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Rare-earth geopolitics and potential role of Turkiye

In recent years, we have observed the growing importance of critical materials that play a key role in the manufacturing process of various technologies. In this context, rare-earth materials are crucial to the long-term viability of cutting-edge technologies as they are essential in industries ranging from aviation to space exploration, defence to biomedicine.

West vs. China and Russia

The world's largest rare-earth deposits are in China and the world's fourth largest rare-earth mineral reserves are in Russia. These two countries account for 57 per cent of the world's known rare-earth material reserves. Notably, China plays a key role in the rare-earth industry. China accounted for 58 per cent of world production and 85 per cent of the world's refined rare earth in 2020. In the light of Western countries' deteriorating relations with China and Russia, both countries may use these materials as a form of pressure against Western countries in the future. China's ban on rare-earth exports to Japan in 2010 and its announcement about restrictions on rare-earth exports in December 2020 can be an example of this.

In recent years, western countries have tried to diversify their import and develop their rare-earth material reserves to reduce their dependence on China and Russia. Last month the UK, the US and other western allies announced the creation of the Minerals Security Partnership, an initiative to make the supply chain more "secure". In the context of the diversification efforts, Turkiye's newly discovered massive reserve of rare-earth elements can play an essential role for western countries.

Turkiye discovered the second-largest reserve

Turkiye has discovered the world's second-largest rare-earth element reserve in the Beylikova district of Eskişehir in Central Anatolia. The reserve is estimated to hold 694 million tons of reserves and is now second only to China, which has the largest rare element field, with 800 million tons of reserves. State mining company, Eti Maden, announced that 1,200 tons of ore will be processed annually in the pilot plant at the first stage. This figure could reach 570,000 tons, with a significant investment to be made in a larger industrial facility in the near future. Of the 17 known rare elements, ten can be produced in Turkiye.

Newly discovered rare-earth materials reserves will have political, economic and security implications for Turkiye and its cooperation with western countries. In terms of politics, newly discovered reserves increase Turkiye's strategic importance and strengthen its position vis-à-vis the EU and the US. Secondly, cooperation with Turkiye can help EU countries diversify their imports and reduce their dependency on Russia and China. Finally, the collaboration between Turkiye and western countries can promote interdependence, minimise threat perception, and create more fruitful conditions for cooperation in the rare-earth industry.

Economic opportunities

In addition to political opportunities, there are also economic opportunities for Turkiye and its cooperation with western countries. Firstly, developing the rare-earth industry can promote the economic diversification policy of Turkiye and lead to specialisation in the extraction and procession of rare-earth materials. Secondly, improving the rare-earth sector can create a spill-over effect that promotes attracting new investment and creating employment in the country.

Economic opportunities for EU countries may also promote cooperation with Turkiye. Ankara's rare- earth reserves are close to the surface, which means that the cost of extraction of materials will be easy and cheaper. By way of the new investment, EU countries can help Turkiye create technological capacity for extraction in the short term and improve processing technology in the medium term. As a result, they can reduce their economic vulnerability against China, enjoy geographical proximity to Turkiye, diversify their imports and protect their technological and financial stability in the medium and long term.

Moreover, with the cooperation of the EU and the US, Turkiye can get technology to reduce the environmental damage of rare-earth extractions. This way, rare-earth elements can be appropriately managed, recycled and introduced into new production cycles without requiring new soil extraction. Generally, cooperation between the EU and Turkiye on rare-earth materials can strengthen economic inter-dependence, create a mutually beneficial relationship and help to reduce the effects of any external economic and political economic shocks in the medium and long term.

Implications for defence sector

Finally, newly discovered rare-earth materials can play a vital role in the defence sector for both Turkiye and western countries because rare metals play a crucial role, from the production of drones to the production of the F-35s. Development of reserves helps Ankara decrease its dependency on other countries and can lead to self-sufficiency in the point of rare-earth materials. Furthermore, by cooperation with Turkiye, the EU and the US can secure the supply chain and guarantee relative stability in their defence sector.

In summary, newly discovered rare-earth materials may play an important role for Turkiye and the West. In the short term, the extraction of resources will help Turkiye diversify its

economy and create a chance for the EU and the US to diversify their imports and reduce their dependence on rival countries. In the medium and long term, Turkiye's specialisation in the rare-earth industry in terms of building technological capacity and especially in processing materials could strengthen Ankara's position in the global supply chain and create a chance for long-term sustainable cooperation with both the US and the EU.

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