vale—allocated not by political ministry, but by “two arms-length financial institutions... private equity companies.” In his account, the design mattered as much as the size: grants, equity, and debt deployed across the chain “all the way down to EVs and motors and magnets,” with professional managers forced to price risk instead of slogans.

Sanderson’s follow-up to Jack Lifton sharpened the problem: if you were picking winners in a sector dominated by juniors, what criteria would you use? Lifton answered in three words—“Competence, experience, prior success”—then accused northern governments of funding in the dark. “National governments... have very little technical due diligence competence,” he said, arguing that private capital avoids the space because it can’t see a credible path to profit. When he looked at U.S. award decisions, he said, “I cannot believe they’ve done that. I don’t see companies with experienced people with a record of success.”

Then Lifton broke from Karayannopoulos’s country pick. “I would pick India,” he said, not because the ore is easy, but because the labor is deep: a vast reservoir of engineers, a huge internal market, and long-standing industrial know-how across the “enabled-product supply chain.” He claimed India is often omitted from popular lists of separation capacity despite an operating plant he said was funded by Toyota and Indian Rare Earths Limited (IREL), and he noted—pointedly—that India had “prohibited the export of finished rare earths.” Sanderson translated Lifton’s core thesis into a single phrase: “the knowledge gap,” the element that “takes the longest to develop.”

That knowledge gap fed her next provocation: is every country chasing “soup to nuts” supply chains doomed, and will today’s blocs—she name-checked BRICS—collapse into a new specialization model? Lifton’s reply was immediate: “No.” Globalization, he

said, is ending; the world is “fracturing into regional and even national-focused powerhouses.” The United States, in his view, will be “self-sufficient” in what it needs in rare earths within 10 years, but not a competitive exporter because “our costs will be too high.” He mocked the breezy rhetoric of “redeveloping” capacity: “That’s like bringing back your teeth. They don’t come back.”

Karayannopoulos countered with lived experience from the last rare earth shock, the 2010 China–Japan episode. He recalled “containers... stuck” in Shanghai en route to a Japanese client; when Japan’s chipmakers stopped shipping components back, factories in southern China shut down and “150,000 people were out on the street.” The crisis ended, he argued, because there was a functioning rules system: the World Trade Organization ultimately found against China’s export restrictions, and China moved to comply. Then came the whiplash: “prices collapsed,” buyers “forgot about... resilience,” and the marquee U.S. rare earth bet—Molycorp—filed for Chapter 11 in 2015. It is hard to design industrial strategy, he implied, when the incentive structure resets every time a crisis fades.

Where Lifton saw mercantilism as destiny, Karayannopoulos warned it would produce a “Hobbesian world,” and insisted globalization can still “be a force for good” under enforceable rules. He also disputed the casual inflation of defense demand. “Less than 2% of global rare earth demand goes into defense applications,” he said, calling the “920 pounds... per F-35” claim “complete and total bunk,” and cautioning that you “cannot build an industrial rare earth supply chain on the back of military demand alone.”

Yet mercantilism kept reappearing—this time through energy, capital, and the ambitions of Saudi Arabia. Sanderson dragged the conversation toward the Middle East and Central Asia: if self-sufficiency is the ideology of the decade, who wins besides

China and the United States? Karayannopoulos argued Saudi Arabia's industrial push is "real money" and "real," citing the kingdom's automotive and minerals plans, including investment in Lucid, interest from Hyundai, a rare earth project mandate involving Ma'aden, and the role of the Public Investment Fund in building downstream capacity. Lifton, for his part, described a China that has turned mercantilism into architecture—"Belt and Road," he said, is an empire of ports, loans, and captive trade flows.

Even the electric vehicle debate—once a proxy for optimism—became a dispute over realism. Lifton argued flatly there will not be an EV revolution in America; Karayannopoulos refused to "bet against" China's EV ascendancy, and pointed to the way Chinese consumer products have forced themselves into Western executives' imaginations, referencing the widely [reported](#) Ford Motor Company CEO Jim Farley who imported a Xiaomi SU7 from China and commented that he "didn't want to give it up."

By the end, Sanderson returned to the only question that survives every ideological argument: what is real demand, and who can profitably meet it without subsidies becoming a business model? Lifton's irritation crystallized into a line that sounded like a diagnosis of the entire decade's critical-minerals boom: "The simple issue... that's not addressed is: what is the actual demand right now? What will it be in 10 years?" He paused, then dared the room to do the boring work that history rewards: "Just tell me what the demand is."

About the Critical Minerals Institute (CMI):

The [Critical Minerals Institute](#) (CMI) is a global brain trust for the critical minerals economy, serving as a hub that connects companies, capital markets, and policymakers. Through CMI Masterclasses, the weekly *Critical Minerals Report (CMR)*,

bespoke research, and board-level advisory services, CMI delivers actionable intelligence spanning exploration finance, supply chains, and geopolitics.

CMI also convenes the flagship [Annual Critical Minerals Institute Summit](#), a global gathering of government leaders, institutional investors, and industry executives. The next event, [CMI Summit V](#), themed “**The New Critical Minerals Economy**,” will take place **May 13–14, 2026**, in Toronto, Canada. For more information, visit CriticalMineralsInstitute.com or contact **CMI Executive Director Tracy Hughes** at +1 647-289-7714 or tracy@criticalmineralsinstitute.com.