

Venezuela, the USA and China: A Fight for Rare Earth Elements

Analysts and politicians have been following the situation in Venezuela, considering the USA's actions and wondering why there has been an escalation in recent weeks. Trump suggested that he wants to open up US access to Venezuelan land, oil and assets that he says were "stolen" when the country nationalized its oil fields in the 1970s. He has also that he is targeting the illicit drug trade and human trafficking in Venezuela due to its effect on the USA. But a closer look at the situation shows that there is a geopolitical angle here with a clear link to China and America's larger trade war with the country.

What is happening?

On December 16, Trump ordered a "total and complete blockade", halting sanctioned vessels entering or leaving, paralyzing oil exports and creating storage crises for Maduro's regime. While Venezuela has deployed its navy to escort tankers, U.S. operations continue with over 90 fatalities from related strikes. These strikes have coincided with a broader U.S. military buildup in the region, including large naval deployments in the southern Caribbean, as well as Donald Trump's subsequent threats of potential land strikes.

On the surface, this may not seem unusual as USA has a history of taking steps to put pressure on Modarao. But pre-2025 measures focused mainly on financial sanctions, asset freezes, and designations of specific networks like Rosneft in 2020 or evasion ships in 2021, aiming to disrupt without broad physical intervention. These caused economic pressure but allowed shadow fleets to persist, with limited direct seizures. While Trump has repeatedly raised the possibility of U.S. military intervention in Venezuela, the recent seizure is the first of a Venezuelan oil cargo amid U.S. sanctions that have been in force since 2019. It is also the Trump administration's first known action against a Venezuela-related tanker since he ordered a massive military buildup in the region.

This shift to "maximum pressure" came around the same time that the White House issued an official statement affirming the Trump administration's commitment to the Monroe Doctrine. Signed in 1823, the doctrine said the US would reject other countries' influence in Latin America. A new "Trump Corollary" to the doctrine states that "the American people – not foreign nations nor globalist institutions – will always control their own destiny in our hemisphere".

With China's connections to the region, we can understand why there is a growing analysis that America is trying to secure the region against them. Especially when the blockade has disrupted Venezuela's principal source of revenue – oil. And one of the major buyers of said oil is China.

"The most interesting aspect of all of this is that by squeezing Venezuelan oil, you are not only putting tremendous pressure on the Maduro regime, you are also impacting China strategically... The longer it goes on, it may create negotiating space in U.S.-China diplomacy, because Venezuelan oil is discounted to China, and it's the type of heavy crude that China can refine... Without VZ oil, China will have to go to the market to Russia and the Middle East, which will be more costly to them," said Aaron Roth, retired Coast Guard captain and principal, federal strategy & security, for the Chertoff Group

For years, China has extended credit lines to Venezuela under loans-for-oil deals, with shipments in December on track to average more than 600,000 barrels per day.

While the oil itself only accounts for a small percentage of Chinese oil imports, it is needed if they want to wean themselves off a dependency on Middle Eastern oil.

But this, on its own, doesn't explain why the USA would suddenly increase their aggression against Venezuela.

The current tensions between China and the USA

Looking at the bigger picture, we can see that the situation in Venezuela began around the time that Chinese restrictions on Rare Earth Elements came into effect. Starting December 1, foreign companies anywhere in the world need approval from the Chinese government to export products containing even trace amounts of rare earth elements that originated in China or were produced using Chinese technology. This move came in response to the US expanding the list of Chinese firms denied access to most-advanced US semiconductor chips and other technologies. China's decision also represents a sharp escalation in China's export controls, directly countering the earlier US-China deal announcements from October-November 2025.

About which, the White House had previously released statements:

On October 30, the White House announced a deal with China that it later said would "effectively eliminate" all current and proposed export controls on rare earths and other critical minerals. This followed China's decision in April to virtually halt exports of rare earths and its announcement in October of further restrictions that were expected to chokehold exports of critical minerals to the United States.

"China will issue general licenses valid for exports of rare earths, gallium, germanium, antimony, and graphite for the benefit of U.S. end users and their suppliers around the world," the White House said on November 1.

While China maintains that it's not a ban, China announced new measures that build upon its earlier semiconductor-focused restrictions, extending to products made outside China that have as little as 0.1 percent of Chinese rare earths in them or use mining, separation, or magnet-making technology developed by Chinese firms.

This isn't an unusual move – China has previously displayed a willingness to use export controls as a tool of economic coercion. Around fifteen years ago, China curtailed rare earths to Japan over a dispute in the East China Sea. And now, they restricted its exports of critical minerals in response to the United States' tariffs and export controls.

But it is significant because China controls up to 90 percent of the world's processing capacity, including more than 99 percent for three kinds of rare earths necessary for heat-resistant magnets. It also has an average market share of 70% for 19 of the 20 most strategic critical minerals and 94% for rare earth containing permanent magnets.

With near total control of the world's critical minerals production, China maintains significant economic leverage over access to inputs that are necessary for everything from everyday products like smartphones to advanced weapons systems like the F-35.

This is an area where the USA is lagging behind, and they are aware of it. The President has described the U.S. reliance on foreign adversaries—particularly China—for minerals as a "self-inflicted wound" that undermines their technology leadership and defence readiness.

The USA had previously been willing to let China take the lead across mining, processing, and manufacturing, viewing it as a cost-efficient arrangement rather than a strategic risk. But now, that strategic risk has turned into a vulnerability which gives China

power over them. This is not position that the USA can or is willing to be in. As the global hegemon, their power relies on being ahead of other countries in all critical areas – including technological advancements. This is especially important when we consider their policy towards China – seeing it as regional adversary that needs to be contained.

But they are reliant on China for much of the hardware required for next-generation technologies, across both military systems and the energy sector. And as we can see with China's recent actions, this makes the USA vulnerable and puts their foreign policy objectives at risk.

The USA has made it clear that they now see control over mineral supply chains as the primary determinant of military readiness and national survival. And as such, have begun a series of interlocking legislative, diplomatic, and military initiatives designed to dismantle the China's decade long dominance over the supply chain, and develop their own.

The Trump administration has enacted policies to ramp up the supply of critical minerals in the U.S. and from allied countries, while also engaging in a high-stakes trade and tariff battle with China. The Biden administration was also focused on this issue, and pursued a strategy of grants and loans, while engaging with allies and partners to build support for collective action. But the Trump administration has gone further.

Those who doubt the centrality of minerals to U.S. strategy should consider the recent agreement between Washington and Kyiv, which granted U.S. entities preferential access to Ukraine's mineral reserves as partial repayment for wartime assistance.

Minerals are becoming a crucial resource. And Venezuela has vast mineral wealth - with abundant deposits of bauxite, coltan, gold and rare-earth minerals.

Venezuela's 'Orinoco Mining Arc' is known to contain significant deposits of Rare Earth Elements (REEs) alongside its vast gold, iron, and bauxite reserves. While reports on the exact quantities are still developing, Venezuela could potentially become global source of Rare Earth Elements.

And China is currently benefiting from it – with an involvement in the Orinoco Mining Arc (OMA) through both official agreements with the Venezuelan government and informal trade networks.

"Investigations cited by Venezuelan watchdogs suggest substantial smuggling—often routed through neighbouring countries before ending up with Chinese processors, the global choke point for separation and refining. Volumes are uncertain; the mechanism is credible". Source

And so, Venezuela has become the latest 'battle ground' in the trade war between China and the USA. But this doesn't mean that this situation will turn into an all-out war – as some analysts have suggested. Condemnations aside, starting a military fight in America's backyard would spark tensions that goes beyond China's current objectives. So far, this seems to be the next step in their political- economic 'war' not the start of an all-out military one.

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