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GÁBOR PAPP & ZSOLT TREMBECZKI

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Author(s):
Gábor Papp
Zsolt Trembeczki

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Gábor Papp, Research Fellow, HIIA
Zsolt Trembeczki, Research Fellow, HIIA

THE GEOPOLITICS OF STRATEGIC MINERALS IN FLASHPOINT REGIONS IN ASIA

Critical minerals, especially rare earth elements, are an emerging instrument of the balancing strategies of smaller and mid-sized countries in flashpoint regions across the Eurasian landmass, from Central Asia to the Afghanistan–Pakistan corridor to Southeast Asia. The critical role such materials play in technology-intensive supply chains puts a high premium on them in the strategic calculus of the United States, China, and other major powers, creating space for leveraging confirmed and even hypothesized deposits by local countries with some success. Some, like Kazakhstan and Pakistan, rely on substantial and already commercially credible deposits, even if further potential is somewhat embellished. Others, like Afghanistan, extract diplomatic value from mineral traces probably unextractable for industrial purposes. Paradoxically, the sector's opacity provides a degree of additional room for such countries to position themselves as indispensable partners in the global race for securing critical minerals, aiding their pursuit of a multi-vectoral foreign policy. At the same time, this resource diplomacy may have a natural limit if exaggerated claims and overstretched expectations in the end undermine external partners' trust in aspirant hubs of the global mining industry.

INTRODUCTION

For countries in flashpoint regions, especially those caught between great powers, the opportunity to pursue balancing strategies is a defining feature. Amid the push for the green transition, the scaling up of defense capabilities, and the struggle for energy and economic competitiveness, growing demand for critical

raw materials, fueled by a wide range of sectors, creates an excellent milieu for countries with significant reserves of this group of dozens of minerals. The resource-rich countries can position themselves as valuable partners by offering their minerals to great powers in search of them, actively using their assets to create new connections. Therefore, the toolkit of balancing nowadays seems to gravitate increasingly around cooperation in the field of critical raw materials. This development creates a huge breakout opportunity, particularly for those countries whose situation has been highly constrained due to geography or history, including those located across Central Asia, South Asia,[1] and Southeast Asia.

Nothing underpins this changing phenomenon better than the agreements recently signed by many of the countries along these flashpoint regions with the United States. U.S. involvement is far from a coincidence, since Washington is becoming increasingly aware of the geopolitical importance of global critical mineral supply chains—controlled mainly by China, especially in the case of rare earth elements—between the theatres of trade and tech wars. This awareness is clear in the new National Security Strategy (NSS) as well, which addresses access to critical minerals supply chains as part of economic security, one of the top priorities of the strategy.[2]

CENTRAL ASIA

The first region along the string of regions where the race for critical raw materials is intensifying is Central Asia with its five countries: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. The region's overall mineral wealth is said to be outstanding, covering almost all the relevant elements. However, the precise quantities cannot be reliably measured. This is partly due to old data and the limited scale of geological exploration,[3] like in the case of Kazakhstan, the most important country in terms of mining in the region.

1 Notably, India falls out of this study's scope due to the scale of its population and economic output and its more diversified foreign policy toolkit.

2 "National Security Strategy of the United States of America," The White House, November 2025, https://www.whitehouse.gov/wp-content/uploads/2025/12/2025-National-Security-Strategy.pdf.

3 "Critical Minerals in Central Asia: Curse or Blessing?," Davis Center for Russian and Eurasian Studies, Harvard University, January 27, 2025, https://daviscenter.fas.harvard.edu/insights/critical-minerals-central-asia-curse-or-blessing; "Kazakhstan to Expand Geological Exploration Area by One-Third by 2026," *The Times of Central Asia*, May 15, 2025, https://timesca.com/kazakhstan-to-expand-geological-exploration-area-by-one-third-by-2026/.

The country is the world's leading uranium producer (which the European Union does not consider "critical,"[4] although it was included in the latest update of the U.S. list[5]), accounting for around 40 percent of global output. Kazakhstan also has considerable copper, gallium, graphite, and lithium reserves. Moreover, it is the only country in Central Asia where the mining of rare earth elements is already taking place.[6] Its exports have nearly quintupled since 2020,[7] predominantly going to China. Zooming out, the trend for other critical minerals is quite similar: China is the main export destination, importing around 70 percent of the total regional output of critical metals in 2024.[8] What is more, China is even working on expanding its involvement through different new projects like the ones in Uzbekistan or Kyrgyzstan.[9]

Meanwhile, these countries also try to use their mineral wealth to attract other global actors as well. Other geopolitical actors, such as the European Union and the United States, are indeed interested in this opportunity, primarily motivated by the goal of decoupling and derisking their minerals supply chains from China. For its part, within the framework of its raw materials diplomacy, the EU signed a memorandum of understanding related to critical raw materials first with Kazakhstan in 2022, then with Uzbekistan in 2024.[10] The United States also hosted a C5+1 summit in Washington in early November, where Donald Trump also signed multiple memoranda of understanding on critical raw materials with Kazakhstan, Tajikistan, Turkmenistan, and Uzbekistan. Among these documents, the last one explicitly mentions rare earth elements as well.

4 "Critical Raw Materials," European Commission, accessed December 10, 2025, https://single-market-economy.ec.europa.eu/sectors/raw-materials/areas-specific-interest/critical-raw-materials_en.

5 "Interior Department Releases Final 2025 List of Critical Minerals," U.S. Geological Survey, November 14, 2025, https://www.usgs.gov/news/science-snippet/interior-department-releases-final-2025-list-critical-minerals.

6 "Kazakhstan Enters the Global Rare Earth Metals Arena," *The Times of Central Asia*, November 26, 2025, https://timesca.com/kazakhstan-enters-the-global-rare-earth-metals-arena/.

7 "Kazakhstan's Rare Earth Exports Under Political Spotlight as Strategic Role Grows," *The Times of Central Asia*, September 3, 2025, https://timesca.com/kazakhstans-rare-earth-exports-under-political-spotlight-as-strategic-role-grows/.

8 "China Imports Up to 70% of Critical Metals from Central Asia," *Minex Forum*, February 10, 2025, https://minexforum.com/2025/02/10/china-imports-up-to-70-of-critical-metals-from-central-asia/.

9 "China's Central Asia Play: China and Uzbekistan's Uneasy Mining Partnership," *China Global South Project*, April 25, 2025, https://chinaglobalsouth.com/analysis/chinas-central-asia-play-china-and-uzbekistans-uneasy-mining-partnership/; "Differentiated Engagement: China's Adaptive Strategy for Critical Minerals in Central Asia," *Trends Research & Advisory*, July 25, 2025, https://trendsresearch.org/insight/differentiated-engagement-chinas-adaptive-strategy-for-critical-minerals-in-central-asia/.

10 "Raw Materials Diplomacy," European Commission, accessed December 10, 2025, https://single-market-economy.ec.europa.eu/sectors/raw-materials/areas-specific-interest/raw-materials-diplomacy_en.

The recent U.S. turn toward Central Asia could be a direct consequence of the escalation of its trade war with China and the latter's consecutive regulations targeting critical raw materials. By attracting investment and new industrial opportunities with the potential for enhanced cooperation, the countries of the region would be able to diversify their economy and ultimately overcome (or at least reduce) Russian and Chinese influence, which have been a historical given in the region.

THE "AFPAK CORRIDOR"

While Pakistan despises being grouped with Afghanistan into one regional security complex, the two countries do form one strategically sensitive bridge between South Asia, Central Asia, and the Middle East, and pairing them is analytically useful when looking at how critical mineral deposits are being leveraged by local actors in the diplomatic sphere as they navigate great power competition.

Afghanistan's critical mineral deposits are generally believed to be substantial but are unevenly verified and, if security and political considerations are taken into account, difficult to monetize on the global market. The U.S. Geological Survey identifies large deposits of copper, iron ore, and chromite, as well as uncertain amounts of lithium and rare earth element deposits in several provinces.[11] Of these deposits, only a small portion is currently being extracted, chiefly through artisanal operations, and no critical mineral projects have advanced into full industrial-scale operations. Speculative estimates of vast lithium and rare earth reserves circulate with headline claims approaching $1 trillion, but such figures remain highly uncertain given the lack of independent verification and resource classification.[12] Afghanistan's geopolitical significance will likely continue to rest on its strategic role as buffer and corridor rather than its economic value for the foreseeable future.

Nevertheless, the Taliban movement, which has de facto governed the country since its 2021 takeover, is leveraging this alleged mineral wealth to

11 Stephen G. Peters et al., "Preliminary Assessment of Non-Fuel Mineral Resources of Afghanistan, 2007," U.S. Geological Survey, accessed December 10, 2007, https://pubs.usgs.gov/fs/2007/3063/.

12 Sayed Madadi, "Afghanistan's Lithium: Sovereignty vs. Foreign Exploitation," *The Diplomat*, August 12, 2024, https://thediplomat.com/2024/08/afghanistans-lithium-sovereignty-vs-foreign-exploitation/; Mohammad Arif Rahimi et al., "Afghanistan's Rare Earth Elements: Geological Potential and Economic Implications," *Resources Policy 102*, 2025, https://doi.org/10.1016/j.resourpol.2025.105576; Tim Worstall, "The Current Value of Afghanistan's Lithium Reserves Is Zero," Adam Smith Institute, accessed December 10, 2021, https://www.adamsmith.org/blog/the-current-value-of-afghanistans-lithium-reserves-is-zero.

break out from international isolation. The Taliban's main prospective partner in this regard is China: Senior-level discussions in 2025, including a visit in May by Chinese Foreign Minister Wang Yi, explicitly included cooperation on the extraction of copper, iron ore, and lithium deposits.[13] Beyond China, some smaller regional actors are also positioning themselves as potential partners for the future monetization of Afghanistan's mineral wealth. Uzbekistan, in particular, may hope to achieve such a position thanks to the Trans-Afghan railway initiatives aiming to link Afghanistan's northern parts to Uzbek railheads and then to seaports and foreign markets.[14] In contrast, Western governments and companies have so far shown only negligible interest due to recognition issues and reputational risk. The Taliban's recent outreach to India is also based on different (anti-Pakistan, hammer-and-anvil) considerations.[15] For the Taliban, critical minerals serve less as imminent, viable export commodities and more as a form of diplomatic currency, tradable for a modicum of diplomatic normalcy and possibly eventual recognition.

Pakistan, by contrast, already has a functioning industrial mining sector that includes at least one significant critical minerals project: the Reko Diq copper and gold deposit in Balochistan, which is now being redeveloped in cooperation with national and regional authorities and a Canadian mining company, Barrick Gold.[16] According to Pakistan, the country also possesses chromite, antimony, and other industrial metals, and policymakers regularly talk about potentially significant lithium and rare earth element deposits in the Balochistan, Khyber Pakhtunkwa, and Gilgit-Baltistan regions. Official claims of "$8 trillion" mineral wealth are, however, widely seen as inflated and based on the conflation of geological potential with economically extractable reserves.[17] Uncertain security conditions in mineral-rich regions and general national political instability also

13 "Wang Yi Meets with Acting Foreign Minister of Afghanistan Mawlawi Amir Khan Muttaqi," Ministry of Foreign Affairs of the People's Republic of China, May 21, 2025, https://www.mfa.gov.cn/eng/wjbzhd/202505/t20250522_11630541.html.

14 Katherine Birth, "Recipient to Replicator: Uzbekistani Investments in Afghanistan Inspired by China's Playbook?," Caspian Policy Center, 2025, https://www.caspianpolicy.org/research/uzbekistan/recipient-to-replicator-uzbekistani-investments-in-afghanistan-inspired-by-chinas-playbook.

15 Asfandyar Mir, "India Is Seeking a Reset in Relations with the Taliban. Can the Rapprochement Last?" Chatham House, October 15, 2025, https://www.chathamhouse.org/2025/10/india-seeking-reset-relations-taliban-can-rapprochement-last.

16 Umair Jamal, "Why Barrick Gold Remains Interested in Pakistan's Reko Diq Reserves," *The Diplomat*, June 24, 2024, https://thediplomat.com/2024/06/why-barrick-gold-remains-interested-in-pakistans-reko-diq-reserves/.

17 "Mineral Wealth Stands at $8tr," The Express Tribune, March 18, 2025, https://tribune.com.pk/story/2534867/mineral-wealth-stands-at-8tr; Iqbal Chand Malhotra, "Pakistan Bluffing $6 Trillion Mineral Wealth," *The Print*, November 10, 2024, https://theprint.in/opinion/pakistan-bluffing-6-trillion-mineral-wealth/2780538/.

raise questions about the economic viability of many proposed projects. That being said, Pakistan's critical minerals base is more commercially credible than that of Afghanistan.

Pakistan's erstwhile close strategic relationship with the United States has severely deteriorated over the past decade due to accumulated grievances on both sides, ranging from U.S. drone strikes in Pakistani territory to the 2011 Bin Laden raid. China, currently Pakistan's closest partner, is also increasingly souring on its own infrastructure investment there. Against this backdrop, Islamabad now sees the country's dubious but not entirely implausible mineral potential (and especially the Reko Diq deposit) as its ticket back to global relevance, and enthusiastically leverages it to restore Western engagement, diversify partnerships beyond China, attract foreign investors, and improve its place in global supply chains.[18] The Pakistani pitch to the Trump administration (symbolized by the much-publicized "briefcase" full of mineral samples that Prime Minister Sharif and Field Marshal Munir brough to the White House in September)[19] puts specific emphasis on the value its copper and other critical minerals, especially the production of rare earth elements, could bring to the U.S. defense manufacturing sector, aligning with Washington's desire to decrease dependence on China.[20] At the same time, very recent history suggests that the broad goodwill Islamabad currently enjoys with the second Trump administration may quickly sour should the "business case" prove less rosy than originally painted by the Pakistani side, or should President Trump grow frustrated with the slow delivery on promises.[21]

In comparative terms, both Afghanistan and Pakistan make attempts at using critical minerals to increase their diplomatic room for maneuver. In both cases, the economic viability of some alleged deposits is uncertain at best and dubious at worst, yet amid intensifying great power competition for regional

18 Umair Jamal, "Pakistan's Potential Path to Global Relevance Through Critical Minerals," *The Diplomat*, September 15, 2025, https://thediplomat.com/2025/09/pakistans-potential-path-to-global-relevance-through-critical-minerals/.

19 "President Donald Trump Meets with Prime Minister Shehbaz Sharif and Field Marshal Asim Munir of Pakistan," The White House, accessed December 10, 2025, https://www.whitehouse.gov/gallery/president-donald-trump-meets-with-prime-minister-shehbaz-sharif-and-field-marshal-asim-munir-of-pakistan/.

20 "SFA: Pakistan's Rare Earths Partnership Advances US Supply Chain Security and Independence," SFA Oxford, October 15, 2025, https://www.sfa-oxford.com/market-news-and-insights/sfa-pakistan-s-rare-earths-partnership-advances-us-supply-chain-security-and-independence.

21 Martin Vladimirov, "Trump Sanctions on Lukoil, Rosneft Could Reshuffle Global Oil Map", *Reuters*, December 10, 2025, https://www.reuters.com/business/energy/trump-sanctions-lukoil-rosneft-could-reshuffle-global-oil-map-2025-12-10/; Paul Staniland, "India Was Optimistic About Its Relationship with the US. Trump Changed Things," The Chicago Council on Global Affairs, https://globalaffairs.org/commentary/analysis/india-united-states-relationship-trump-changed-things.

influence and control over the supply chains of such materials, the leadership of these countries can leverage their narratives of minerals-based economic revival to gain the attention of potential partners. Since both countries' narratives rely on partly or even largely unverified projections, however, there is considerable in-built risk of eventually disappointing partners and turning today's diplomatic assets into tomorrow's source of frustration and friction.

Southeast Asia

The third region along the string of regions where the race for critical raw materials is intensifying is Southeast Asia. Here, the range of elements is less diverse, with attention gravitating mostly around rare earth elements. But even within this group of elements, the regional picture is varied, from Myanmar, the world's third-largest producer of rare earth elements after China and the United States, to countries like Malaysia, Thailand, and Vietnam, which contribute more modestly across the different stages of the value chain, to Cambodia, where only mineral exploration has started.

The countries in the region are therefore on a very different stages of progress, and even the most remarkable cases, including Myanmar's production,[22] Malaysia's refining,[23] and Vietnam's reserve potential,[24] must be evaluated through the lens of Chinese dominance throughout the whole global supply chain.[25] China accounts for around 70 percent of global mining of rare earth elements, around 90 percent of processing and refining, and potentially even more than 90 percent of final products like permanent magnets. However, the current position of Southeast Asia, while more of a strategic foothold than a game-changer position, is already more than enough for the region's countries to present themselves as valuable partners and ultimately use their mineral wealth to challenge the region's geopolitical structure dominated by China, largely based on the Belt and Road Initiative and the issue of the South China Sea.

Strategic relevance is also more than enough for the global actors as well, who seek these minerals, because amid the growing potential for weaponization

22 "Mineral Commodity Summaries 2025," U.S. Geological Survey, 2025, https://pubs.usgs.gov/publication/mcs2025.

23 "Malaysia Rare Earth Refining: Processing Hub Strategy," Discovery Alert, November 5, 2025, https://discoveryalert.com.au/malaysia-rare-earth-refining-2025-processing-center/.

24 Tri Duc, "US Geological Survey Cuts Vietnam's Rare Earth Reserve from 22 Mln to 35 Mln Tons," *The Investor*, accessed March 14, 2025, https://theinvestor.vn/us-geological-survey-cuts-vietnams-rare-earth-reserve-from-22-mln-to-35-mln-tons-d14876.html.

25 Ilaria Mazzocco and Scott Kennedy, "China's New Rare Earth and Magnet Restrictions Threaten U.S. Defense Supply Chains," Center for Strategic and International Studies, October 9, 2024, https://www.csis.org/analysis/chinas-new-rare-earth-and-magnet-restrictions-threaten-us-defense-supply-chains.

and disruptions of supply chains and the experience of China's repeated export restrictions, the opportunity for a "China-free" supply chain has great appeal. The most interested actor seems to be the United States, which signed several memoranda of understanding related to critical raw materials in late October across the region, namely with Cambodia, Malaysia, Thailand, and Vietnam during Donald Trump's ASEAN Summit visit.

Like those with the Central Asian countries, these agreements have the potential to bring more American capital to the region and increase U.S. industrial involvement. This would be mutually beneficial. The United States would improve its supply diversification and increase its economic presence in a region where its involvement has traditionally been defined by military engagement. For the countries in the region, industrial cooperation could lead to higher added-value production, which could also lead to higher revenues. The decision of where a country enters or cements its presence in the value chain is a prominent element of the raw materials market. Malaysia, for example, had already banned its raw rare earth elements export with the aim to encourage and stimulate the birth of its own processing ecosystem.[26] With this, the country envisages creating more added value, generating more income, and breaking away from a role as a cheap raw materials exporter. The country is also a great example of balancing via minerals because it moves in parallel with United States, China, and South Korea to boost its industry.[27]

Regarding the great power game, the European Union has so far lagged behind in this region. Not a single agreement has been signed with a country from the region within the framework of its raw materials diplomacy.[28] The resumption of negotiations on a free trade agreement between the parties was announced in early 2025, however, which, once completed, could incorporate the question of critical minerals.[29]

26 "Malaysia's Ban on Raw Rare Earths Exports Remains Despite the U.S. Deal," Quest Rare Minerals, December 1, 2025, https://www.questmetals.com/blog/malaysia-s-ban-on-raw-rare-earths-exports.

27 "China, Malaysia in Talks on Rare Earths Refinery Project, Sources Say," *Reuters*, October 2, 2025, https://www.reuters.com/world/china/china-malaysia-talks-rare-earths-refinery-project-sources-say-2025-10-01/; "Malaysia Welcomes Korean Companies to Invest in Rare Earth Industry," Pulse, accessed November 03, 2025, https://pulse.mk.co.kr/news/english/11458077.

28 European Commission, "Raw Materials Diplomacy."

29 "EU-Malaysia Agreement," European Commission, accessed December 10, 2025, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/malaysia/eu-malaysia-agreement_en.

CONCLUSION

Across Central Asia, Afghanistan and Pakistan, and Southeast Asia, critical minerals—especially, but not exclusively, rare earth elements—have the potential to crease a rare win-win dynamic. For great powers on the hunt for critical resources, they offer an opportunity to diversify supply chains. These countries, however, are not the only beneficiaries of increasing attention and investment in the mining industry. Should their much-advertised mineral wealth prove real, countries possessing new deposits can also improve their position in international supply chains and increase their diplomatic wiggle room.

Although the United States and China are not the only major actors engaged in this competition, it is most consequential in the context of their ongoing trade, critical mineral, and technological rivalry. As Washington seeks alternatives to China's critical mineral and rare earth element supply, Beijing also seeks to expand its partnerships in these areas. In the meantime, the examples of Afghanistan and Pakistan show that smaller actors' "mineral diplomacy" might be viable even if geological surveys and economic projections are far less certain about a country's actual resource endowment. The situation of smaller and medium-sized countries in flashpoint regions can to a degree be offset or even turned into an asset. Leveraging mineral wealth is now an important tool in multi-vectoral foreign policies across the wider analyzed region.

The apparent contradiction between an overall opaque picture as to the mineral wealth of some of these countries and their seemingly successful mineral diplomacy raises the broader question: Is there a theoretical maximum to this strategy? In other words, is there a point at which the overuse of dubious claims about critical mineral deposits create more tensions than benefits? This question, meanwhile, raises another one as well, namely the case of the so-called resource curse. According to this idea, being resource-rich does not automatically lead to wealth and prosperity. On the contrary, it often has negative economic and political consequences for the country in question. The diplomatic trajectory of some countries in the wider flashpoint zone from Central Asia, South Asia, and Southeast Asia in the near future will be instructive in these regards.

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