

Mined Among Friends: Why the Next Resource War Will Be Won Close to Home

written by Melissa (Mel) Sanderson | October 12, 2026

“The smart move is to co-invest with friends and trusted allies to construct defensible supply chains today to ensure mutually reinforcing security tomorrow.” – Melissa Sanderson, Co-Chair, [Critical Minerals Institute](#)

The geostrategic elements of the modern resource scramble are simultaneously simple and complex. Complex because the world order is rapidly changing, with mercantilism and its associated nationalistic sentiments thrusting free trade and ‘play nice’ political aside. Simple because, especially in this sort of New World Order, a defensible and sustainable supply chain is as critical as the minerals it transfers end-to-end.

One of the defining characteristics of mercantilism is dividing the world into ‘zones of influence,’ which are areas whose countries are perceived to ‘belong’ to a stronger power. For instance, the US sporadically has identified Latin America as its zone, while China increasingly is signaling that it regards the South China Sea as its exclusive territory. The US invasion and subsequent control of Venezuela is an example of this: China’s more subtle but nonetheless pervasive presence in countries ranging from Malaysia to Vietnam are likewise.

So, what therefore is a defensible supply chain? Simply put, it is one which a hegemon can and will defend from interference, using all means at its disposal up to and including military force. To be defensible the supply chain should begin and end in territories controlled by the hegemon. For the US, that would

mean Latin America; for China, its geographically contiguous areas as well. Attempts by one hegemon to source from the territories of another is a transgression that risks being met with aggression – either economic or military.

The current stand-off in the Straits of Hormuz illustrates the limitations on military efforts to secure supply chains. Without the cooperation of regional players it becomes more difficult, even with a strong military, to secure the supply chain.

This is where sustainability comes into play. Sustainability usually refers to environmental and social factors, but in this instance it also incorporates the idea of the level of support/participation the regional and national players are willing to provide in defense of the supply chain. In turn, this goes to the level of benefit those countries receive from the hegemon for being part of the supply chain. This complex equation requires countries to weigh a variety of political and economic factors to decide whether the impact to them of disruption of the supply chain merits their active interference/support to defend the chain.

Sometimes, as is the case in the Middle East currently, history, politics and religion conspire to sideline countries which otherwise would benefit from trade, making that supply chain unsustainable.

Conversely, as was the case historically with Cuba and several Central American countries, politics and self-interest by politicians argue for their supporting a supply chain (in this case, bananas) that is not necessarily beneficial to their economies – and therefore is fundamentally not sustainable.

So, coming back to the question: what is a defensible supply chain? It is one which is geographically close to the end-user; often in a declared zone of influence; near enough to be

successfully defended militarily if needed and which shares the benefits of the supply chain with countries along its length to build sustainability and support, making it more defensible.

Working with allies makes for a stronger supply chain. Cooperating with neighbors makes a stronger supply chain. While it is true that at the end of the day there is no stronger nor more secure supply chain than mined and made in America, no country can be totally mineral independent. The smart move is to co-invest with friends and trusted allies to construct defensible supply chains today to ensure mutually reinforcing security tomorrow.

Top 10 Facts: The Supply Chain Scorecard

1. **Allied insurance is cheap by comparison.** The IEA estimates \$60 billion in investment is needed over the next decade to diversify rare earth supply chains, and stockpiling the 11 highest-risk minerals would cost countries outside the main hubs less than \$900 million a year.
2. **One refiner, almost everything.** The IEA finds China is the leading refiner for 19 of 20 strategic minerals, with an average share of about 70%.
3. **Diversification is slow.** New US ventures and expanded Malaysian output cut China's rare earth refining share from above 90% in 2023 to 85% in 2025, and the IEA expects it to reach only about 70% by 2035 if planned projects proceed.
4. **The money hasn't moved the needle elsewhere.** Excluding rare earths, China's average share of critical minerals refining actually rose from 70% to 72%, per IEA data.
5. **Magnets are the real chokepoint.** China accounts for around

60% of mined magnet rare earths, more than 90% of refining and nearly 95% of permanent magnet production.

6. **The stakes are measured in trillions.** The IEA warns China's rare earth export restrictions could jeopardise \$6.5 trillion in annual downstream production outside China if fully enforced, and the April 2025 controls already led some automakers to cut output or temporarily halt operations.
7. **Mine in one country, refine in another.** The DRC's share of mined cobalt fell from 77% in 2024 to 73% in 2025, yet China still produced 79% of the world's refined cobalt.
8. **Indonesia is the rising swing state.** Indonesia, the leading nickel refiner, and China together accounted for over three-quarters of the recent increase in refined mineral output.
9. **Hormuz is the textbook chokepoint.** Flows through the strait averaged about 20 million barrels per day in 2024, roughly a fifth of global petroleum consumption, plus more than a quarter of seaborne oil trade and about a fifth of global LNG trade. Only Saudi Arabia and the UAE have pipelines that can bypass it.
10. **Building outside the hub costs more.** Refining projects in North America and Europe currently carry capital costs 20% to 150% higher than in established processing hubs.