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Critical Raw Materials at the Geopolitical Crosshairs—and Crosswire

Vasili Nicoletopoulos, Feb 5, 2026

Two English expressions capture the current moment with striking precision. “Crosshairs” evoke deliberate targeting—an object brought into sharp focus, aligned, and pursued with intent. “Crosswire,” by contrast, suggests misalignment, confusion, and the friction of competing signals. Today’s geopolitical landscape around critical raw materials (CRMs), including rare earth elements, reflects both dynamics simultaneously. These materials are squarely in the crosshairs of major powers, while policy ambitions, trade relationships, and climate goals frequently collide in a global crosswire of strategic competition.

Critical raw materials have become the indispensable substrate of modern power. From missile defence systems to artificial intelligence hardware, from semiconductors to wind turbines, electric vehicles, battery storage, and hydrogen electrolyzers, advanced economies now depend on critical minerals as fundamentally as the twentieth century depended on oil. Control over supply chains—mining, processing, refining, and recycling—has become a central pillar of national security, industrial policy, and climate strategy.

Recent geopolitical maneuvers underscore the intensity of this strategic repositioning. The United States has signaled extraordinary interest in securing access to critical mineral reserves, including high-profile rhetoric about Greenland, widely interpreted as motivated in part by its untapped rare earth potential. Washington is also advancing a major domestic stockpiling strategy, with plans to invest billions of dollars to build strategic reserves of critical minerals. Legislative efforts in the Senate to allocate up to $70 billion in support of a broader critical minerals agenda reflect bipartisan recognition of vulnerability in supply chains dominated by external actors. Yet market volatility has accompanied these announcements, highlighting investor uncertainty amid shifting political signals and trade diplomacy.

Across the Atlantic, Italy, France, and Germany are spearheading efforts to establish a coordinated European Union stockpiling framework for critical materials, aiming to reduce dependency and build resilience. The EU is simultaneously investing heavily in cross-border energy infrastructure and advancing policy instruments that link climate ambition to industrial competitiveness, including proposals to channel revenues from emissions allowances into green investment. The bloc’s deepening engagement with India through a strengthened free trade agreement, particularly around climate and energy cooperation, signals a strategic pivot toward diversified partnerships.

China remains the pivotal actor in the global critical minerals ecosystem, particularly in rare earth processing and refining. Beijing’s recent decision to suspend certain export restrictions on critical minerals to the United States, amid a broader trade truce, demonstrates how these materials function as instruments of economic statecraft. Export controls and counter-controls have become calibrated levers in broader geopolitical negotiations. The episode underscores both the leverage inherent in supply chain concentration and the risks of weaponization.

India is accelerating efforts to cultivate its domestic rare earth industry and expand data center capacity, seeking to position itself as both a resource base and a digital infrastructure hub. Australia has launched a critical minerals prospectus to attract global investment and is considering mechanisms such as price floors to stabilize markets and incentivize long-term capital flows. The United States and Europe are also actively courting Brazil for access to its mineral wealth, recognizing Latin America as an increasingly strategic frontier in the competition for resources.

Meanwhile, energy transition dynamics are reinforcing the centrality of CRMs. Global investment in the energy transition reached a new record in 2025, with renewables accounting for virtually all net additions to electricity capacity in countries such as Turkey. Alberta's policy debate reflects a similar pivot toward renewables and electrification. The United Kingdom's clean power strategy highlights both ambition and the pricing and political risks inherent in accelerating decarbonization. Hong Kong's expansion of its sustainable finance taxonomy to include climate transition and adaptation categories illustrates how financial systems are aligning capital flows with climate and industrial objectives.

The convergence of these developments signals a structural transformation. Critical minerals are no longer niche commodities; they are strategic assets embedded at the intersection of defense, technology, and climate policy. The world is witnessing the emergence of a new resource geopolitics—one defined less by hydrocarbons and more by lithium, cobalt, nickel, graphite, and rare earth elements. Unlike oil, however, these materials often require complex, capital-intensive processing chains that are geographically concentrated, environmentally sensitive, and politically contested.

Conflicting Interests and Contentious Points

The intensifying focus on CRMs reveals several fault lines.

First, national security imperatives clash with the logic of globalized trade. Governments seek to de-risk and localize supply chains, yet mining and processing ecosystems remain globally interdependent. Efforts to establish stockpiles or subsidize domestic production risk distorting markets and provoking retaliatory measures. Export controls, even when temporarily relaxed, inject uncertainty that can deter long-term investment.

Second, climate ambition competes with environmental and social concerns. Expanding mining to meet decarbonization targets can conflict with biodiversity protection, indigenous rights, and local environmental standards. The paradox is acute: accelerating the green transition requires intensified extraction of materials whose production can itself be environmentally disruptive.

Third, industrial policy competition risks fragmentation. The United States, the European Union, China, India, and Australia are each deploying subsidies, trade measures, and strategic partnerships to secure supply. Without coordination, this could lead to subsidy races, regulatory divergence, and inefficiencies that ultimately slow the energy transition.

Fourth, emerging economies face a dual challenge. Resource-rich countries such as Brazil and Australia seek to capture greater value from their mineral endowments through downstream processing and price stabilization mechanisms. Yet they must balance foreign investment attraction with sovereignty concerns and avoid becoming arenas for great-power rivalry.

Fifth, financial markets remain sensitive to political signals. Announcements of large-scale funding or diplomatic shifts can trigger volatility in mining equities and commodity prices. Long project timelines and uncertain policy frameworks complicate capital allocation, particularly in a sector requiring sustained, patient investment.

Finally, there is the risk of misalignment—the "crosswire" dimension. Climate policy, trade policy, defence strategy, and industrial development are often formulated in parallel rather than in concert. Divergent timelines, regulatory regimes, and political cycles can undermine coherence. The result may be strategic overreach in some areas and underinvestment in others.

The central question is not whether critical raw materials will define the next chapter of geopolitical competition—they already do. The challenge is whether the global community can move beyond reactive positioning toward coordinated frameworks that balance security, sustainability, and shared prosperity. Bringing CRMs out of the crosshairs and disentangling the crosswire will require unprecedented levels of policy alignment, transparent supply chain governance, and international cooperation in a landscape increasingly shaped by strategic rivalry.

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