



Written Comments to the OECD Trade Committee

September 2026

Report on Critical Minerals: Strengthening International Trade and Economic Security

General Comments

- *Business at OECD* welcomes the OECD's initiative to examine critical minerals through the lens of international trade and economic security. The report offers a timely and useful overview of the current situation and of the potential levers available to reduce OECD countries' vulnerabilities, and we support the OECD in encouraging cooperation that goes beyond existing national and regional initiatives. We offer the following general observations to strengthen the analysis:
 - Ambition and added value. Several of the proposed measures – greater transparency, international cooperation and pooled purchasing, and investment to revive OECD mining – remain general and already broadly known, including under instruments such as the EU Critical Raw Materials Act. We encourage the report to be more specific and operational so that it adds clear value beyond initiatives already under way.
 - Characterisation of supply. The draft presents the supply response as structurally insufficient. In most cases mining output has expanded in response to demand growth, with episodes of transitory tightness in some minerals and of oversupply in others. A formulation reflecting that cyclical pattern would be closer to the evidence the report itself presents.
 - Reliance on international agreements. While stable supply chains and mutual, bilateral agreements are essential, industry should not rely on them exclusively in a context where international commitments are increasingly disregarded (short-notice tariffs, withdrawals from international organisations, disputes even between close allies). Companies should continue to pursue alternatives – both alternative suppliers in alternative countries and R&D into substitutes, which, depending on the mineral, can offer a sustainable way to reduce dependencies.
 - Scope of minerals covered. The report places strong emphasis on battery minerals, while base and precious metals (copper, gold, silver, platinum group metals) receive comparatively limited attention. These merit greater consideration, including the role of precious-metals recycling as a means of diversifying supply.

- From diversification to "effective redundancy." Geographic diversification does not equate to resilience: geographically distinct suppliers may share the same refinery, port, power system, shipping corridor, owner, technology or financing structure. Alternative supply should be discounted for shared chokepoints and assessed alongside substitutability and time-to-switch – the question is not "how many suppliers?" but "how many genuinely independent pathways can perform the same function after a shock?"
- Hidden, non-mineral dependencies. A new mine or refinery also depends on water, grid capacity, transport, tailings capacity, skilled labour, institutional capability and social licence to operate. Concentrating new production in water-stressed basins, fragile grids or contested regions may simply exchange one concentration risk for another. The binding constraint is increasingly whether the wider system can convert geological presence into economically, socially and environmentally viable supply – a distinction between geological and systemic scarcity that the report should reflect.
- Concentration vs contestability (network effects). Refining and processing ecosystems accumulate specialised skills, infrastructure, supplier networks, standards, customer qualification and offtake relationships; once these cluster around an incumbent, removing the original advantage does not necessarily recreate competitors. The report should distinguish current concentration from contestability – how difficult is it for a credible challenger to enter, scale, qualify with customers and survive the first downcycle? The real objective is a self-sustaining, competing ecosystem, not subsidised facilities.
- The capital cycle and the design of public support. Beyond the restriction-price spiral the report identifies, a second feedback loop applies to investment: security concerns and high prices drive public de-risking and new capacity, leading to oversupply, falling prices, cancellation of marginal private projects, and the survival of low-cost or state-backed incumbents – renewing concentration. This helps explain why strong long-term demand forecasts coexist with sluggish private investment. The report should provide a decision rule distinguishing desirable from objectionable public de-risking: support should be competitively accessible, transparent about fiscal exposure, additional to (not a substitute for) commercial finance, time-bound or countercyclical, and designed to enable new entrants. The test should be whether it creates contestable strategic capacity – and whether policies to reduce geographic concentration might inadvertently increase corporate concentration.
- Financing design and the business case. Simply increasing financing for critical-minerals projects does not address the core challenge for producers: securing predictable offtake at commercially viable prices. What is needed is a stronger investment case – long-term visibility, support for CAPEX and OPEX, and overall affordability of production. Public financing is also often poorly designed, with funding too limited for industrial-scale projects and eligibility criteria too restrictive.
- Export restrictions – a nuanced view. Where other economies impose export restrictions to retain material for domestic use and protect their industries, OECD members may have little choice but to respond in kind to preserve their own business case. At the same time, we are cautious about mandatory import caps (as under consideration in the EU CRM Act reform), particularly for rare earths from

China where alternatives at the metal stage are not readily available and caps could raise costs. Diversification is best pursued through enabling measures – investment in production and recycling, trade agreements and strategic partnerships.

- Strengthening production within the OECD. More emphasis is needed on why it has become so difficult to develop and maintain mining, refining, recycling and metals production at home, and on how to reverse this – including specific legislative proposals to accelerate exploration, prospecting, mining and processing, in support of targets such as the EU's 10% extraction, 40% processing and 25% recycling by 2030.
- Domestic constraints in OECD members. The report identifies permitting among the factors constraining investment, but mainly as a cost and lead-time issue. It should be developed as a supply-side constraint in its own right, alongside social acceptance – which is not currently addressed in that dimension. Authorisation timelines and local opposition to new mining and processing projects materially limit the ability of OECD countries to deliver the diversification their own strategies pursue.
- Recycling and secondary supply. Secondary supply is one of the report's own key messages and several national targets are cited, yet it is not analysed as a supply source in its own right. It is also the only source over which OECD members have direct control, since the material is already within their jurisdictions. The report should examine both the extent to which end-of-life material currently leaves OECD countries for processing elsewhere, and the conditions under which domestic recycling capacity can become competitive.
- Traceability as a market intervention. Increasingly demanding traceability requirements impose fixed costs that large incumbents absorb more easily than small or emerging producers, risking further concentration. Shared or pre-competitive verification infrastructure should be designed to spread these costs, and the report could recommend measuring supplier concentration before and after major traceability regimes.
- ESG-trade linkage. The report would benefit from a clearer synthesis explicitly connecting environmental, social and governance risks to trade-policy choices – for example in the executive summary, the Chapter 3 conclusion, or the Chapter 5 policy discussion.

Specific Comments

- **Paragraph 1.1:** “This also suggests that resource availability does not explain the slow growth in production and stalled investment in the CM sector” If we look at Europe, the EU is actively driving up demand for critical materials through its climate and industrial policies, while at the same time making domestic production and processing harder to invest in through high energy and carbon costs, permitting delays and regulatory uncertainty. This is highly relevant to take into account when explaining why investment is not responding to stronger prices and demand, and why in other countries it is.
- **Paragraph 1.6:**
 - “While such measures are often introduced to pursue legitimate policy objectives,

the evidence suggests that they do not always deliver on these objectives and can also contribute to higher prices, greater uncertainty, market distortions and reduced incentives to invest." Although this can be the case, if other countries, e.g. the UAE, are imposing export restrictions on aluminium scrap to retain it for their domestic use and to safeguard their market and companies, the EU has no choice but to do the same if it wants to boost domestic production and keep the business case. Right now, this valuable material is leaving the EU market at a rapid pace, and there isn't enough quality scrap in the market for EU recyclers, thus blocking investments in expanding production capacity. These types of situations should be taken into account here too.

- "Given the concentration of reserves and production in a limited number of economies" In general, concentration is not purely geological or inevitable. In a lot of cases, it also reflects where investment in mining, refining, and processing stayed economically viable over time. In the EU, that has increasingly not been the case. Therefore, CMs are not primarily there. The EU imports almost all its metals and minerals because the business case for producing has weakened significantly. The focus should not only be on partnerships and diversification abroad, but also on why has it become so difficult to develop and maintain these activities at home. Strengthening European/OECD mining, refining, recycling and metals production should be an equally important part of the supply-security response.
- **Paragraph 2.2:** "Another example is Indonesia" Since Indonesia is following a similar strategy across the aluminium value chain, it could be worth mentioning. Its ban on bauxite exports is explicitly aimed at keeping the raw material in the country and developing domestic refining and smelting capacity. At the same time, Indonesia is rapidly expanding aluminium production, supported by state-backed industrial policy, abundant low-cost energy and significant Chinese investment, with ambitions to move further downstream into semi-finished and finished products. This is another very relevant example of how export restrictions are being used. 2025-11-14_EA_FTAs_position_paper.pdf
- **Table 2.2. Shares of top 3 producers of critical minerals, OECD and non-OECD members, 2024:** Gallium is missing. It should be included.
- **Paragraph 5.1:**
 - "The European Union facilitates financing for strategic projects both within and outside the bloc through initiatives such as the Global Gateway strategy" The issue with Global Gateway is that it's presented as a financing tool, but in practice European companies can't get to the funding for their CRM projects. The eligibility restrictions usually exclude many CRM investments, especially where, e.g. natural gas is needed as part of a realistic industrial or transition pathway. So while CRMs are identified as a priority sector, the combination of insufficient funding and restrictive eligibility criteria means that Global Gateway currently offers very little in practice to many strategic projects.
 - "International co-operation is another core pillar" International partnerships are, of course, welcome and needed. However, more emphasis has to be put on how domestic extraction and production can flourish. For example, the EU has a Free Trade Agreement with Indonesia, an aluminium-rich country, and with that a 0% tariff on imports. This erodes the business case for production in Europe as imports from these countries are often cheaper. More support should be given to domestic production, processing and recycling activities, and for that we need policies that do

that in practice. 9-02-2026-European-Aluminium-asks-for-an-effective-trade-policy-to-protect-the-European-Aluminium-industry.pdf