The Transformation of the International Order Driven by Resources (Part II) – The Rare Earths War: US-China Rivalry & the Age of Resource Blocs



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The global reconfiguration surrounding energy and natural resources is not merely a shift in markets: it marks the beginning of a new geopolitics that shakes the very foundations of national power and the international order. Europe has severed its dependence on Russia; the United States, European nations, and Japan are moving to reduce their reliance on China; and major powers are expanding their spheres of influence by riding the wave of resource bloc formation. The world has now entered an era of "multi-layered competition" in which energy, resources, technology, military power, and diplomacy are intricately intertwined. This article traces the realities of this new geopolitics: the US-China confrontation, the scramble for the Arctic, and the quiet battles over strategic resources.

I. US-China Resource Hegemony: a New Geopolitics of Renewables, Batteries & Rare Earths

A shift in resource hegemony from fossil fuels to decarbonization technologies

During the 2020s, the structure of global hegemony has been changing quietly but unmistakably. For decades, oil and natural gas stood at the center of international politics, and national power was determined by control over Middle Eastern oil fields and pipelines. Today, however, the growth of global energy demand is driven by the "electrified" sectors – solar, wind, batteries, electric vehicles, data centers, and hydrogen – and these depend on new strategic resources such as rare earths, lithium, nickel, cobalt, and polysilicon.

This shift is not merely an industrial transformation: it is a civilizational turning point in which the very source of national power is moving from "control of fossil fuels" to "control of decarbonization technologies". Just as oil determined hegemony in the 20th century, hegemony in the 21st century will be determined by how much control a nation can exert over supply chains for renewables, batteries, and rare metals. The US-China rivalry has evolved beyond military, trade, and technological competition into a struggle for resource and supply-chain dominance.

The geopolitics of decarbonization is now under intense scrutiny. Recent data from the IEA delivered a sobering reality: China accounts for **80–90% of global solar panel production**, **over 70% of lithium-ion batteries**, and **87% of rare earth refining**. These figures imply that the future of decarbonization rests in China's hands.

This is not a mere statistic: it is a shock comparable to the oil crises of the Cold War era. For policymakers in the US, Europe, and Japan, it was a stark warning that "energy security = dependence on China".

The US has designated this dependence a national security threat and accelerated efforts to bring battery, solar, and wind supply chains back to North America through the Inflation Reduction Act (IRA). The IRA's subsidies total **$370 billion**, prompting Tesla, GM, Ford, Panasonic, LG, and others to build massive gigafactories in North America. The US has thus launched a national project of "manufacturing reshoring".

1. China's "Vertically Integrated Hegemony": a Supply-Chain State Controlling Resources & Technology

China's rise is not simply the expansion of manufacturing: it is the consolidation of a vertically integrated supply-chain hegemony that unifies resources, materials, manufacturing, and final products under a national strategy. In renewables, batteries, and rare metals – the foundations of decarbonization technologies – China has built a massive system that encompasses the entire industrial structure. Since the 2000s, China has placed rare earth mining under state control, strengthened refining technologies through national programs, and now dominates **90% of rare earth refining**, **95% of graphite refining**, and **60% of lithium refining** – establishing control over the "resource stage".

Furthermore, China has integrated the entire solar supply chain – from polysilicon to modules – and built enormous industrial clusters for battery materials, cells, EVs, and wind turbines. Mega-factories across Xinjiang, Inner Mongolia, and Sichuan, supported by cheap electricity and subsidies, effectively determine global renewable prices, making China the "price setter" of decarbonization technologies.

Leveraging this vertical integration, China has weaponized resources by imposing export controls on rare earths, gallium, and germanium – strategic materials essential for semiconductors, EVs, wind turbines, and military technologies. These measures immediately affected US, European, and Japanese industries. In 2025, China imposed export restrictions on the US, and in 2026 added Japanese firms to its monitoring list.

China controls **70% of rare earth ore production**, **over 90% of refining**, and **80% of magnet production**. The US depends on China for **72% of its rare earth imports**. IEA projections show magnet demand doubling by 2050, meaning China's dominance will only grow.

Thus, China has constructed a "vertically integrated hegemony"

that controls the beating heart of global decarbonization technologies.

2. US Countermeasures & the Beginning of a "Resource Cold War"

The US response to China's resource weaponization has not been limited to tariffs or subsidies: it is a two-tier national strategy to restructure supply chains themselves. Washington has maintained high tariffs on Chinese solar panels, batteries, and components, and blocked rerouted imports via Southeast Asia – turning the North American market into a "strategically protected space".

Symbolic is the decision to extend tariffs on Chinese goods (averaging 19-25%) for an additional year beyond their scheduled expiration in late 2025. This was a "counter-sanction" against China's tightening of export controls on rare earths, gallium, and germanium. Both countries are now striking at each other's vulnerabilities, entering a "resource cold war".

Yet both sides wish to avoid total supply-chain disruption. A complete US ban on Chinese components would hurt American industries, while China cannot afford to lose the US market. This mutual dependence produced a "quiet ceasefire" in early 2026, but it is merely a pause before the next confrontation.

Japan has also been affected. China's stricter export reviews for rare earth-related materials caused procurement delays for Japanese magnet and electronics manufacturers, reviving memories of the 2010 rare earth embargo. Japanese firms again felt the fragility of dependence on China.

In today's world, where decarbonization technologies form the core of national industrial bases, strategic materials – rare earths, battery materials, solar panels, semiconductor equipment – have become "silent weapons" that shape national security and hegemony. The US and China are now confronting each other with these weapons, turning supply chains into a new battlefield.

This "resource cold war" differs from the Cold War arms race: the battleground is not missiles or tanks, but rare earths, batteries, solar panels, and hydrogen. The conflict is quiet, deep, long-term, and structural – engulfing the entire global economy. The US seeks to bypass China's supply chains while rebuilding its own and those of its allies, accelerating global fragmentation and resource bloc formation.

II. Greenland: the New Battleground for Rare Earths Among Major Powers

Greenland, the world's largest island, has a population of only 56,000, with 80% of its vast territory covered by ice. Its area of 2.16 million square kilometers – six times that of Japan – and its central Arctic location have long made it a key site for military, meteorological, and navigational monitoring. In the late 2020s, as ice sheets receded due to global warming, Greenland emerged not as a remote polar frontier but as a central node in the world's resource map.

Photo: Geological Survey of Denmark and Greenland (GEUS)



Tanbreez Rare Earth Deposit, Greenland

The exposed Kvanefjeld and Ilímaussaq regions contain over **10 million tons of rare earths**, including high concentrations of heavy rare earths such as neodymium, dysprosium, and terbium – comparable to deposits in southern China. These resources have the potential to fundamentally reshape global rare earth supply structures.

The Tanbreez deposit on the western shore of Kangerluarsuk Fjord contains an estimated **400 million tons of ore**, including **7 million tons of TREO** (Total Rare Earth Oxides), rich in heavy rare earths (HREE) and with low uranium content – an exceptional strategic deposit.

Rare earths are indispensable for EV motors, wind turbines, semiconductor equipment, missile guidance systems, quantum communication, and AI server cooling systems. Greenland's minerals are thus the "lifeblood" of 21st-century industrial, military, and digital technologies.

Greenland's value also lies in its position along the Northern Sea Route (NSR). As Arctic ice thins, navigation becomes possible not only in summer but also in spring and autumn, shortening the distance between Asia and Europe by one-third compared to the Suez route. Greenland, located at the gateway of this route, has become a "keystone" where resource, navigational, and military value converge.

Foreign investment has surged, with Denmark, Canada, Australia, and China entering mining projects. FDI reached several billion dollars by the late 2020s. China's Shenghe Resources became a major shareholder in Kvanefjeld, signaling that Greenland is now recognized as a "strategic mine" shaping global supply chains.

III. A Quiet Arctic Cold War: US, EU, China, & Russia Intersect

The scramble for Greenland is not merely a resource competition: it is a multi-layered geopolitical game involving four major powers

with distinct strategic objectives.

US – For the US, Greenland is both a rare earth hub and a military outpost essential for Arctic dominance. Thule Air Base has strengthened surveillance and communications since 2024, monitoring the NSR and countering Russian and Chinese polar activities. The Pentagon has invested hundreds of millions of dollars in joint development with Lynas and US firms, deeply engaging in Kvanefjeld. President Donald Trump has again expressed interest in acquiring Greenland, viewing it as vital to US national security – a reflection of America's intent to secure Arctic hegemony.

European Union – For the EU, Greenland is a key supply source for reducing dependence on China and achieving strategic autonomy. The 2023 Critical Raw Materials Act aims to localize 40% of rare metal refining by 2030, placing Greenland at its core. European firms announced 1 billion euro in investments between 2024 and 2026.

China – China targeted Greenland early to maintain its dominance in rare earth refining. Shenghe Resources sought to expand its stake in Kvanefjeld, aiming to secure a second supply source that could undermine Western "de-risking". However, US and EU pressure has constrained Chinese expansion since 2024.

Russia – Russia's Arctic strategy centers on military and resource control. State firms are surveying seabed resources around Greenland, integrating the Arctic's estimated **90 billion barrels** of oil and gas into long-term plans. For Russia, Greenland is a missing piece in its Arctic dominance.

Thus, the US seeks rare earths and military bases; the EU seeks strategic autonomy; China seeks supply-chain hegemony; and Russia seeks Arctic control. Arctic strategy documents published by each power signal that competition is evolving into "inevitable confrontation".

Conclusion: Greenland as the Keystone of the Global Technological Order

Greenland has become a keystone supporting the world's technological and geopolitical order. Modern technologies – EV motors, wind turbines, semiconductors, missile guidance, quantum communication, AI cooling systems – cannot exist without rare earths. With China controlling 87–90% of refining, Greenland's deposits have emerged as a crucial "second source", driving supply-chain diversification.

Greenland's strategic value also lies in the NSR, which may soon allow near year-round navigation. As the gateway to a route one-third shorter than the Suez path, Greenland stands at the center of a logistics revolution.

Major powers have published Arctic strategies: China's "Near-Arctic State" doctrine and "Ice Silk Road", Russia's Arctic Strategy 2035, America's updated Arctic strategies, and the EU's Arctic Policy and CRMA.

Today, US, EU, Chinese, and Russian vessels and research ships intersect across the Arctic, conducting resource surveys, maritime monitoring, and military exercises. The Arctic has become a stage for a "quiet cold war", with Greenland at its forefront – a new keystone shaping the stability of global technology systems and supply chains.

The global energy map is now being dramatically redrawn. Europe has completely abandoned Russian gas and built new supply networks with the US, Qatar, and Africa. The US, having consolidated its position as a major LNG exporter, is simultaneously promoting the reshoring of battery and solar manufacturing, thereby establishing a dual advantage in both energy hegemony and battery hegemony. Japan, South Korea, and ASEAN are emerging as central hubs of a new Asia-Pacific supply network by diversifying sources of rare metals and battery materials. Asian countries, facing growing instability in the Middle East, have expanded imports of Russian crude oil while continuing to grapple with the structural challenge of dependence on China for decarbonization technologies.

The world has now entered an era in which resource bloc formation and supply-chain multipolarization are advancing simultaneously. Russian energy is flowing toward the Eurasian sphere; Chinese batteries and rare metals toward the Asian sphere; and American LNG and battery industries toward the Atlantic sphere. The world is fragmenting into multiple resource zones, and a new resource geopolitics of the 21st century – surpassing even the US-Soviet oil blocs of the Cold War – is taking shape.

In the coming years, we will observe how the three major geopolitical focal points – US-China rivalry, the Arctic, and the Middle East – interact on this new stage and further shake the international order. Competition over energy and strategic resources such as rare earths is no longer a matter of national policy alone: it is becoming a force capable of restructuring the global order itself. International politics in the 21st century has begun to move once again around the axis of resources. **JS**

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