

## The Geopolitics of Resource Weaponization: Effectiveness and Prospects of Japan's Rare Earth Strategy

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In the early twenty-first century, China gained control over global rare earth mining and refining by using low labor costs and weak environmental rules. The "shadow embargo" during the 2010 Sino-Japanese island dispute was a turning point that showed how resources could be used as a political tool and pushed Japan to reduce its heavy dependence on a single supplier.

Japan responded on several fronts. It co-invested with Sojitz Corporation through JOGMEC to support Australia's Lynas Rare Earths and its Mount Weld mine, helping keep a non-China supply chain running. It also invested in heavy rare earth refining in France through Caremag SAS. On the policy side, the Economic Security Promotion Act of 2022 allowed the government and private firms to jointly manage critical mineral assets, while subsidies were used to support magnet production, recycling, and overseas mine development. In research, Japan has also worked on alternative technologies to lower its overall need for rare earths.

Despite these efforts over more than ten years, Japan still depends on China for about ninety percent of its rare earth compounds, and the lack of heavy rare earth refining capacity outside China remains a key weakness. After losing a WTO case, China shifted to new tools passing export control laws and rare earth regulations that cover the whole supply chain. In early 2025, it extended controls to dual-use goods, blocking third countries from re-exporting Chinese-origin materials to Japan, and expanding the competition beyond rare earths to materials like gallium, germanium, graphite, and tungsten.

Japan's core strategy has been to have the government take on market risks to secure long-term supply stability. Going forward, as resource competition expands to dual-use goods, building strong partnerships with Southeast Asia and other resource-rich countries and developing supply chains that do not rely on China will be a key challenge for Taiwan and other like-minded democracies.