Critical Minerals Institute Marks Five Years with a Warning That Government Funding Alone Is Not a Strategy

written by Tracy Hughes | August 20, 2026

Today, August 20, 2026, the Critical Minerals Institute (CMI) marks its fifth anniversary. Five years after CMI was created to bring together leaders from across the entire critical minerals ecosystem, including exploration, mining, processing, refining, advanced materials, manufacturing, recycling, capital markets and public policy, its latest Masterclass demonstrated why that mission has become more urgent. Critical minerals have moved from the margins of industrial policy to the centre of global economic and national security planning, but political attention and public investment have not yet produced the coherent Western supply chains they were intended to build.

That was the central message of CMI's August Masterclass, "Playing the Trump Card", which I moderated with CMI Co-Chairs Jack Lifton and Melissa Sanderson. The discussion began with a deceptively simple question. **As Washington uses its financial power to secure rare earths and other critical minerals, could the United States outbid its allies so aggressively that it weakens the very coalition it needs to compete with China?**

Sanderson said that concern is already being expressed in Europe. The United States is asking allies to help build a coordinated Western critical minerals system while simultaneously signalling that the largest cheque will prevail.

In her view, those messages cannot coexist indefinitely. If partners conclude that the contest has become “every dog for itself”, they will develop their own policies, secure their own supplies and become less willing to coordinate with Washington.

Canada remains the most obvious strategic partner. Geography, mining expertise, infrastructure and three decades of economic integration make a North American supply chain more achievable than almost any alternative. Japan also emerged as an essential model and partner because it has built one of the world’s leading industrial economies despite its limited domestic mineral resources. Its strength lies not in mining but in its ability to import raw materials and transform them through complete domestic supply chains into the high value products its economy requires.

Lifton argued that Washington’s deeper problem is “historical amnesia”. In 1939, the United States possessed the mines, processors, engineering skills and manufacturing base needed to convert civilian industrial capacity into military production. It could move from automobiles to aircraft and tanks because the productive system already existed. Nearly a century later, the United States may still possess substantial mineral resources, but it no longer controls every technical capability needed to convert them into qualified materials, components and finished products.

This distinction matters because China is not merely competing for deposits. It has spent years building internal industries capable of mining, separating, refining and manufacturing at scale. As Lifton put it, China has been industrializing and taking care of itself. It consumes a large share of the metals it produces and has steadily reduced its dependence on foreign industrial capabilities. The West, by contrast, is attempting to rebuild selected links in supply chains it allowed to disappear while assuming that raw material ownership is the same thing as industrial independence.

The Masterclass applied that criticism directly to Project Vault. Lifton questioned whether a government managed stockpile can succeed without first identifying the customers, the products they require and the domestic facilities capable of producing them. An inventory of oxides or concentrates has limited strategic value if the United States lacks the equipment, technical knowledge and qualified production lines needed to turn those materials into magnets, alloys, semiconductors or defense components.

Sanderson raised a second concern. If the U.S. government enters an already constrained non-Chinese market and purchases scarce materials without a clearly defined end use, it could displace private buyers and intensify shortages. CMI Director Kevin Ernst added a practical industry perspective, describing his own company's engagement with the government as disorganized and commercially difficult. His experience reinforced the broader question running through the Masterclass: **is the government building an industrial system, or simply creating another well-funded buyer?**

China's November 10th export control deadline made that question more immediate. The figure most often attached to the deadline is approximately US$6.5 trillion in downstream industrial activity that depends, directly or indirectly, on affected critical minerals. Lifton cautioned against interpreting that number as proof that China will impose a universal embargo. His more important point was structural. China has changed how controlled materials are sold, replacing relatively open intermediary trading with end user scrutiny, government review and restrictions where civilian and military uses overlap.

Even more consequential may be China's restrictions on the export of rare earth processing technology, equipment and technical expertise. A mineral can be found elsewhere. A mine can eventually be financed. Reconstructing decades of specialized engineering knowledge, production equipment and operating experience is far more difficult. The Western vulnerability is therefore not simply a shortage of rocks. It is a shortage of people, processes and proven industrial capability.

The same principle shaped the Masterclass debate over tariffs. Lifton's conclusion was that the Trump tariff program has redistributed manufacturing advantage within the United States more than it has enlarged the American manufacturing base. Tariffs may improve utilization or pricing for a protected domestic producer, but they also raise input costs for manufacturers farther down the supply chain. When rates, exemptions and target countries change repeatedly, businesses cannot confidently plan capital investment, production volumes or long-term customer contracts.

Sanderson agreed that indiscriminate tariffs can weaken the broader industrial objective. A country seeking to expand mining, processing, artificial intelligence infrastructure, defense production and consumer manufacturing simultaneously must know whether domestic steel, aluminum, energy and other industrial inputs can support that growth. Where domestic capacity is insufficient, an effective industrial policy must identify reliable partners and preserve access to the materials needed to build the new capacity.

The Trump administration's announcement of approximately US$3 billion in new investments, loans and guarantees for critical minerals projects is a meaningful acknowledgement that industrial civilization runs on materials. Yet money alone is not a strategy. Spread across many companies and disconnected projects, even billions of dollars can produce press releases without producing secure supply chains.

Lifton’s recommendation was to begin with the end user and work backward. Government must determine which qualified products the economy and defence sector require, in what quantities, to what specifications and on what timetable. It can then identify the processing, metallurgical and manufacturing capabilities needed to make those products, the facilities required to deliver them and, finally, the raw materials that must feed those facilities.

That sequence reflects Lifton’s second law of productive investment: **installed capacity is not productive capacity.** A plant becomes a productive asset only when it can repeatedly manufacture qualified products at commercially sustainable yields and costs. A building containing new equipment is not yet a supply chain, and nameplate capacity is not the same as reliable output accepted by a paying customer.

Human capital may be the hardest link to restore. Lifton argued that the United States has lost too much legacy engineering knowledge in separation, metallurgy and magnet manufacturing. Sanderson called for enough humility in Washington to acknowledge those gaps, bring government, industry, end users and academia into a coordinated planning process, and listen to the conclusions. She also identified visa reform as an immediate tool. Where expertise exists outside the United States, the country should attract it, put it to productive use and use it to train the next generation of domestic specialists.

Her final recommendation was equally important. The West will not surpass China simply by attempting to reproduce, several decades late, everything China already does well. It must restore innovation and find methods that are more efficient, more economic and better suited to allied resources and markets.

The questions from CMI members broadened the partnership discussion. Australia and South Korea were identified as potentially complementary: Australia has resources that South Korea needs, while South Korea has advanced industrial capabilities that Australia lacks. African projects will remain important, but Sanderson cautioned against treating Africa as a single jurisdiction. Energy, logistics, regulation, political relationships and investment conditions differ widely, requiring country-specific strategies rather than a continental slogan. Across every region, the same test applies. A supply chain must be commercially viable, technically complete and defensible.

Five years into CMI's work, the critical minerals debate has finally attracted the attention it deserves. The next challenge is to improve the quality of that attention. Announcements must become operating plants. Deposits must become qualified products. Government spending must become productive capability. Partnerships must offer allies more than the opportunity to supply American needs.

That is the purpose CMI was created to serve: connecting technical, industrial, financial and policy leaders across the entire critical minerals ecosystem. On our fifth anniversary, the message from *Playing the Trump Card* was clear. The West does not lack urgency, capital, expertise or promising projects. It lacks an agreed sequence for transforming these assets into a functioning industrial system.

CMI's next Masterclass will examine the impact of artificial intelligence on the critical minerals sector and the rapidly evolving relationship between technology, energy demand and material security.

To access the complete Masterclass, [click here]()

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About the Critical Minerals Institute (CMI)

The Critical Minerals Institute (CMI) is a global think tank and central hub for the critical minerals ecosystem, connecting companies, capital markets, and policymakers. Through its monthly **CMI Masterclasses**, twice-monthly ***Critical Minerals Report*** (CMR) and **CMR Podcast** episodes, bespoke research, and board-level advisory services, CMI delivers actionable intelligence spanning exploration finance, supply chains, industrial policy, and geopolitics.

CMI tracks 12 leading national and multilateral critical minerals lists and applies a rigorous comparative process to independently select and maintain its proprietary CMI Watchlist. Materials are evaluated against one another based on strategic importance, supply-chain concentration, geopolitical exposure, substitutability, and relevance to defense, technology, and economic security. Through its strategic partnership with the Critical Minerals Platform (CMP), CMI offers Platinum members access to independent mineral pricing, market forecasts, corporate intelligence, and global supply-chain data.

CMI also organizes its flagship annual event, CMI Summit 6. Held under the theme ***Critical Minerals Diplomacy in a Fragmented Global Economy***, the Summit brings together government leaders, institutional investors, policymakers, and industry executives from around the world. **CMI Summit 6** will take place May 17–18, 2027, at Toronto’s Fairmont Royal York.

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