

Mounting concerns in US-NATO circles over critical minerals and war with China

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The United States and its European allies are increasingly concerned that efforts taken so far to stop China's control over the global critical mineral supply chain are inadequate, complicating US-led preparations for war.

China is the single-largest processor of nearly every critical mineral, having operated for the last 40 years as the nexus of global capitalist production. China holds control over three-fourths of the world's Electric Vehicle (EV) batteries, and its electric car companies now surpass Tesla in their function and cost.

To combat China's relative dominance in critical minerals and battery technology, the United States and the European Union have both passed laws and measures to stimulate domestic production while putting in place tariffs on Chinese goods—such as a 100 percent mark-up on all Chinese EVs in the United States.

These measures, however, increasingly seem inadequate, prompting a chorus of advisers to the American and European ruling classes to substantially increase their efforts.

Last month, for example, a report from the *Financial Times* found that 40 percent of the projects sponsored by either Biden's Inflation Reduction Act or Chips Act have experienced significant delays. According to the FT, "companies said deteriorating market conditions, slowing demand and lack of policy certainty in a high-stakes election year have caused them to change their plans."

Partially in response to this report, the FT published an editorial statement on September 8 calling on the US and its allies to take "concerted action on mining, refining and research" to stop China's "command of the sector." Above all, it calls on governments to quickly and significantly reduce the regulations required for new major mining and refining projects for critical minerals—two notoriously dangerous and environmentally toxic industries.

The FT's warning is just the latest of a string of increasingly panicked comments and actions coming from the American and European financial and geopolitical establishment.

In February, the Carnegie Endowment for International Peace warned in a major report that "NATO militaries could face shortages of critical minerals, especially if U.S.-China tensions escalate." The report warned that the EU "imports between 75 and 100 percent of most metals it consumes" and that none of them have stockpiles.

The Carnegie Endowment cites extensively from histories of mineral consumption during World War II, emphasizing that a new war of similar proportions is on the horizon, requiring the mobilization of vast quantities of precious resources. Explicitly framing the war as a NATO-US conflict against China, they write, "in a possible U.S.-China conflict, the United States and other NATO countries would face increased risks of mineral shortages."

Also in February of this year, the International Energy Agency launched a program which explores the possibility of holding critical minerals in an emergency strategic supply, similar to how the organization and several other countries hold a strategic petroleum reserve. The agency is run by the Organization for Economic Cooperation and Development (OECD)—a US-led, Euro-American Cold War economic coalition.

In April of 2024, the Center for Strategic and International Studies (CSIS) launched its own initiative, the Project on Critical Minerals Security. The new project highlights the "sense of urgency to increase U.S. security for these critical inputs" among the entire ruling class, Democratic and Republican parties alike.

In May, the *Wall Street Journal* declared that "China is Winning the Minerals War," stating that "Western efforts to make a dent are languishing." In a more recent article by the same WSJ author, they worry, "America's War

Machine Runs on Rare-Earth Magnets. China Owns That Market.”

In August, Politico reported that the Biden administration was considering a new scheme to “prop up” American critical mineral projects, as these worries mount. The reported measures would create a minimum price for critical minerals in the United States, paying the difference if prices go below that amount on the open market. This would be a significant development that put in place a price scheme that goes far beyond measures in the oil and gas market to prop up production.

Meanwhile, various Western green tech companies have gone bankrupt this year or showed signs of economic distress. This includes the Swedish battery company Northvolt, which lost a major contract with BMW over delayed development of its gigafactories, and TitanSolar, SunPower and Sunrun, three major US solar companies.

The worries in the United States and Europe about “losing the mineral war” result from at least three key problems facing their ruling classes.

First, the projects that they are trying to start—new multibillion-dollar mines, refiners and manufacturing processes—are massive, long-term investments that oftentimes take at least a decade to begin production. Constructing these large projects requires time and assurance that the costs will be paid back.

Second, China has major cost advantages over these expensive new projects. New processors of minerals will have a very challenging time competing with China when it has been the epicenter of mineral refining for several decades, and generally it has lower wages and environmental regulations. Most recently this cost advantage has been reflected in the significant decline in the price of many critical minerals in 2023 and 2024. For example, lithium has dropped more than 80 percent. Albeit, these prices—connected to the global financial system and all its speculative activity—remain volatile.

Third, and most importantly, there are conflicting time horizons in the US-led attempt to counter China’s dominance of this sector. While the US and EU require time, at least 10 years, to secure for themselves new robust supplies of critical minerals in the event of war, the US fears that the longer it waits to go to war with China, the greater China’s ability may be to develop countermeasures to advanced US missile technology.

These combined factors put pressure on US policymakers to find other sources of critical minerals as quickly as possible.

As the WSWS has previously explained, this pressure

informs the US-NATO proxy war with Russia, centered around Ukraine. The geostrategic benefits of fatally weakening Putin’s regime and, ultimately, breaking apart Russia into smaller states include control over the country’s vast resources. This would (1) further isolate China, by depriving it of its most mineral rich geostrategic partner, while (2) adding to US-NATO large quantities of hydrocarbons, diamonds, nickel, platinum group metals, rare earth metals, Niobium, cobalt and graphite—all already under active production. Ukraine also contains major prospective deposits of lithium.

China, for its part, has begun to flex its geostrategic control of critical minerals.

Most recently, China put in place restrictions on antimony, a largely unknown critical mineral that is used in armor-piercing ammunition, military optics and solar panels. Last year, Beijing launched similar restrictive measures on gallium, germanium and graphite—all of which it controls most of their global supply. These measures were put in place in response to US restrictions on the sale of advanced semiconductor chips to China – a ban which it seems Chinese business have largely been able to work around.

The restrictions on antimony, put in place earlier this month, has led to a doubling of its price on global markets.

This developing conflict over critical minerals underscores the immense danger posed by a US-China war.

While advances in technology hold promise for encouraging a swift renewable energy transition—necessary to stop global warming—the breakdown of capitalist economic and political relations threatens to plunge humanity into a bloody maelstrom. The US military, and its NATO allies, squander precious resources, labor and ingenuity on new methods for killing. Instead of working internationally to stop war and share resources in a collective effort to halt environmental catastrophe, capitalist nation-states are preparing for war.



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