Germany’s Rearmament Is a Warning for America’s Critical Minerals Strategy

written by Jack Lifton | November 6, 2026

“The United States has advantages Germany lacks, but it can squander them by allowing its materials industries to deteriorate while celebrating the financing of finished weapons.” — Jack Lifton, Co-Founder & Co-Chair, Critical Minerals Institute (CMI)

Washington should study Germany’s attempt to rebuild its military before assuming that American appropriations will restore American industrial security. Germany is undertaking two assignments simultaneously: restoring military capabilities neglected over decades and preserving the industrial economy required to support them. The United States faces a similar problem, although it possesses important advantages in energy and domestic mineral resources. The lesson is that government orders can support strategically necessary factories even at high cost. They cannot indefinitely substitute for a productive economy that supplies skilled workers, competitive materials, investment, and tax revenue.

A military establishment consumes the products of an industrial economy. Its effectiveness depends on whether that economy can deliver equipment, maintain it, and replace what is worn out, consumed, or destroyed. An appropriation authorizes expenditure. A factory announcement describes an intention. Neither establishes that qualified products will reach military users in the required quantities and on the required schedule. Germany’s rebuilding effort should therefore be judged by operational capability and sustained production, and Washington should apply

the same standard to its own programs.

Germany begins with a particularly serious disadvantage in sourcing the primary materials its manufacturers need. In a 2024 parliamentary response, the German government reported that its import dependence for metal ores and concentrates needed for armaments production was nearly 100 percent, reflecting the near absence of domestic primary metal mining. Recycling supplies an important portion of German metal production, but it does not eliminate the need for imported primary raw materials.

In this respect, Germany's position is worse than America's. The United States retains a broader domestic mining base and a larger range of mineral development opportunities. That advantage must not be mistaken for an operating supply chain. **American dependence remains substantial: the USGS reports complete net import reliance for 13 critical mineral commodities in 2025 (see list below).** Nevertheless, Washington has domestic resource options that Berlin cannot reproduce simply by appropriating more money. The comparison varies by material and processing stage, but Germany's dependence on imported primary metallic feedstocks is a fundamental constraint.

A mineral deposit, however, is only the beginning. The strategically useful product may be a purified chemical, a metal, an alloy, a powder, or a component manufactured to a demanding specification. America can possess the resource and still depend on foreign industry for the transformation that makes it useful. Germany illustrates the complementary problem: a country can retain sophisticated manufacturing expertise while depending heavily on foreign sources for the materials entering its factories. Security requires that both ends of the chain function together.

Energy connects every stage of this problem. Germany's

manufacturers must absorb the consequences of an energy system whose costs impair their international competitiveness. The International Energy Agency reports that electricity prices for energy-intensive industries across the European Union averaged more than twice American levels in 2025 and nearly 50 percent above Chinese levels. These averages do not describe every German company's tariff, but they identify a serious disadvantage for the industrial system supporting European rearmament.

Washington should recognize the value of its own energy advantage and preserve it. Dependable, competitively priced energy supports mining, refining, chemical processing, metal production, and manufacturing. Those activities also require equipment, skilled personnel, working capital, and customers. A policy that finances a strategically important plant while making its operating inputs progressively less competitive creates a continuing subsidy requirement. It may preserve that particular facility, but it weakens the economic foundation on which a larger industrial recovery must rest.

Germany faces an additional complication that the United States does not: its national industrial choices operate within the European Union's legal and policy framework. If Berlin intends to achieve substantially greater domestic military and industrial self-sufficiency, it must secure sufficient freedom within that framework to preserve essential production. Where European rules make necessary energy, materials, chemicals, or manufacturing investments impractical, those rules or their application will have to change. National defense cannot depend on factories that governments require in principle but make uneconomic or prohibitively slow to establish in practice.

It would be inaccurate, however, to suggest that EU membership leaves Germany without security exceptions or that Brussels has

refused to recognize the problem. Article 346 of the EU treaty permits measures necessary to protect essential security interests connected with arms, ammunition, and war material, although it does not provide a blanket exemption for the civilian economy. In October 2026, the EU Council also approved legislation intended to accelerate defense permitting and simplify procurement and industrial activity. The question is whether these provisions reach far enough into the supporting supply chains to deliver the required production.

My concern is that governments will accelerate permission for the final weapons factory while leaving its upstream suppliers trapped in the same conditions that caused their contraction. A plant producing military equipment depends on businesses whose customers are predominantly civilian. Their metals, chemicals, machine tools, and specialist services may serve many industries. A narrow defense exemption cannot by itself restore the broader commercial ecosystem. Germany will need to reconcile European policy with the practical requirements of that ecosystem, and America must reconcile its own conflicting policies for the same reason.

There is also a limit to what domestic self-sufficiency can mean. Neither legislation nor patriotic language can place an economically recoverable orebody where geology has not provided one. Germany will continue to require foreign mineral supplies. Its achievable objective is greater control over processing, manufacturing, inventories, and dependable access to diversified feedstocks. European cooperation can help provide that access and production scale. Berlin must distinguish capabilities it needs under national control from those it can reliably share with partners, while recognizing that a European supply arrangement remains an international dependency from Germany's national perspective.

Washington should make the same distinctions explicitly. Begin with the requirements of the manufacturer and the military user, then work backward. Identify the required material, specification, quantity, qualification process, and replenishment rate. Determine which stages must operate domestically, which can depend on allies, and what inventories are needed to cover interruptions. Only then can the government sensibly decide which mines, processing facilities, and manufacturing operations merit support. Financing projects before resolving these questions risks producing an assortment of subsidized assets that never becomes a functioning supply chain.

The civilian market matters because it sustains capabilities between military orders. Commercial customers help support production equipment, suppliers, training, and continuing process improvement. A strategically necessary operation may still require public support, particularly where defense demand is small or irregular. But that support should purchase a defined capability: qualified output, maintained equipment, trained personnel, and an ability to increase deliveries when required. The dollars awarded are a poor substitute for those measures.

Germany’s experience should persuade the American government to treat rearmament and industrial competitiveness as one assignment. **The United States has advantages Germany lacks, but it can squander them by allowing its materials industries to deteriorate while celebrating the financing of finished weapons.** A government can sustain an essential factory at a premium. It cannot indefinitely replace the productive economy around it. Washington should measure success by whether American industry can continue to supply, operate, repair, and replenish the military equipment the government orders—and generate the national income needed to pay for it.

Note from the Publisher: The **13 critical mineral commodities for which the United States had 100% net import reliance in 2025** were:

1. Arsenic
2. Cesium
3. Fluorspar
4. Gallium
5. Graphite – natural
6. Indium
7. Manganese
8. Niobium
9. Rubidium
10. Scandium
11. Tantalum
12. Titanium – **sponge metal**
13. Yttrium

The distinction for **titanium sponge** matters: the figure does not apply to every form of titanium. And **100% net import reliance means dependence on foreign supplies overall—not exclusively on China.** Suppliers vary by commodity and include allied countries such as Canada, Japan, and Germany.