Guest Column

Building Options: How Southeast Asia Can Turn Critical Minerals into Strategic Autonomy

By Vlado Vivoda



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Strategic autonomy in Southeast Asia's critical minerals will only be real if governments approach it as the task of building concrete industrial options, not as a claim about diplomatic neutrality. It means shaping and diversifying dependence through new finance, offtake, processing and standards so no single external actor can dictate the terms.

Southeast Asia can safeguard strategic autonomy in critical minerals only if it treats autonomy as an industrial project rather than a diplomatic slogan. The region cannot wish itself into neutrality between the United States and China. Critical minerals now bind mines to processing, energy, ports, finance, technology, standards, digital infrastructure, and defence production. Autonomy is not the absence of dependence. It is the ability to shape dependence, diversify it, price it, and keep enough options open that no single external actor can dictate the terms.

The opportunity is real. Southeast Asia sits beside major mineral and manufacturing geographies. Indonesia now supplies around two-thirds of mined nickel; the Philippines is the second-largest producer; Myanmar is significant in heavy rare earths; Vietnam has sizeable rare earth reserves; Malaysia hosts Lynas, the most important rare earth separation operation outside China; and Singapore brings finance, logistics and trading depth. These are foundations for industrial development: platforms for downstream capability, skills, infrastructure, manufacturing depth and stronger bargaining power.

But the danger is equally clear. A country can export ore and call it strategy while value is captured elsewhere: strategic leakage. It can attract a refinery and still depend on imported technology, foreign capital, captive offtake and China-shaped pricing. Indonesia's export ban forced processing onshore, yet Chinese firms still dominate much of the nickel and bauxite processing landscape. More local content is not automatically more autonomy. It can be dependence with a domestic address.

For Southeast Asia, the central question is whether it can build counter-market capacity: enough alternative finance, offtake processing and standards that producers are

not locked inside a single buyer, technology provider or price-setting system. This is not a rival market to China's, and it cannot be built at once. China's midstream lead is too large to displace wholesale: it refines roughly 90 percent of rare earths and remains the default processor for cobalt and graphite. The realistic aim is narrower: credible alternatives at the margin, so no single actor sets every term. That margin matters because the global transition is already fragmenting. The International Energy Agency **notes** that the top three refining nations' average market share across copper, lithium, nickel, cobalt, graphite and rare earths rose to 86 percent in 2024, while more than half of a broader group of energy-related minerals are now subject to some form of export control. An early phase can begin with existing nodes. Lynas in Kuantan shows midstream value addition is feasible where regulatory certainty, political stability and international partners converge. Vietnam's Nui Phao tungsten complex points the same way, though its future also shows why ownership and control matter. Singapore can anchor finance, trading and traceability without mining a tonne. External interest is present but fragmented: Australia, Canada, the United States, Japan, South Korea, and the European Union (EU) are increasing engagement through diplomacy, trade frameworks and supply-chain projects. The **Lynas–LS Eco Energy framework** for rare earth metal processing in Vietnam points in the right direction: Australian oxides, Korean industrial capability and Vietnamese processing capacity linked into a non-Chinese magnet-material pathway. The early win is to turn one or two into concrete, non-Chinese-controlled processing projects with offtake attached, not another round of memoranda.

ASEAN's role is to make these nodes add up to more than the sum of their deals. It need not centralise minerals policy. It needs coordination at the interfaces: ESG (Environmental, Social, and Governance) certification, traceability, investment screening, licensing standards, and market information systems that let buyers trust regional supply. The vehicle already exists in the ASEAN Minerals Cooperation Action Plan, now **AMCAP IV for 2026–2030**. What it lacks is implementation capacity and project-level instruments. The cost of drift is concrete: the EU now lists **raw materials partnerships with 16 partners**, and not one is ASEAN or an ASEAN member state. The hardest discipline will be refusing false choices. Southeast Asia should not be asked to pick China or the West. China will remain central to processing, battery supply chains and regional demand, and Chinese capital has delivered infrastructure faster than Western alternatives. But Chinese centrality is not Chinese exclusivity. The aim is to keep China in the system while preventing any one actor from becoming the system.

Nor should autonomy be confused with extraction-led nationalism. Resource nationalism can create leverage, as Indonesia has shown, but it can also narrow options when processing rests on foreign capital, captive coal power and weak environmental legitimacy.

A country can climb one rung of the value chain while locking itself into a dirtier, more concentrated model. Real autonomy needs social licence, cleaner power and credible regulation, not merely more tonnes processed at home.

The next phase will reward states that fuse mineral policy with energy policy. Processing is energy-hungry; batteries, magnets and metals demand reliable, affordable and increasingly clean electricity. A region that wants to move up the value chain must treat power, ports, water and communities as part of its minerals strategy, or it will win investment on paper and lose it in practice.

Autonomy will come not from standing equidistant between Washington and Beijing, but from using rivalry rather than being used by it. It means building regional capability, node by node, so Southeast Asian states can say yes, no, or not on these terms. In critical minerals, strategic autonomy is not a posture. It is a supply chain with options.

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