The Decolonization of the Critical Minerals World: America Is Forgetting Its Allies

written by Jack Lifton | November 16, 2026

America’s critical minerals problem is not simply its dependence upon China. It is the increasing separation of American political objectives from the industrial realities of its allies. The intense concentration of political, financial, and journalistic attention on the confrontation between Washington and Beijing over critical minerals, and particularly the rare earths, is obscuring a much larger transformation of the international industrial economy. Japan and South Korea, two of America’s most important military allies and among the world’s most sophisticated manufacturing economies, are confronting the same Chinese dominance of critical mineral processing and manufacturing that now so concerns Washington. Yet the American discussion proceeds as though the central issue is whether China will continue supplying the United States with the materials necessary for American manufacturing. The problems of Japan and South Korea are treated as separate matters, although their manufacturing industries are indispensable components of the very supply chains that American policymakers claim to be rebuilding. I believe that this contradiction illustrates not merely the deglobalization of international trade but the progressive decolonization of the international industrial economy from the American-centered system that emerged after the Second World War.

I use the term decolonization in an economic rather than its

traditional political sense. The United States did not govern Japan and South Korea as colonial possessions, but it did establish the political, military, financial, and commercial framework within which their modern industrial economies developed. American military protection, access to American markets, and the international trading system organized around the American dollar allowed both countries to pursue industrial development without possessing the enormous domestic natural resource base that had made the United States the world's leading industrial economy. In return, the United States benefited from its growing manufacturing capabilities, its technological achievements, and eventually its participation in the international supply chains upon which American industry itself became dependent. This was an interconnected economic system in which American political leadership and the industrial interests of its allies were generally assumed to reinforce each other. That assumption is now being tested.

Japan and South Korea did not become industrial powers by discovering vast deposits of critical minerals within their borders. They became industrial powers by understanding that natural resources derive their value from being transformed into useful materials and manufactured products. Japan developed extraordinary capabilities in specialty metals, permanent magnets, automobiles, electronics, and precision manufacturing. South Korea became a global leader in steelmaking, shipbuilding, semiconductors, automobiles, batteries, and advanced industrial materials. Both countries organized their industrial economies around the reliable importation of raw materials, the application of sophisticated processing technologies, and the export of products whose value reflected the accumulated skills of their engineers, technicians, and manufacturers. Their success depended upon the continuity and predictability of international trade.

China studied this model and ultimately expanded upon it. During the last quarter century, it developed not simply a mining industry but an increasingly integrated industrial economy encompassing mineral extraction, chemical processing, refining, metalmaking, alloy production, component manufacturing, and final assembly. In rare earths, China's dominance is often described as control of mineral resources. This is a fundamental misunderstanding. China's strategic advantage lies primarily in its accumulated industrial capabilities and in integrating those capabilities with the needs of its domestic manufacturing economy. A rare earth deposit is not a permanent magnet, and a separated rare earth oxide is not a qualified alloy. Between the mine and the finished product lie technologies, equipment, skilled personnel, capital investments, and commercial relationships that government decree or financial subsidy cannot simply reproduce.

Japan learned the significance of China's developing dominance well before the present American confrontation. The disruption of rare earth trade during the 2010 diplomatic crisis between China and Japan showed Japanese manufacturers' vulnerability to decisions made in Beijing. Japan responded by supporting alternative supply sources, investing in processing relationships outside China, improving recycling, and encouraging technologies that reduced dependence on particularly vulnerable materials. Its support for developing Lynas Rare Earths Ltd. (ASX: LYC | OTCQX: LYSDY | OTCQX: LYSCF) as an alternative supplier was not financial speculation or an attempt to prove Japan could become a mining power. It was a practical industrial policy intended to preserve Japanese manufacturers' competitiveness. The Japanese understood that the objective was not to own a mineral deposit but to guarantee the availability of the specific materials their industrial customers required.

The renewed Chinese restrictions on rare earth exports and

related technologies have made this problem more acute. Japan must now consider the availability not only of neodymium and praseodymium but also of dysprosium, terbium, yttrium, and other materials essential to particular industrial processes. A relatively small quantity of a specialized material can determine whether a much larger and more valuable manufacturing operation can continue functioning. South Korea faces a related but different dilemma. Its semiconductor, automotive, battery, and advanced materials industries are closely integrated with Chinese suppliers and markets, while its national security remains closely connected to the United States. China is simultaneously a supplier, customer, competitor, and political risk. Neither Japan nor South Korea can simply abandon its industrial relationship with China without risking serious economic disruption, and neither can assume that American negotiations with Beijing will necessarily protect its manufacturers.

This is where the present American approach becomes particularly revealing. Washington increasingly treats the critical minerals problem as a bilateral contest with China, to be managed through negotiations, tariffs, export restrictions, strategic stockpiles, government financing, and support for domestic production. Some of these measures may eventually help rebuild American industrial capabilities. But a bilateral agreement that secures Chinese materials for American customers does not necessarily secure those same materials for Japanese or Korean manufacturers whose products are subsequently incorporated into American automobiles, electronics, defense equipment, and industrial machinery. An American automobile manufacturer may obtain the materials it requires while a Japanese producer of an indispensable component remains exposed to Chinese export restrictions. The political agreement may appear successful in Washington while the industrial supply chain remains vulnerable

in Tokyo or Seoul.

The United States has announced critical minerals cooperation agreements with Japan and has participated in discussions intended to coordinate supply-chain security among allied nations. But diplomatic agreements and industrial capabilities are not interchangeable. A government can announce a partnership, establish a financing mechanism, or propose a preferred trading arrangement without producing a single additional kilogram of qualified metal, alloy, or permanent magnet. The essential question is whether the arrangement gives manufacturers dependable access to the materials they actually need. The difference between a political announcement and an operating industrial supply chain is the difference between an intention and an economic reality.

The American position carries a historical irony. The United States helped create the postwar trading system that allowed Japan and South Korea to become industrial powers, while American corporations subsequently participated enthusiastically in the globalization of manufacturing. Production shifted abroad, companies bought components from international suppliers, and financial efficiency increasingly replaced vertical integration as a key measure of corporate success. China benefited enormously from this transformation, but it did not merely become an assembly location. It developed the processing, metalmaking, component manufacturing, and technical capabilities required to support an integrated industrial economy. The United States now tries to rebuild capabilities it once possessed, while Japan and South Korea struggle to preserve capabilities they never abandoned.

The controversy's deeper significance lies in the changing relationship between political power and industrial power. For much of the postwar period, American political leadership

operated on the assumption that the international trading system would remain organized around American economic interests. Today, the United States increasingly defines critical minerals security in national rather than collective industrial terms. China uses its accumulated industrial capabilities to advance its own strategic interests, while Japan and South Korea must protect their manufacturing economies even when their commercial requirements do not coincide precisely with the preferences of Washington or Beijing. Military alliances, commercial relationships, and industrial supply chains no longer necessarily follow the same political geography.

This is what I mean by the decolonization of the critical minerals world. The international industrial economy is becoming less responsive to the priorities of a single dominant political power. China is asserting control over the products and technologies of its industrial development. Japan and South Korea are seeking to preserve their industrial independence. Mineral-producing countries elsewhere are demanding a greater share of the value added to their natural resources rather than accepting the traditional role of suppliers of ores and concentrates. The assumption that raw materials will flow freely to established industrial consumers according to price and demand is being replaced by a system in which governments increasingly determine the conditions under which those materials may be exported, processed, or incorporated into manufactured products.

This process is often described as deglobalization, but I think that term is insufficient. International trade is not disappearing. China still needs foreign customers, and Japan, South Korea, Europe, and the United States still need internationally sourced materials and components. What is disappearing is the assumption that commercial considerations alone will determine how that trade is organized. Political

relationships, national security concerns, technology restrictions, and government-directed industrial policies are becoming increasingly important. The result is not necessarily a world divided neatly into Chinese and American economic blocs, but a network of selective trading relationships in which access to materials increasingly depends upon the identity of the customer, the intended application, and the political relationship between governments.

For the United States, this creates a problem it cannot solve by pursuing national self-sufficiency in isolation from its allies. Japan and South Korea possess industrial capabilities that would be enormously expensive and time-consuming for America to duplicate. This is particularly evident in the rare earth permanent magnet industry, whose commercial manufacturing expertise has long been concentrated in Asia. American policymakers often discuss creating a domestic mine-to-magnet industry as though the main obstacles are mineral availability and investment capital. In reality, a commercially successful magnet industry requires qualified materials, specialized equipment, experienced engineers and technicians, reliable customers, and competitive production costs. Government financing may support facility construction, but it cannot, by itself, establish the industrial competence or commercial relationships required to operate them successfully.

I have argued for many years that industrial supply chains must be constructed backward from the requirements of the original equipment manufacturer. The OEM determines the specifications, quantities, quality standards, delivery schedules, and prices that make every preceding stage economically meaningful. Mining and processing are not independent objectives. They are stages in producing the materials manufacturers require. This principle becomes even more important in a fragmenting international economy because every stage must now be evaluated technically,

commercially, and politically. The objective should not be the impossible elimination of international industrial interdependence, but building dependable relationships among countries whose economic interests can support long-term cooperation. Japan and South Korea should be central participants in that undertaking, not peripheral beneficiaries of American negotiations with China.

China's own position is not without contradictions. Its ability to restrict exports of critical materials provides substantial leverage over foreign manufacturers, but its industrial economy also depends upon international markets. The more China employs its control of processing and manufacturing capabilities as an instrument of political influence, the greater the incentive for its customers to diversify supply, redesign products, develop alternative technologies, and invest in competing production systems. These adjustments will take years and require enormous expenditures, and their commercial success cannot be assumed. Nevertheless, the incentives are real. Industrial dominance is a powerful advantage, but it is not necessarily permanent.

The question that concerns me most is whether the United States understands the nature of the industrial world that is emerging. American political leaders often speak as though restoring domestic mining and manufacturing will automatically restore the economic position America held in the mid-twentieth century. That world no longer exists. Japan and South Korea have developed industrial capabilities that the United States lacks in equivalent depth in every sector. China has become an indispensable participant in numerous international manufacturing supply chains. Resource-producing nations are increasingly unwilling to accept the limited economic benefits of exporting unprocessed minerals. The United States must determine how to participate effectively in this changing system rather than assuming that political and financial power will be

sufficient to recreate the industrial arrangements of the past.

After more than sixty years in the business of technology metals, I have learned to distinguish between ownership of natural resources, possession of industrial capabilities, and the political influence governments believe those resources and capabilities confer on them. They are not the same things. The current dispute between China and the United States has become a contest over political leverage, but the underlying issue remains manufacturers' ability to obtain the materials needed to produce competitive goods. Japan and South Korea understand this because their prosperity has always depended upon it. China understands it because it has spent a generation constructing the industrial system that now gives it leverage. The United States appears to be rediscovering it after decades during which financial considerations increasingly displaced industrial ones.

I believe that the decolonization of the international critical minerals economy is ultimately the dissolution of an American-centered industrial order in which political leadership was assumed to guarantee economic leadership. That assumption is no longer valid. Nations and industries will determine the future by building reliable, technically competent, and commercially sustainable supply chains, whether domestic, regional, or international. Military alliances will remain important, but they will not automatically produce industrial cooperation, and political agreements will not substitute for manufacturing capability.

The central lesson of the China-America critical minerals controversy is therefore not that the United States must become independent of China at any cost. It is that the United States cannot become industrially secure while treating its allies' industrial security as someone else's problem. The American economy is no longer an isolated continental manufacturing

system, and the Japanese and Korean economies are not merely adjuncts of American political power. They are essential participants in an international industrial structure whose continued operation requires cooperation based upon mutual economic interests.

The world is not waiting for Washington to decide how to reorganize globalization. China, Japan, South Korea, and the resource-producing nations are already making their own decisions. The United States must decide whether it intends to help build a new industrial order with its allies or continue negotiating with China as though American interests can be separated from theirs.

America’s critical minerals problem is not simply that China controls too much of the supply chain. It is that America is increasingly treating its own political interests as though they were independent of the industrial interests of the allies upon whom its manufacturing economy depends. That is the contradiction at the heart of the present controversy, and it may prove far more consequential than the outcome of any individual negotiation between Washington and Beijing.