



INDIA'S CRITICAL MINERAL DIPLOMACY - ECONOMY

NEWS: India seeks to expand its manufacturing and technological capability; critical minerals will become vital to fulfil this ambition.

WHAT'S IN THE NEWS?

Strategic Importance of Critical Minerals

- **Increasing Demand:** With India's ambition to expand its manufacturing and technological sectors, critical minerals such as lithium, cobalt, and rare earth elements have become indispensable for advancing clean energy technologies, including batteries, electric vehicles, and renewable energy systems.
- **Dependence on Imports:** India relies significantly on imports to meet its mineral needs, with China being the primary supplier. This over-reliance has exposed India to strategic vulnerabilities in terms of mineral security.
- **Weaponization of Resources:** Union Defence Minister Rajnath Singh expressed concerns over the "weaponization of resources," where countries, particularly China, use their mineral dominance to exert strategic influence, emphasizing the urgent need for India to secure its own supply chains.

India's Approach to Mineral Security

- **Mineral Diplomacy as a Strategic Tool:** To address its mineral dependency, India has adopted a dual approach comprising:
 - Building bilateral and multilateral partnerships with mineral-rich nations and organizations.
 - Fostering cooperative initiatives that strengthen India's position in the global critical mineral supply chain.

Pillar 1: Establishing Joint Ventures

- **Bilateral Partnerships with Resource-Rich Countries:**
 - **Australia:** India has signed agreements for lithium and cobalt projects under a critical mineral investment partnership.
 - **Latin America (Lithium Triangle):** India signed a \$24 million exploration pact with Argentina for lithium extraction from brine blocks. Efforts are ongoing to acquire assets in Bolivia and Chile, key players in lithium production.
 - **United States and Russia:** These partnerships focus on securing diversified supplies of critical minerals.
 - **Central Asia:** India partnered with Kazakhstan to form IREUK Titanium Limited, its first joint venture in the region, to produce titanium slag. Plans are also underway to



establish an India-Central Asia Rare Earths Forum to tap into the region's vast mineral reserves.

- **KABIL's Role in Securing Mineral Supplies:**

- **Formation of KABIL:** Khanij Bidesh India Ltd. (KABIL) was set up post-2019 as a joint venture with the mandate of ensuring uninterrupted supply of critical and strategic minerals.
- **Modes of Engagement:** KABIL operates through government-to-government, government-to-business, and business-to-business agreements to acquire mineral resources globally.
- **Recent Developments:** In addition to securing bilateral agreements, KABIL supports the private sector in securing raw materials, such as Altmin Private Limited's pact with Bolivia's national company, YLB, for lithium-ion battery supply chains.

Pillar 2: Cooperative Engagements

- **Multilateral and Minilateral Initiatives:**

- India actively participates in international platforms like the Quad (Australia, Japan, the U.S., and India), the Indo-Pacific Economic Framework for Prosperity (IPEF), the Mineral Security Partnership (MSP), and the G-7 to secure access to critical minerals.
- These initiatives aim to establish resilient global supply chains by addressing vulnerabilities in upstream extraction, midstream processing, and downstream manufacturing of critical minerals.

- **Partnerships for Knowledge Sharing and Capacity Building:**

- Collaborations with entities such as the European Union, South Korea, and Australia have enabled India to align its policies with international best practices.
- A Memorandum of Understanding (MoU) signed with the International Energy Agency (IEA) focuses on developing robust policies, regulations, and investment strategies for the critical mineral sector.

Challenges in India's Mineral Diplomacy

- **Limited Private Sector Participation:**

- **Lack of Policy Clarity:** The absence of a comprehensive critical mineral supply chain strategy and a clear roadmap has discouraged private sector involvement.
- **Need for Incentives:** India must incentivize the private sector to play an active role across all stages of the supply chain, from exploration to processing.

- **Weak Diplomatic Infrastructure:**

- India's diplomatic missions lack specialized positions or dedicated divisions to address mineral diplomacy comprehensively.



- A focused mineral diplomacy division within the Ministry of External Affairs, similar to the New and Emerging Strategic Technologies (NEST) division, is essential to strengthen India's global engagements in this sector.
- **Insufficient Sustainable Partnerships:**
 - Existing collaborations often lack the strategic depth required for long-term sustainability and trust.
 - Strengthening ties with technologically advanced and resource-rich partners like the EU, South Korea, and Quad nations is critical for building robust, resilient supply chains.

Recommendations to Strengthen Mineral Diplomacy

- **Enhance Private Sector Involvement:**
 - Develop a clear and detailed critical mineral supply chain strategy.
 - Encourage private sector participation by providing incentives and establishing mechanisms to ensure their role in exploration, extraction, and processing.
- **Strengthen Diplomatic Capacity:**
 - Establish a dedicated mineral diplomacy division within the Ministry of External Affairs.
 - Appoint specialized diplomats to Indian missions in key mineral-producing nations to facilitate negotiations and partnerships.
- **Forge Strategic and Sustainable Partnerships:**
 - Focus on forging long-term and mutually beneficial collaborations with partners such as the EU, South Korea, and Quad nations.
 - Ensure that these partnerships are aligned with India's national security priorities and growth objectives.

Path Forward for India's Mineral Security

- **Strategic Alignment:** Addressing the gaps in private sector participation, diplomatic capacity, and sustainable partnerships will empower India's mineral diplomacy.
- **Self-Reliance and Resilience:** These efforts will complement India's domestic initiatives, reduce dependency on imports, and build a resilient critical mineral supply chain.
- **Global Standing:** A robust mineral diplomacy strategy will not only secure India's economic and strategic interests but also enhance its leadership role in the global critical mineral ecosystem.

Source: <https://www.thehindu.com/opinion/op-ed/indias-firmer-attempts-at-mineral-diplomacy/article68989047.ece>