

# The Critical Minerals Blind Spot Between Washington and Canada

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Power is shifting beneath North America's feet, and the tremors are being misread in Washington.

What looks, on the surface, like another round of cross-border political noise – Greenland one week, Governor Mark Carney the next – is, in Jack Lifton's telling, something far deeper: the United States coming to terms with the fact that Canada is no longer a junior partner, and never really was. "Canada is a mature nation today," Lifton said, tracing the misunderstanding back through a century of shared but asymmetrical history. "When American presidents have dealt with Canada up until now, they've been dealing with a country they perceive as a junior member of any kind of alliance. This is all gone."

Lifton's frame is historical, almost personal. He recalled his father, turned away at 14 from enlistment in 1914, desperate to fight for the British Empire, and his mother's U.S. immigration papers from 1926 listing her as a "British subject," because there was no such thing yet as Canadian citizenship. He pointed to Normandy, where British, American, and Canadian troops landed together – and then sharpened the memory. "Who had the toughest fight? The Canadian army – the Royal Canadian Army."

That arc matters because, as Lifton put it bluntly, "Canada is now a mature, independent nation. It's concerned about its future, its people, and it's one of the top five richest nations per capita in the world – far wealthier than Great Britain is today." In his view, Washington hasn't fully absorbed that

reality. Canada still gets treated like a “baby brother,” even as trade between the two countries exceeds \$3 billion a day. “When Prime Minister Carney gets up in the morning,” Lifton said, “he’s thinking: what’s best for Canada.”

The friction, he argued, is not ideological but emotional. “They’re losing their baby brother. That’s what this is all about.”

That sense of strategic loss extends well beyond Ottawa. For Lifton, it is inseparable from a 25-year arc of American decision-making that culminated in the rise of China. He pointed to the moment the United States supported China’s entry into the World Trade Organization. “Why? They’ll never achieve anything, and we can convert them to a liberal democracy,” he said, recalling the logic at the time. “Twenty-five years later, these same people are saying, ‘Oh my God, that was a big mistake.’”

Against that backdrop, Lifton is deeply skeptical of Washington’s increasingly hands-on role in critical minerals and rare earths. When Tracy Hughes raised the U.S. government’s latest investment in USA Rare Earth (NASDAQ: USAR) – the largest to date – Lifton didn’t hesitate. “I think it’s a very bad idea,” he said. “I don’t think the American government has enough knowledge and experience in the field of critical minerals to be making such vastly expensive judgments.”

His critique cuts to capital allocation. “The private sector chooses companies to support because their due diligence tells them there’s a high probability of success,” he said. “Government doesn’t think like that. Government says, ‘We think the country needs X. Here’s a guy who says he can produce it. We’ll just throw a lot of money at him.’ This is not the way to use capital.”

Asked about overlapping federal investments – from magnet plants

in Oklahoma to prior funding of Vacuumschmelze – Lifton shrugged off the idea of coordination. “Perhaps in Washington it’s a urinating contest between departments of state – who can give away money the fastest and how much,” he said, noting the sheer scale of budgets involved. “In bureaucracy you have to spend your budget in the budget year... and they’re certainly doing a good job of getting rid of it.”

Politics, not geology or engineering, is also what Lifton sees as the real barrier to deep-sea mining. The technology exists, he said; the risk does not lie in extraction. “The problem is politics. That’s what’s held up investment,” he said, pointing to the International Seabed Authority and the reluctance of private equity to step into unresolved international jurisdiction. “It’s not a good investment in the short term.”

Brazil, meanwhile, sits at the center of a different geopolitical contest. Lifton agreed that Brazil likely holds the world’s second-largest rare earth reserves, but he cautioned against assuming near-term supply. “Brazil is many years from being able to develop a credible, commercial, profitable rare earth mining industry,” he said, even as U.S. and Chinese interests circle aggressively. “The real issue in Brazil is political. It’s the battle of the network stars: the U.S. versus the Chinese.”

The Chinese approach, he added, is unapologetically strategic. “They don’t care what they pay for it. They want the material. They’re not interested in making a profit. This is the real contest between them and us.”

If Washington’s policy instincts troubled Lifton, one recent private-sector deal did the opposite. The acquisition of [Australian Strategic Materials Ltd. \(ASX: ASM\)](#) by [Energy Fuels Inc. \(NYSE American: UUUU | TSX: EFR\)](#) stood out to him as

transformative. “It’s a very good deal for both companies,” he said, detailing ASM’s operating magnet-alloy plant in Korea, its commercial deliveries measured in tons – not laboratory samples – and the deep financial backing provided by the Australian government.

“Energy Fuels is now vertically integrated from mine to alloy,” Lifton said, emphasizing that this integration is not theoretical. “There is no other company in the Western world so vertically integrated – none – and there never has been.” With one remaining step – magnet manufacturing – he argued the company could become something unprecedented. “They basically become the first ever vertically integrated mine-to-magnet company.”

Even China, Lifton noted, never achieved that level of end-to-end integration. “They chose long ago to focus on the individual steps in the supply chain. They never did it.” Cost, not nationalism, would decide the outcome. “You don’t say, ‘What’s the most expensive steak I can buy?’ You say, ‘What’s the one I can afford that’s of the highest value?’” By that measure, Lifton believes Energy Fuels could end up producing the world’s lowest-cost permanent magnets – including relative to China – not because of subsidies or slogans, but because the industrial logic finally lines up.

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