America’s Rare Earth National Champion—or Its Most Likely Survivor?

written by Jack Lifton | July 29, 2026

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When a U.S. government agency decided to make a substantial investment in the domestic rare earth industry, it partially justified the decision by declaring that it had selected a “national champion.” The phrase has patriotic appeal, but it raises an important question: What exactly is a national champion? Outside of wartime, governments have a mixed record when they attempt to identify the future winners of private enterprise. Markets, customers, engineering, management, and competition—not political designation—ultimately determine which companies succeed.

For that reason, I believe the government’s terminology was misleading.

Rather than selecting a national champion, the agency was almost certainly trying to identify the company it believed had the greatest likelihood of surviving the extraordinarily difficult journey from a promising venture to a reliable long-term supplier. The phrase “national champion” could therefore be replaced more accurately by “most likely survivor”. That is not necessarily a criticism of industrial policy. It is simply a recognition of economic reality.

The rare earth business is unlike most industries. Success requires years of engineering, financing, permitting, environmental compliance, customer qualification, operating experience, and continual technological improvement. Most rare earth projects fail long before they become profitable—not necessarily because they lack mineral resources, but because they run out of time, money, technical capability, or all three.

Governments cannot know with certainty which company will ultimately dominate such an industry. What they can do is estimate which enterprise has the strongest probability of remaining in business long enough to reach commercial maturity.

Viewed from that perspective, my choice would have been Energy Fuels Inc. (NYSE American: UUUU | TSX: EFR).

Energy Fuels built an operating business in uranium, developed decades of experience handling radioactive materials under one of the world's most demanding regulatory systems, and assembled a management and technical team experienced in financing, permitting, constructing, and operating complex mineral-processing facilities. That history matters.

Rare earth production, particularly from monazite, is not merely a mining problem. It is a chemical-processing, radioactive-materials-management, metallurgical, manufacturing, and customer-qualification problem. Many companies can describe a mineral resource. Far fewer can demonstrate that they know how to process difficult feedstocks safely, consistently, and at commercial scale. Fewer still can transform separated rare earth compounds into metals, alloys, and magnetic materials that industrial customers are prepared to qualify and purchase.

Energy Fuels already possesses an important part of that capability. Its White Mesa Mill gives it an existing, permitted chemical-processing platform. Its monazite program has provided

practical experience in recovering rare earth materials, uranium, and managing the radioactive components of the feedstock.

That combination is important because radioactivity is not an incidental issue in the rare earth industry. It is frequently one of the principal reasons that attractive mineral deposits cannot be processed economically or legally by companies that lack the necessary licenses, facilities, experience, and environmental systems.

Energy Fuels begins with those capabilities already in place. But the company’s strategic value does not rest only on White Mesa or on the production of separated rare earth oxides. Its proposed acquisition of Vacuumschmelze GmbH & Co. KG represents a much more important step. Vacuumschmelze brings downstream metallurgical and manufacturing capabilities, including expertise in rare earth metals, alloys, and magnetic materials, as well as product development, quality control, and industrial customer qualification.

Those capabilities cannot be created merely by announcing a mine-to-magnet strategy. They are the product of decades of operational experience, accumulated know-how, customer interaction, process refinement, and manufacturing discipline. That is why the acquisition is so significant.

Most rare earth ventures begin with a mineral deposit and then propose to move downstream through every stage of the supply chain. They intend to mine, separate, refine, produce metal, manufacture alloy, make magnets, and ultimately sell qualified products to major industrial customers.

The difficulty is that each stage is a separate business requiring distinct technologies, operating skills, personnel, capital, and customer relationships. Success in mining does not

guarantee success in separation. Success in separation does not guarantee success in metallurgy. Success in metallurgy does not guarantee that an automotive, aerospace, defense, or electronics customer will qualify the resulting product.

Energy Fuels is pursuing a different path. Rather than attempting to invent every downstream capability internally, it is seeking to acquire a company that already possesses industrial knowledge, manufacturing experience, and customer relationships. That distinction goes to the heart of the matter.

A mine is a wasting asset. Industrial capability is a compounding asset.

Every ton removed from a mineral deposit reduces the amount remaining. A mine is depleted by the very activity that creates its revenue. Industrial capability behaves differently.

A manufacturing organization can improve with experience. Its engineers learn. Its processes become more efficient. Its yields improve. Its products become more reproducible. Its customer relationships deepen. Its institutional knowledge accumulates. Its reputation grows as it repeatedly delivers products that meet specifications. The mineral deposit becomes smaller over time. The industrial capability, if properly managed, becomes more valuable.

That is why the acquisition of Vacuumschmelze could be more strategically important than acquiring another orebody. A new deposit adds potential feedstock. Vacuumschmelze adds knowledge, metallurgical expertise, products, manufacturing systems, qualified personnel, customer relationships, and access to the portion of the rare earth supply chain where much of the value is actually created. This does not mean that mineral resources are unimportant. A durable supply chain must have secure and economically viable sources of raw materials.

But a mineral resource by itself is not a supply chain. A mine produces a concentrate. A chemical plant produces separated compounds. A metallurgical operation produces metals and alloys. A manufacturer turns those materials into components that an original equipment manufacturer can use. The greatest economic and strategic value generally appears downstream, after the material has been transformed to meet a customer’s exact technical requirements.

That is why I repeatedly argue that investors and policymakers should follow where value is added. Energy Fuels appears to understand this. Its strategy has not been limited to accumulating mineral deposits or announcing future production targets. It has sought to assemble the capabilities required to process complex feedstocks, manage radioactive materials, produce separated rare-earth products, enter metals and alloys, and participate in the manufacture of advanced magnetic materials.

If the Vacuumschmelze acquisition is completed and successfully integrated, Energy Fuels will not merely have extended its supply chain. It will have acquired a compounding industrial asset. It will have obtained capabilities that competitors cannot easily reproduce through government grants, feasibility studies, pilot plants, or promotional announcements. This is particularly important in the rare earth industry because customer qualification is one of the most underestimated barriers to entry.

An industrial customer does not purchase a rare earth metal, alloy, or magnetic material simply because a supplier claims it can produce it. The customer must test the product, verify its consistency, assess its impact on the customer’s manufacturing process, and determine whether the supplier can consistently deliver it in the required volume and quality.

Qualification can take years. A company with established products and customer relationships therefore possesses an advantage that is difficult to quantify but extremely difficult to displace. It possesses trust. Trust is not created by a government announcement. It is created through repeated commercial performance. That is another reason why I believe Energy Fuels is the most likely survivor.

Its competitive position is not based solely on the ownership of mineral resources. It is based on assembling capabilities across the portions of the supply chain where value is added: chemical processing, radioactive-materials management, separation, metallurgy, alloy production, magnetic materials, quality control, and customer qualification. This does not guarantee success.

Nothing in the rare earth industry is guaranteed. Markets can change. Technologies can disappoint. Capital costs can rise. Integration can fail. Customer qualification can take longer than expected. Even experienced operators can make mistakes. But Energy Fuels begins with advantages that many competitors are still trying to build: operating facilities, regulatory experience, revenue, technical personnel, familiarity with complex mineral chemistry, experience handling radioactive materials, and a strategy for acquiring downstream industrial capabilities.

Those characteristics do not make it a national champion by government decree. They make it, in my judgment, the most likely survivor. That distinction is important. Governments do not create industrial champions by proclamation. Customers do. OEM qualification does. Reliable production does. Reproducibility does. Positive operating margins do. Years of successful delivery do.

Government may provide capital, contracts, loan guarantees, price support, or political endorsement. Those measures can improve a company’s probability of survival. They cannot substitute permanently for technical and commercial performance.

History suggests that governments are generally poor at identifying future winners. They may, however, be capable of identifying companies that already possess enough operating momentum, technical competence, financial strength, and experienced management to have a reasonable chance of enduring. That is a more modest objective than selecting a champion, but it is also a more defensible one.

If Washington wishes to invest directly in strategic industries, it should be candid about what it is doing. It is not crowning a future champion. It is deciding which enterprise is most likely to remain standing long enough to earn that title through performance.

Its White Mesa operation provides an established foundation in difficult chemical processing and radioactive materials management. Its rare earth program moves it toward separated products. Its proposed acquisition of Vacuumschmelze would add downstream metallurgical, manufacturing, and customer-facing capabilities that have taken decades to build.

Together, these assets create something more durable than a mine. They create an industrial system. Whether Energy Fuels ultimately succeeds will not be decided in Washington. It will be decided in the marketplace, where customers—not governments—determine which companies become indispensable. Governments can subsidize capacity, but they cannot subsidize capability indefinitely. Capability must ultimately prove itself through performance.

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compounding asset.

Follow where value is added.

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