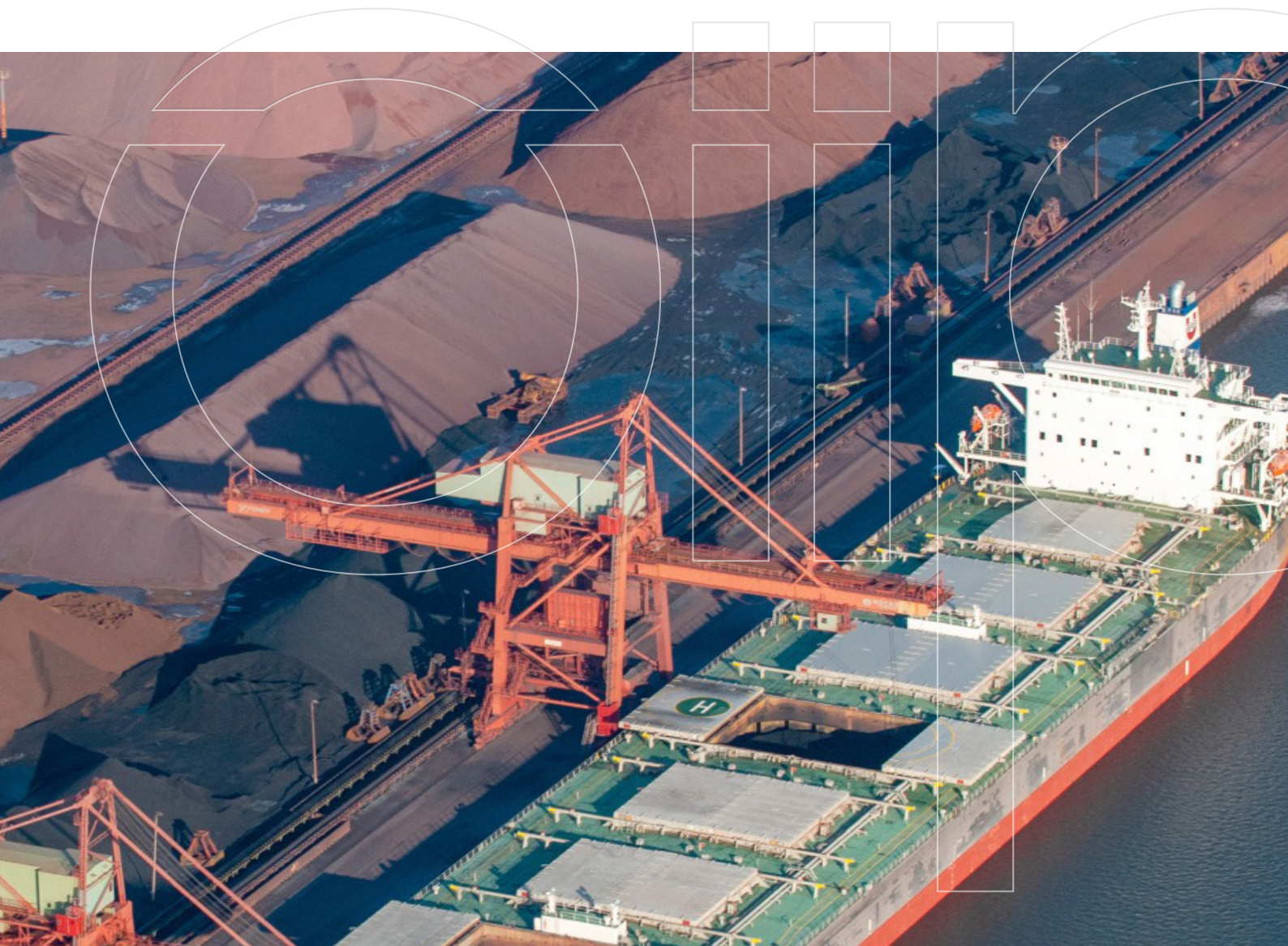


# SUMMARY

3 December 2025



## CHINA'S RISE IN LATIN AMERICA & THE GLOBAL RACE FOR CRITICAL RAW MATERIALS

PANEL DISCUSSION IN COOPERATION WITH  
THE AUSTRIAN MINISTRY OF DEFENSE (BMLV)



Österreichisches Institut  
für Internationale Politik  
Austrian Institute  
for International Affairs

## PANELISTS:

### **Ruben Gonzalez Vicente**

Associate Professor in Political Economy at the University of Birmingham (Department of Political Science and International Studies); Editor for Global China Pulse and People's Map of Global China; research focus on China, Latin America, and the Caribbean

### **Karin Küblböck**

Senior Researcher at the Austrian Foundation for Development Research / Österreichische Forschungsförderung für Internationale Entwicklung (ÖFSE); research focus on natural resource policies, international trade and investment policies

## MODERATION:

### **Thomas Eder**

Research Fellow at the Austrian Institute for International Affairs (oiip)

## DATE:

December 3rd, 2025

## VENUE:

oiip, Währinger Straße 3/12, 1090 Wien

## Summary report author:

Thomas Eder

## KEY TAKEAWAYS

**1** The major differences between the EU and China in the critical raw materials sector in Latin America, are 1) the lack of major EU mining companies (only UK and Swiss in Europe), 2) EU focus on regulations and insufficient funding, 3) China's long-standing industrial policy with massive subsidies having led to unparalleled processing capacity and technology leadership, as well as 4) China's strong investments in or loans for local infrastructure and long-term off-take agreements giving the Latin American side demand security.

**2** Latin American governments and societal groups have varying approaches that are focused on 1) industrialization of the mining sector and local value creation like the government in Brazil while tensions with the US drive a certain preference for Chinese / BRICS partners, 2) keeping a state-owned company role in the mining sector and balancing economic and environmental considerations, while being ready to export unprocessed raw materials, like the government of Chile, with openness to all partners, 3) privatizing the mining sector and rejecting environmental concerns, like the government of Argentina, while US bailouts likely lead to a preference for US partners, 4) having only considered Chinese and Russian partners before, but now opening up to all partners under a new government, like in Bolivia, 5) focusing on potentially skyrocketing profits in the Latin American business community, 6) and focussing on the social and environmental damage of mining (and potentially processing) among community-based activists.

**3** For the EU to be perceived as a more attractive partner, the speakers recommend 1) supporting industrialization and value creation in Latin American mining sectors (or at least not restricting such developments through pertinent trade treaty clauses), 2) supporting a fair distribution of environmental impacts (and focusing more on reducing energy consumption not just energy transition), 3) being open to trilateral and multilateral mining projects and broader negotiations on the sector.

## WICHTIGSTE ERKENNTNISSE

**1** Die Hauptunterschiede zwischen der EU und China im Bereich der kritischen Rohstoffe in Lateinamerika sind: 1) das Fehlen großer EU-Bergbauunternehmen (nur britische und schweizerische Unternehmen in Europa), 2) der Fokus der EU auf Regulierungen und unzureichende Finanzierung, 3) Chinas langjährige Industriepolitik mit massiven Subventionen, die zu unvergleichbarer Verarbeitungskapazität und Technologie-Führerschaft geführt haben sowie 4) Chinas starke Investitionen in oder große Kredite für lokale Infrastruktur sowie langfristige Abnahmeverträge, die der lateinamerikanischen Seite Nachfragesicherheit bieten.

**2** Lateinamerikanische Regierungen und gesellschaftliche Gruppen verfolgen unterschiedliche Ansätze, die sich auf folgende Punkte konzentrieren: 1) die Industrialisierung des Bergbausektors und die lokale Wertschöpfung, wie es die brasilianische Regierung tut, während Spannungen mit den USA eine gewisse Präferenz für chinesische bzw. BRICS-Partner begünstigen, 2) die Beibehaltung einer staatlichen Rolle im Bergbausektor und die Abwägung zwischen wirtschaftlichen und ökologischen Erwägungen, während man bereit ist, unverarbeitete Rohstoffe zu exportieren, wie es die chilenische Regierung mit Offenheit für alle Partner praktiziert, 3) die Privatisierung des Bergbausektors und die Ablehnung ökologischer Bedenken, wie es die argentinische Regierung betreibt, wobei US-Hilfspakete wahrscheinlich zu einer Präferenz für US-Partner führen, 4) die bisherige Beschränkung auf chinesische und russische Partner, nun aber unter einer neuen Regierung die Öffnung für alle Partner ermöglichen, wie in Bolivien, 5) die Konzentration auf potenziell stark steigende Gewinne unter lateinamerikanischen Unternehmen, 6) sowie der Fokus auf soziale und ökologische Schäden des Bergbaus (und möglicherweise der Verarbeitung) bei gemeindebasierten Aktivisten.

**3** Damit die EU als attraktiverer Partner wahrgenommen wird empfehlen die Vortragenden: 1) die Unterstützung der Industrialisierung und Wertschöpfung in den lateinamerikanischen Bergbausektoren (oder zumindest keine Einschränkung solcher Entwicklungen durch relevante Handelsvertragsklauseln), 2) die Förderung einer fairen Verteilung der Umweltauswirkungen (und eine stärkere Konzentration auf die Reduzierung des Energieverbrauchs, nicht nur auf die Energiewende), 3) die Offenheit für trilaterale und multilaterale Bergbauprojekte sowie breitere Verhandlungen über den Sektor.



# INTRODUCTION

China's trade and investment relations with Latin America, its diplomatic standing and technological influence in the region are surging. Meanwhile, Beijing aims to maintain its dominance of global critical raw material supply chains and wants to draw on rich Latin American deposits to feed its world class processing, battery, and renewable energy industries.

At the same time, the EU and its member states have shifted sharply towards de-risking, i.e. diversification and resilience, policies to improve economic security after the shock of Russia's full-scale invasion of Ukraine. Europe felt very vulnerable on its oil and gas supply, that it could perhaps be pressured into policies that it didn't want to pursue itself. Quickly rising awareness of further dependencies and vulnerabilities included such concerning a list of 'critical raw materials,' defined as such by the EU and including e.g. rare earth elements, arsenic, borate, fluorspar, niobium, lithium, tantalum and vanadium. European supply security regarding most of the materials listed depends largely on China, which has many relevant deposits and exports raw materials, but more often dominates processing. With its Critical Raw Materials Act, the EU aims to move its dependence on China for many relevant materials in raw or processed form from more than 90% to no more than 65% by 2030. It also wants to extract at least 10%, process at least 40%, and recycle at least 25% of consumed materials in Europe.

Aside from relying more on itself, the EU aims to diversify imports of critical raw materials. The above examples from the EU's list, except rare earths, can all be found in large quantities in Latin America. The same holds for copper, which the EU lists not as a 'critical', but still as a 'strategic' raw material. Since progress

on the EU's plans has not been satisfactory, the RESourceEU Action Plan aims to accelerate European efforts. The EU wants to pool resources via joint purchasing, joint stockpiling and joint critical raw material intelligence to boost economic security efforts on this issue. Meanwhile, new trade agreements with Latin American states or groups of states (i.e. Mercosur) and increased diplomatic attention may facilitate closer overall ties with this region.

Such developments lead to important questions about whether Latin American states – and which states, governments or political parties – can be strategic partners for the EU on critical raw materials. Do they want to enter such partnerships, what are their plans and priorities in this field, and how they perceive China, the EU and other potential partners? What is China trying to accomplish in Latin America, and on critical raw materials in the region? How do the strategies, approaches, roles and track records of China and the EU compare? What should the European side perhaps do differently? To deal with these questions and address how China-Latin America relations and ongoing dynamics around critical raw materials impact Europe's security and stability, the Austrian Institute for International Affairs (oiip), in cooperation with the Federal Ministry of Defence (bmlv) hosted a panel discussion on December 3, entitled "China's rise in Latin America & the Global Race for Critical Raw Materials".

## CRITICAL RAW MATERIALS & LATIN AMERICA BECOME A FOCUS OF EU ATTENTION

The EU defines critical raw materials as such that are important for key value chains e.g. in energy and defence sectors, and are at high

supply risk due to geographic concentration, governance risks or because they are not easily substituted for with other materials. This category was already established in the EU in 2010/2011 after China's rise to prominence in the sector and its unofficial 2010 rare earths embargo against Japan, Karin Küblböck clarified. Since European industries could obtain what they needed, however, and the EU only had a mandate to deal with the trade policy aspect of the nuanced raw material questions, the issue did not really become salient. Dependencies rose further, and after the shock of February 2022, the EU and member states did feel compelled to act and legislate the Critical Raw Materials Act, Ms. Küblböck reminded, but benchmarks remain not legally binding and whether the EU can meet them remains doubtful. The EU is looking for strategic partners worldwide to help it get there and has explicitly described Latin America (and several countries there) as a strategic partner. It describes itself as having a more sustainable approach than others, with high social and environmental standards, and more value creation in partner countries, but the track record and others' perception of the EU does not always reflect that, Ms. Küblböck argued.

Among critical raw material deposits in Latin America, the lithium triangle between Chile, Argentina and Bolivia, the copper deposits in Chile and Peru, as well as Brazil's niobium and other deposits, are particularly prominent. These sometimes amount to a very sizeable share of global deposits, with a lot of experience and well-built out extraction operations, but, as Ms. Küblböck emphasized, there is a cost to such mining operations, including mining disasters, mining (labour and environmental) conflicts, and heavy damage to the local environment.

### **Different Latin American governments & societal actors want different things**

Dr. Ruben Gonzalez-Vicente underlined the different approaches among governments in the region, pointing out how e.g. Brazil under the current Lula administration was aiming to transition from a commodity exporter to a further industrializing value creator. A focus on sovereignty and development in an industrial mining sector would mean that Brasilia is looking to export processed critical raw materials or even (semi-)finished products instead of the raw commodities (and presumably looking for partners with policies that fit this shift). Meanwhile, Brazil's government, Dr. Gonzalez-Vicente argued, aims to square its industrialization goals with an agenda of higher environmental standards. At the same time, a confrontational US tariff and regional security strategy pushes Brazil further towards the BRICS group of states and particularly China. Dr. Gonzalez-Vicente explained that Chile and Peru are more focused on expanding mining – esp. copper and lithium in Chile, and copper in Peru – than industrialization. Domestic disagreements in Chile focused on how much of a role SOEs (state-owned enterprises) should play in this sector. Both Chile and Peru are open to all partners, though Peru has been impressed by infrastructure (esp. port) development projects from the Chinese side, according to Dr. Gonzalez-Vicente. After a recent multi-billion-dollar bailout from the US, and given President Milei's ideological affinity, Argentina appears to prefer partnering with the US, likely giving it some privileged access to lithium deposits, according to Dr. Gonzalez-Vicente. Lastly, Bolivia kept lithium deposits under state control, and only partnered with Chinese and Russian companies, until the 2025 change from a left-wing to a conservative government, which is now revisiting past deals

and is more open to different partners.

On civil societies in Latin America, Dr. Gonzalez-Vicente added his impression that they felt that if they had a problem with a Chinese mining company they could go to the Chinese embassy and could often achieve positive changes. If they have a problem with a UK mining company, however, they get nice response letters from corporate social responsibility departments, but nothing changes. And UK and Swiss companies are viewed as 'European,' creating a certain image that impacts the EU's standing in the region. Another problem for the EU's image, Dr. Gonzalez-Vicente maintained, is that Latin American community-based activists and environmental groups perceive Europe as wanting a green transition in Europe while sacrificing Latin America's environment in the process. Thirdly, regional societies note fears of a new resource curse, and of military interventions by 'the West' (i.e. the US). Dr. Gonzalez-Vicente also noted, though, that on the other hand Latin American business communities are very much excited about critical raw material sector development and growth opportunities. As for a concern about China, Dr. Gonzalez-Vicente noted some Latin American activist groups' worrying that past successes with e.g. court cases in the UK in partnership with UK NGOs and against UK mining companies could not be replicated in China.

## **THE EU AND CHINA HAVE A DIFFERENT NATURE, PLAY DIFFERENT ROLES AND ARE VIEWED DIFFERENTLY IN LATIN AMERICA ON CRITICAL RAW MATERIAL ISSUES**

China is at the centre of so many relevant supply chains, Dr. Gonzalez-Vicente emphasized, because of its unparalleled capacity to refine and process critical or strategic raw

materials – e.g. cobalt, lithium and nickel. Beijing did not wait for market incentives to build out such capacity, but rather counter-cyclically subsidized these industries a long time ago, did not apply strict environment standards at home (i.e. accepted damage), and long ago also pushed and supported its (state-owned and private) companies to invest in mining sectors worldwide, acquire a wide range of assets and internationalize in anticipation of rising global demand. They bought mines, but also the e.g. Canadian companies operating or managing them (or partnered with them) or took large stakes in local producers. Additionally, China provided large loans to Latin American countries for infrastructure projects that could facilitate critical raw material exports.

Ms. Küblböck underlined the lack of big mining companies in the EU as the first major difference to China. She noted that there are substantial mining companies in the UK and Switzerland, but not the EU, which makes it a very different kind of actor. The EU thus depends on mining companies from third countries. Secondly, Ms. Küblböck pointed out that the EU lacked an industrial policy, does not have the refining and processing capacity, and does not even have the relevant competitive technology. It was not as if the Chinese effort was done in secret. Instead, it was laid out in China's five-year plans and other government documents. It was out in the open, but the European side did not counter with any comparable effort. According to Ms. Küblböck, European funds spent on research & development and industrial policy were insufficient, no relevant companies developed, and the EU rather focuses on narratives and regulatory standards, MoUs and FTAs with partner countries. The latter, as the newly in force trade agreement with Chile, appear to sometimes block export restrictions on raw materials, making it harder for (in this case) Latin American countries to industrialize

their mining sectors to move up the value chain, Ms. Küblböck noted. She also added long-term off-take agreements as another strength of China, because Latin American producers see a market where prices fluctuated a lot and are attracted to the security these agreements provide, while investors in pertinent mines are reassured about demand security.

recycling. Lastly, she argued that the much-discussed energy transition is rather towards an 'energy expansion' and recommended a greater focus on reducing energy use to lower the overall environmental and social costs of critical raw material mining and processing.

## **LOCAL VALUE CREATION & INDUSTRIALIZATION, ENVIRONMENTAL FAIRNESS, AND TRILATERAL COOPERATION COULD HELP THE EU SECURE LATIN AMERICAN CRITICAL RAW MATERIALS**

According to Dr. Gonzalez-Vicente, the EU should not attempt to make Latin American countries choose between partnering with Europe or China. Instead, the Europeans could have trilateral negotiations with e.g. the Brazilian and Chinese side. Here, the moderator Dr. Thomas Eder added a point of caution, reminding that the intended trilateral cooperation between European companies, Chinese companies and host states around the world for Belt and Road Initiative (BRI) infrastructure projects never worked out (and neither did the intended Europe-China joint infrastructure projects within Europe). Ms. Küblböck, meanwhile, emphasized how the EU was perceived as playing a negative role in preventing industrialization and local value creation in Chile by limiting the government's policy space as part of the new trade agreement. According to her, the EU should not (try to) restrict countries with critical raw material deposits in limiting exports of unprocessed materials, if it wants to be a more attractive partner. At the same time, she underlined that the EU should work with all such countries, including in Latin America, towards a fair distribution of environmental impacts from critical raw material mining, processing and



**IMPRESSUM:**

Österreichisches Institut für Internationale Politik – oiip  
Austrian Institute for International Affairs  
A-1090 Vienna, Währinger Straße 3/12  
[www.oiip.ac.at](http://www.oiip.ac.at), [info@oiip.ac.at](mailto:info@oiip.ac.at)

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