

## Pakistan Seeks Billions from Rare Earths During Global Tensions

August 17, 2025

— Categories: Economics



Pakistan seeks to capitalize on its rare earth element (REE) reserves to boost the economy while balancing relations with the United States and China, aiming to secure investment and strengthen its strategic position in global supply chains.

The country's untapped REE deposits, particularly in the Reko Diq region of Balochistan, hold the potential to generate billions of dollars in revenue. Military and government officials highlight the significance of these minerals for emerging technologies, including electric vehicles, renewable energy systems, and advanced defense equipment. Analysts estimate that, once extraction begins in earnest, Pakistan could earn at least \$2 billion annually from these resources.

Rare earth elements are crucial for modern technology, but the market remains highly concentrated. China currently dominates mining, processing, and refining of REEs, controlling a significant portion of global supply. This monopoly has prompted other countries, including the United States, Japan, and India, to look for alternative sources to reduce reliance on Chinese exports. Pakistan's reserves, therefore, offer a strategic opportunity to diversify supply chains and meet growing global demand.

The geopolitical dimension adds complexity to Pakistan's strategy. While the United States has expressed interest in collaborating on rare earth development, Pakistan maintains a longstanding partnership with China, which has provided extensive investment and infrastructure support over the years. Officials stress that careful diplomacy is essential to attract foreign capital without jeopardizing existing strategic alliances. The nation aims to use its REE reserves as a tool for economic growth while preserving balanced foreign relations.

Pakistan's efforts include promoting transparency, strengthening regulatory frameworks, and seeking private sector investment in mining operations. These initiatives are designed to ensure that revenue from rare earth minerals contributes to national development, including

infrastructure projects, job creation, and technological advancement. Experts note that the successful development of REE resources could reduce Pakistan's dependence on imports for critical technologies and increase its influence in regional economic and industrial networks.

However, challenges remain. The extraction of rare earth minerals requires significant technical expertise, environmental safeguards, and stable governance structures. Pakistan must invest in capacity building, develop regulatory oversight, and secure partnerships with experienced international firms to achieve sustainable development. Balancing environmental considerations with economic goals will be key to maintaining long-term viability.

In conclusion, Pakistan's rare earth element reserves present a substantial economic opportunity with global strategic implications. By leveraging these resources responsibly, the country can attract foreign investment, strengthen its technological and industrial base, and secure a role in the international supply chain for critical minerals. The government's challenge will be to navigate the delicate balance between U.S. and Chinese interests, ensuring that economic gains support national development while maintaining diplomatic and strategic stability. Pakistan's success in this sector could redefine its economic and geopolitical standing in the coming decade.