



Pan-American
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Critical Minerals and Geopolitics

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THE CONTEXT

Critical minerals have emerged as a prominent feature of global trade and macroeconomic policy in recent years. In this episode of *¿Qué PASA?*, PASA's Advisors discuss the context behind dialogue surrounding critical minerals and examine Latin America's role in an increasingly complex global environment.

THE BOTTOM LINE

Critical minerals have taken on newfound importance on the world stage due to a convergence of macroeconomic and geopolitical factors. Latin America sits uniquely poised to capitalize a new set of opportunities, but significant above-ground risks must be considered before investors and policymakers can sustainably cash-in.

WHAT MAKES A MINERAL "CRITICAL"?

"Critical minerals" are generally considered those necessary for important or sensitive technologies, typically including copper, lithium, nickel, graphite, or rare earth elements. But the term "critical minerals" is loosely defined in practice, with different countries and regional international organizations often adopting varying strategies that suit their own particular economic or national security interests.

THE GEOPOLITICAL PICTURE

China dominates global refining capacity for most critical minerals—especially for [rare earths and battery minerals](#)—with Chinese firms benefiting from unparalleled economies of scale and state support when compared to the West. Amid rising tensions between Beijing and Washington in recent years, this reality has spurred a serious policy push across the ideological spectrum in Europe and the Western Hemisphere to "re-shore" upstream mining and downstream processing/export supply chains for critical minerals.

THE LONG-TERM ECONOMIC PICTURE

Electrification is a core pillar driving critical mineral demand around the world. As the adoption of technologies like electric vehicles and grid-scale battery systems accelerates, mineral demand is set to surge through the 2030s. Global copper demand is expected to [increase by roughly 50% by 2040](#), which will likely yield supply gaps. **Defense**-related manufacturing is also expected to surge in the coming decade, which will drive up investment in the supply chains for rare earth elements, especially.

LATIN AMERICA'S ROLE

With long-established mining activity and significant deposits of critical minerals like copper, lithium, and rare earth elements, many countries in Latin America stand out as potential partners for firms and governments in Europe and the United States that are seeking to reorient or "nearshore" their supply chains.

MAJOR EXISTING PLAYERS

- **Chile.** The world's leading producer of copper ore and the second-largest producer of lithium with region-leading economic stability.
- **Peru.** The third largest copper producer in the world, mining accounts for more than half of Peru's exports.
- **Brazil.** Has a [near-monopoly](#) on the global industry for niobium, which is critical for steel production.
- **Canada.** Mining firms from Canada have historically operated a sizeable portion of large-scale operations located in Latin America.

EMERGING PLAYERS

- **Argentina.** Already an established player in lithium. [Recently reformed mining regulations](#), coupled with incentives for major projects, could spur significant copper investment in medium term.
- **Bolivia.** Has more estimated recoverable lithium reserves than any other country, but effectively no commercial production. [Regulatory reform is ongoing](#), but institutional instability looms.
- **Venezuela.** Revamped its mining laws in early 2026, but investors remain hesitant amid an uncertain political situation.

WHAT TO WATCH

Brazil's critical mineral strategy. Brazil's government [recently enacted](#) legislation creating a National Policy on Critical and Strategic Minerals, which increases state oversight of critical minerals across multiple levels of the value chain. It's an effort to boost domestic value-added industries for minerals like nickel, iron, and rare earths, but the legislation has been generally unpopular among Brazil's mining sector. With general elections fast approaching in October—incumbent left-wing President Luiz Inácio Lula da Silva is in a [tight race](#) with right-wing Senator Flávio Bolsonaro, and the legislature is set for a shift to the right—mining investors need to pay close attention to regulatory policy in Brazil.

Canada's mining leverage. After the latest round of U.S.-Canada trade talks broke down in August, Canada's government almost immediately moved to strengthen economic ties with the European Union, with E.U. Commission President Ursula von der Leyen highlighting critical minerals as a [key area of cooperation](#). As a country with an outsized presence in the global mining industry, Canada's government is actively seeking new partners for its firms to engage with overseas. "Critical mineral diplomacy" is in Canada's [best interest](#).

Regional cooperation across the Andes. Argentina, Bolivia, Chile, and Peru recently signed a [memorandum of understanding](#) to cooperate on mining policy. Covering [more than half of globally confirmed lithium resources](#), the four-country deal could lead to coordinated investment in infrastructure and training programs, but the agreement itself is scant on details.

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