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Critical mineral sovereignty, resilient supply chains, and BRICS cooperation for the global clean-energy transition.

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THE KURUKSHETRA OF DIPLOMACY

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LEGATIO 4.0

Letter from the Executive Board

Dear Delegates,

Welcome to the BRICS committee at Legatio 4.0. This year, you will be tackling one of the most important economic questions of our time: who controls the minerals that the world needs for clean energy, and what should BRICS countries do about it?

Things like lithium, cobalt, nickel, copper, and rare earth elements do not sound exciting at first. But they power almost everything in the modern world, moving away from fossil fuels - electric cars, solar panels, wind turbines, and batteries. Right now, a small number of countries and companies, many of them Western, control large parts of how these minerals are mined, processed, and traded. BRICS countries, which hold a lot of the world's mineral wealth, are asking a simple question: why should we keep exporting raw rocks and buying back expensive finished products?

This guide will walk you through the history, the numbers, the key players, and the legal frameworks that matter for this debate. We have kept the language simple on purpose, because good diplomacy depends on understanding, not on complicated jargon. Use this guide as your foundation, but do not stop here - read the sources we have cited, follow the news, and form your own view of what your country wants.

We look forward to seeing serious research, sharp arguments, and creative solutions in committee.

Warm regards,

The Executive Board

Introduction to BRICS: History and Evolution

From an Economic Term to a Political Bloc :

The word 'BRIC' was not invented by a country - it was coined in 2001 by economist Jim O'Neill to describe four fast-growing economies: Brazil, Russia, India, and China. These countries turned the label into a real grouping. Formal cooperation began at the 2006 G8 Outreach Summit, and the first official BRIC summit was held in Yekaterinburg, Russia, in 2009. South Africa joined in 2011, turning BRIC into BRICS.

The Big Expansion: BRICS+ :

For over a decade, BRICS stayed a five-member group. That changed fast. At the 2023 Johannesburg Summit, Argentina, Saudi Arabia, Egypt, the UAE, Ethiopia, and Iran were invited to join. Egypt, Ethiopia, Iran, and the UAE formally joined in 2024, while Indonesia became a full member in January 2025. Saudi Arabia has accepted an invitation but has not yet formally joined as of mid-2026. In 2024, BRICS also created a new 'Partner Country' category - a lighter form of association - which was first given to countries like Belarus, Bolivia, Cuba, Kazakhstan, Malaysia, Nigeria, Thailand, Uganda, and Uzbekistan.

Why This Matters for Your Committee

This expansion changed the mineral map completely. Indonesia is the world's largest nickel producer. The UAE and Saudi Arabia bring energy wealth and capital. Iran and Russia bring resources under Western sanctions. This means your committee is no longer just five countries - it is a much bigger, more diverse coalition with very different mineral interests, some of which may conflict with each other.

BRICS Mandate, Principles, and Institutions

What BRICS Actually Does :

BRICS is not a treaty organisation like the UN or a trade bloc like the EU. It has no binding charter. Instead, it works through summits, ministerial meetings, and joint declarations. Its core principles are multipolarity (no single country should dominate the world), reform of global governance (more say for developing countries at the IMF, World Bank, and UN Security Council), and non-interference in domestic affairs.

The New Development Bank (NDB) :

Set up in 2014 and based in Shanghai, the New Development Bank is BRICS's answer to the World Bank. It has an initial authorised capital of \$100 billion. The five founding members each hold an equal 20% capital share, and together they are guaranteed at least 55% of voting rights even as new members join. The NDB mostly funds infrastructure and sustainable development projects; so far, it has funded very little mineral-sector work directly, though it has backed logistics projects like one for Brazilian mining company Vale.

The Contingent Reserve Arrangement (CRA) :

The CRA is a \$100 billion pool that BRICS countries can draw from during balance-of-payments trouble, similar to how countries use the IMF. It is one part of BRICS's broader push to reduce dependence on the US dollar and Western-controlled financial institutions.

Other Relevant Mechanisms :

1. BRICS Energy Working Group - covers fossil fuels, renewables, hydrogen, and critical minerals demand.
2. BRICS Energy Research Cooperation Platform (ERCP) - runs the Roadmap for Energy Cooperation 2025-2030.
3. BRICS Business Council - links private-sector trade and investment interests to government policy.

Understanding Critical Minerals

What Makes a Mineral 'Critical'?

A critical mineral is not simply a rare one. According to the U.S. Geological Survey (USGS), a mineral becomes 'critical' when it is both economically important and at risk of a supply disruption - usually because only one or two countries produce or process most of the world's supply. The USGS 2025 List of Critical Minerals includes 54 mineral commodities such as lithium, cobalt, nickel, copper, graphite, rare earth elements, gallium, germanium, and platinum-group metals.

The Core List for the Energy Transition :

The International Energy Agency (IEA), in its Global Critical Minerals Outlook 2025, focuses on six mineral groups that matter most for clean energy: copper, lithium, nickel, cobalt, graphite, and rare earth elements. These are used in batteries, electric motors, wind turbine magnets, solar panels, and power grids.

Rare Earths: A Special Case :

Rare earth elements are actually 17 chemical elements - the 15 lanthanides plus scandium and yttrium. Despite the name, they are not truly 'rare' in the earth's crust; the challenge is finding them concentrated enough, and cheaply enough, to mine and refine. They are essential for permanent magnets used in wind turbines and electric motors.

Classification Matters in Diplomacy :

Different countries and blocs classify minerals differently. The EU's Critical Raw Materials Act lists 34 'critical raw materials' and a smaller group of 17 'strategic raw materials.' The US

uses the USGS list. There is no single, universal BRICS definition yet - creating this could be one of your committee's tasks.

Why Critical Minerals Matter for the Energy Transition ?

Explosive Demand Growth :

According to the IEA's Global Critical Minerals Outlook 2025, demand for these minerals is set to grow very fast. Lithium demand rose by almost 30% in just 2024 alone, far above the roughly 10% yearly growth seen in the 2010s. Demand for nickel, cobalt, graphite, and rare earths grew 6-8% in 2024. Under the IEA's Stated Policies Scenario, lithium demand could grow fivefold by 2040, while graphite and nickel demand could double, and cobalt and rare earths could grow 50-60%.

What Drives This Demand?

1. Electric vehicles and battery storage - the single biggest driver, responsible for 85% of demand growth in battery metals like lithium, nickel, cobalt, and graphite over recent years.
2. Wind and solar power - which use large amounts of copper and rare earth magnets.
3. Grid expansion - especially in China, which alone has driven much of recent copper demand growth.

The Investment Gap :

The IEA estimates that \$800 billion in mining and refining investment is needed by 2040 to meet net-zero goals, yet exploration spending actually fell 10% in 2024 because of low mineral prices. Copper faces a possible supply deficit of up to 30% by 2035 without major new projects, since new mines take a long time to build and ore quality is declining worldwide.

Recycling as a Partial Solution :

The IEA notes that better recycling could supply 10-15% of critical minerals needed by 2035, and recycled minerals produce about 80% less greenhouse gas emissions than newly mined ones. This is a growth area BRICS countries could invest in together.

Mapping the Global Critical Mineral Supply Chain

Who Mines What?

Mining output is concentrated in surprisingly few countries. According to the IEA, just three countries - China, the Democratic Republic of the Congo (DRC), and Indonesia - are responsible for the bulk of global mining output for most critical minerals. The DRC alone holds close to half of the world's cobalt. Indonesia produces around half of the world's nickel

and holds roughly a quarter of global nickel reserves, according to industry estimates drawing on USGS data.

Who Refines What (This Is the Real Chokepoint)?

Mining is only step one. Processing - turning raw ore into battery-grade or magnet-grade material - is even more concentrated than mining. The IEA reports that the market share of the top three refining countries rose from 82% in 2020 to 86% in 2024. China alone controls an estimated 50% to over 90% of global refining capacity, depending on the mineral, and produces around 90% of the world's refined rare earths, per USGS-based industry analysis.

Reserves by Country (Illustrative) :

1. Rare earths: China holds the largest reserves and refining capacity; the US, Brazil, Vietnam, Russia, and India also hold notable reserves (USGS Mineral Commodity Summaries 2026).
2. Platinum-group metals: South Africa holds around 91% of global platinum reserves; Russia holds the world's largest palladium reserves and is the top palladium producer (USGS Mineral Commodity Summaries; World Platinum Investment Council data).
3. Nickel: Indonesia leads production; reserves also significant in Australia, Brazil, Russia, and the Philippines.
4. Cobalt: DRC dominates production with about half of world output.

Current Market Concentration and Chokepoints

Processing Is the Real Power Centre :

Whoever controls processing controls the supply chain, not necessarily whoever controls the mine. A country can have huge mineral reserves but still be powerless if it cannot refine them into usable form. This is exactly China's strategy: it built world-leading refining capacity over three decades, even though it produces only about 10% of global lithium, cobalt, and copper at the mining stage, according to the Center for Strategic and International Studies (CSIS).

Export Controls as a Geopolitical Tool :

China has repeatedly used export controls on rare earths as leverage in trade disputes. In April 2025, China tightened controls on rare-earth alloys, compounds, metals, and oxides of several elements including samarium, gadolinium, terbium, dysprosium, lutetium, scandium, and yttrium. In October 2025, it expanded controls to include europium, holmium, erbium, thulium, and ytterbium, though it suspended the October measures for one year in November 2025 while keeping the April controls (USGS Mineral Commodity Summaries 2026). This shows how a single country's licensing decisions can ripple through the entire world economy.

Real-World Impact on the West :

The US currently has only one operating rare earth mine (Mountain Pass, California), and even ore mined there is largely shipped to China for final processing. The US is 100% import-reliant for 12 critical minerals and more than 50% reliant for 29 others, according to the USGS Mineral Commodity Summaries 2025.

Why BRICS Sees Opportunity Here?

BRICS members argue that this concentration is not natural - it is the result of decades of Western companies moving dirty, low-margin refining work to developing countries while keeping high-value manufacturing (like magnets, semiconductors, and batteries) at home. BRICS members increasingly want to keep more of that value-added processing within their own borders and among each other.

Western Dominance: Mechanisms of Control

Financing and Standard-Setting :

Western dominance in critical minerals is not only about mines - it works through control of financing, technical standards, and market benchmarks. Institutions like the World Bank, IMF, and Western commodity exchanges (like the London Metal Exchange) set prices and lending terms that developing countries must follow. BRICS members argue this lets Western institutions capture value without ever touching a shovel.

Trade and Investment Rules :

Free trade agreement requirements, such as those in the US Inflation Reduction Act, only give tax credit benefits to minerals sourced from the US or its free trade partners - excluding many BRICS members like Argentina (a lithium producer) that lack such agreements, according to Atlantic Council analysis. This creates an incentive structure that favours Western-aligned supply chains over others.

Environmental, Social and Governance (ESG) Standards :

Western buyers increasingly require ESG compliance certificates before purchasing minerals. While these standards protect workers and the environment, developing-country producers argue they are sometimes used unevenly - applied strictly to competitors while being relaxed for politically favoured suppliers.

Historical Corporate Control :

Large multinational mining corporations, many headquartered in the US, UK, Canada, and Australia, still control significant shares of exploration and extraction technology, deep-sea mining capacity, and specialised refining know-how that developing countries often lack, reinforcing dependency even after political independence.

Historical Context: Colonial and Post-Colonial Resource Extraction

The Colonial Pattern :

During the colonial era, European powers extracted minerals, metals, and agricultural goods from Africa, Asia, and Latin America, shipping raw materials home for processing and manufacturing, then selling finished goods back to the colonies at a profit. This 'extract raw, sell finished' pattern created deep economic imbalances that many BRICS countries argue persist today, just under different rules.

Independence and the Resource Curse :

After decolonisation in the mid-20th century, many newly independent states found that political freedom did not bring economic control over their own resources. Multinational corporations, often backed by their home governments, retained mining concessions and technical control. Some resource-rich nations experienced what economists call the 'resource curse' - depending heavily on one commodity while failing to develop wider industrial capacity.

The Push for Sovereignty :

This history is exactly why the United Nations passed General Assembly Resolution 1803 in 1962, declaring that 'the right of peoples and nations to permanent sovereignty over their natural wealth and resources must be exercised in the interest of their national development' (see Page 23 for full legal detail). This resolution remains a foundational legal reference for today's BRICS mineral sovereignty debate.

Why This History Still Matters?

Delegates should understand that today's mineral supply chain debate is not a new argument - it is a continuation of a decades-old struggle between resource-rich developing nations and resource-processing developed nations. Understanding this history helps explain why BRICS framing often uses language like 'sovereignty,' 'exploitation,' and 'value capture.'

Evolution of Global Mining Governance

Early International Rules :

For most of the 20th century, mining and resource trade were governed mainly by bilateral contracts between companies and host governments, with few multilateral rules. The World Trade Organization (WTO), created in 1995, brought some multilateral discipline but focused mostly on tariffs and trade barriers, not on resource ownership or environmental standards.

OECD Guidelines and Due Diligence :

The Organisation for Economic Co-operation and Development (OECD) developed voluntary guidance, including due diligence guidance for responsible mineral supply chains

from conflict-affected areas, aimed at stopping 'conflict minerals' (like certain cobalt and tin sourced from war zones) from entering global markets. While influential, these remain non-binding recommendations rather than enforceable law.

Rise of Regional Blocs :

Since around 2020, individual blocs have started writing their own binding or semi-binding rules instead of waiting for global consensus - the EU's Critical Raw Materials Act (2024) and the US Minerals Security Partnership are examples (see Pages 21-22). This is a shift from global governance toward competing regional strategies.

The Governance Gap BRICS Faces :

There is currently no BRICS-wide binding mining or minerals framework - cooperation happens mostly through non-binding summit declarations and working groups. Analysts writing in the journal *Africa Spectrum* note that despite years of BRICS declarations promoting mineral cooperation, tangible collaboration within the bloc has so far remained limited, with most members still prioritising their own national strategies .

Historical Precedent: OPEC as a Resource Sovereignty Model

What OPEC Achieved?

The Organization of the Petroleum Exporting Countries (OPEC), founded in 1960, is the most famous example of resource-producing nations banding together to control supply and pricing rather than leaving it to Western oil companies. By coordinating production levels among member states, OPEC transformed the balance of power in global oil markets during the 1970s, most dramatically during the 1973 oil embargo.

Why BRICS Looks to OPEC?

BRICS officials and analysts have openly discussed OPEC as a model - Russia proposed a BRICS Precious Metals and Mineral Exchange in July 2024, envisioned as a 'neutral decentralized platform' where member states could set their own pricing benchmarks, discussed further at the Moscow Financial Forum in September 2025. The idea is similar to OPEC: instead of Western commodity exchanges (like the London Metal Exchange) setting global prices, BRICS producers would set their own.

Important Differences From Oil :

1. Minerals are more chemically diverse than oil, making coordinated production quotas harder to design.
2. Processing (not just extraction) is the real chokepoint for minerals, unlike oil which is refined more evenly worldwide.

3. BRICS mineral producers sometimes compete with each other for the same buyers (e.g., Indonesia and other nickel producers), unlike OPEC members who mostly export the same product to the same markets.

A Cautionary Lesson :

OPEC also shows the limits of resource cartels: internal disagreements over production quotas have repeatedly weakened its unity. BRICS would need to manage similar tensions between mineral-producing members with different economic interests.

Country Profile: Brazil

Mineral Wealth :

Brazil holds some of the world's largest niobium reserves and is developing notable rare earth deposits, including the Pedra Branca platinum-group-metal district in Ceara State, which hosts an estimated 2.2-million-ounce inferred resource of platinum, palladium, and gold, according to industry geological reporting. Brazil is also a globally significant iron ore exporter through its state-linked mining giant, Vale.

Energy Profile :

Brazil draws around 90% of its electricity from renewable sources, mainly hydropower, with growing biofuel use - making it one of the cleanest major electricity grids in the world, according to energy-sector analysis referencing national energy data. This gives Brazil a different starting point in energy debates compared to fossil-fuel-dependent BRICS members like Russia.

Role in BRICS Institutions :

Brazil hosted the 17th BRICS Summit in Rio de Janeiro in July 2025 and held the BRICS chairship that year, focusing on themes of inclusive governance. Brazil is also a founding shareholder of the New Development Bank, and one of the few direct mineral-linked NDB projects supports the logistics infrastructure of Vale.

Key Tension :

Brazil, like Russia and South Africa, exports mainly raw agricultural and mineral products to China, while China exports higher-value manufactured goods back - a trade pattern researchers describe as resembling a 'traditional international division of labour' with China at the centre, even within BRICS itself.

Country Profile: Russia

Mineral Wealth :

Russia holds the world's second-largest platinum-group-metal reserves and is the world's top palladium producer, mostly through Norilsk Nickel's Arctic operations, which account for roughly 40% of global palladium supply, according to industry market analysis referencing USGS data. Russia also holds significant nickel and rare earth reserves.

Sanctions Era Strategy :

Since 2022, Western sanctions following the Russia-Ukraine conflict have pushed Russia to redirect mineral exports toward Asia, particularly China and India, and to accelerate de-dollarization. Reports indicate around 90% of Russia-China trade is now conducted without the US dollar, and Russia has been a leading voice for BRICS-based alternatives to Western commodity exchanges.

Proposal for a BRICS Mineral Exchange :

Russia first proposed a BRICS Precious Metals and Mineral Exchange in July 2024, envisioned as a neutral platform outside Western financial control, discussed again at the Moscow Financial Forum in September 2025.

Key Tension :

Because of sanctions, Western buyers have grown wary of some Russian mineral exports (including new tariff and regulatory scrutiny on Russian palladium in 2025-2026), pushing Russia to deepen mineral-for-technology and mineral-for-currency arrangements with China and India rather than Western markets.

Country Profile: India

The National Critical Mineral Mission (NCMM) :

India launched the National Critical Mineral Mission in January 2025, approved by the Union Cabinet with a total outlay of 34,300 crore rupees (about \$4 billion) over seven years (2024-25 to 2030-31), according to the Press Information Bureau, Government of India. The Mission plans 1,200 domestic exploration projects, aims to help Indian companies acquire 50 mining assets abroad, and targets domestic production of at least 15 critical minerals.

Key Domestic Steps :

1. The Geological Survey of India (GSI) has completed 368 exploration projects over three years, with 227 more planned for 2025-26.
2. India discovered an estimated 1,11,845 tonnes of in-situ rare earth oxide in Balotra, Rajasthan (Department of Atomic Energy data, via Press Information Bureau).
3. Customs duties on 25 critical minerals, including copper, cobalt, lithium, and nickel, were cut to zero in the Union Budget 2024-25.
4. Khanij Bidesh India Ltd (KABIL), a government joint venture, signed a lithium exploration agreement covering 15,703 hectares in Catamarca, Argentina, in January 2024.

India's Diplomatic Push :

At the July 2025 Rio Summit, Prime Minister Narendra Modi warned that one nation's control over nearly 90% of rare earth processing creates dangerous vulnerabilities, and proposed a BRICS-wide 'Critical Minerals Alliance' focused on sharing mining technology and coordinating mineral mapping, according to reporting on the summit.

Country Profile: China

The Undisputed Processing Superpower :

China is the leading producer for 29 to 30 of the roughly 50 critical minerals tracked by the USGS, and controls an estimated 50% to over 90% of global refining capacity for many key minerals, alongside around 90% of refined rare earth production, according to USGS-based analysis and CSIS research.

Export Controls as Policy Tool :

China has used export licensing on rare earths repeatedly, including expanded controls in April and October 2025 covering elements like samarium, dysprosium, terbium, and yttrium, with the October measures suspended for a year in November 2025 (USGS Mineral Commodity Summaries 2026). This shows China's willingness to use its processing dominance as diplomatic leverage, notably during trade disputes with the United States.

China's Role Inside BRICS :

China frames critical minerals cooperation as a 'new driving force for BRICS countries' economic development,' per Chinese state media commentary, and is leading efforts to build a BRICS local-currency payment system to reduce reliance on the US dollar and mitigate sanctions risk for members.

Key Tension :

China's dominant position creates an uncomfortable dynamic within BRICS itself: other members (Brazil, Russia, South Africa) export raw minerals to China and import processed or manufactured goods back, meaning China benefits from the same 'unequal exchange' pattern that BRICS criticises the West for.

Country Profile: South Africa

Platinum-Group Metal Powerhouse :

South Africa holds around 91% of the world's platinum reserves and produces roughly 70-74% of the world's mined platinum, centred on the Bushveld Igneous Complex, one of the oldest and largest PGM resources on Earth, mined since 1923, according to USGS and industry data (SFA Oxford, World Population Review analysis of USGS figures).

Structural Challenges :

South Africa's PGM sector faces real operational strain: unreliable national electricity grid supply and heavy diesel import dependency (with about 60% of diesel imports transiting the Strait of Hormuz) both raise costs and threaten output, according to 2026 market analysis. This shows that even resource-rich BRICS members face real infrastructure vulnerabilities.

Policy Tools :

South Africa has historically used its Mining Charter framework to require local ownership participation, beneficiation commitments, and community development obligations from mining companies operating in the country - an example of using domestic regulation to capture more value from mineral wealth, a model other BRICS members study closely.

Role in BRICS:

South Africa was the original fifth BRICS member (joined 2011) and hosted the 2023 Johannesburg Summit where the historic BRICS+ expansion decision was made, positioning it as a bridge between BRICS and the wider African continent's resource interests.

BRICS+ Expansion Members and the Indonesia Case Study

New Members' Resource Roles :

1. UAE and Saudi Arabia: Bring major capital reserves and logistics ambitions, including the Dubai-based Global Logistics Platform Office (GLPO), endorsed at the 2024 BRICS Summit to build resilient BRICS supply chains.
2. Iran: Holds significant mineral and energy reserves but faces heavy Western sanctions, giving it strong incentive to support BRICS-based, dollar-free trading systems.
3. Egypt and Ethiopia: Bring strategic geography (Suez Canal access for Egypt) relevant to mineral trade corridors, alongside developing mineral sectors.

Case Study: Indonesia's Nickel Downstreaming :

Indonesia formally joined BRICS in January 2025, bringing perhaps the most instructive resource-sovereignty case study available. In 2020, Indonesia banned all raw nickel ore exports through Presidential Regulation No. 55 of 2019, forcing foreign companies to build processing smelters domestically instead of shipping ore abroad.

The results were dramatic: nickel-related export value grew from about \$6 billion in 2013 to roughly \$30 billion by 2022, and the value-add from nickel activities rose from \$1.4 billion in 2020 to \$34.8 billion by 2023, according to U.S. International Trade Commission and industry analysis. Indonesia now supplies over half of world nickel demand and holds an estimated 24% of global reserves.

Costs of the Model :

The policy triggered a World Trade Organization dispute with the European Union, which argued the ban violated free trade rules; a WTO panel ruled against Indonesia in 2022, though Indonesia has appealed and kept the ban in place. Critics also point to environmental damage (deforestation, coal-powered smelters) and limited benefit-sharing with local communities.

Existing BRICS Frameworks and Mechanisms

Where BRICS Cooperation Stands Today :

At the 2024 Kazan Summit in Russia, BRICS states formally announced their intention to expand cooperation in the minerals sector, and the topic gained real prominence on the agenda. However, academic research published in *Africa Spectrum* (2025), based on document analysis and field interviews at the 2025 Mining Indaba conference, found that tangible collaboration within BRICS remains limited - most member countries still prioritise diversifying their own trade relationships globally rather than deepening cooperation with each other.

The BRICS Energy Working Group :

This group's mandate now formally spans fossil fuels, renewables, biofuels, green hydrogen, energy storage, critical minerals demand, and carbon capture. The 10th BRICS Energy Ministers Meeting (May 2025, Brazil) endorsed an updated Roadmap for Energy Cooperation 2025-2030 as a foundation for deeper collaboration.

The New Development Bank's Limited Direct Role :

Despite BRICS rhetoric, the NDB has not directly financed mineral-extraction projects to date; its one relevant project supports Vale's logistics infrastructure in Brazil, not new mining capacity. Under its General Strategy 2022-2026, the NDB aims to direct 40% of total funding to climate-related projects, but of 45 projects approved between 2022 and 2025, only 7 addressed clean energy and efficiency, and just 3 covered environmental protection, according to Centre for Social and Economic Progress (CSEP) analysis.

India's 2026 Presidency Agenda :

India holds the BRICS chairship in 2026 under the theme 'BRICS: Building for Resilience, Innovation, Cooperation and Sustainability,' with supply chain resilience in critical minerals explicitly flagged as a priority area to address, given recent export controls' potential to disrupt BRICS integration itself.

De-dollarization and the Proposed BRICS Mineral Exchange

The De-dollarization Push:

BRICS's mineral sovereignty agenda is closely tied to its push to reduce dependence on the US dollar. Reports indicate a large and growing share of BRICS trade now bypasses the US

dollar, with especially high shares in Russia-China trade, and global central bank dollar reserve shares have been declining. The Contingent Reserve Arrangement (see Page 4) is one existing tool supporting this shift.

The Proposed BRICS Precious Metals and Mineral Exchange :

First proposed by Russia in July 2024 and discussed further at the September 2025 Moscow Financial Forum, this proposed exchange is envisioned as a 'neutral decentralized platform' where BRICS members could set their own pricing benchmarks for minerals and precious metals, rather than relying on Western-run exchanges like the London Metal Exchange. The goal is both financial sovereignty and resource sovereignty at once.

Local Currency Trade Mechanisms :

BRICS states are increasingly experimenting with settling trade, including mineral trade, in local currencies rather than dollars. This reduces exposure to sanctions (a major concern for Russia and Iran) and reduces transaction costs tied to dollar clearing systems controlled by Western banks.

Realistic Limits :

Setting up a credible, liquid, trusted commodity exchange takes years and requires deep capital markets, legal certainty, and buyer confidence - none of which appear overnight. Analysts note this is still an early-stage proposal, not an operating institution, as of the 2025-2026 period.

Western Frameworks for Contrast: United States

The Inflation Reduction Act (IRA), 2022 :

The IRA ties electric vehicle tax credits to mineral sourcing rules: a portion of battery mineral value must be extracted or processed in the US or in a country with a US free trade agreement, or recycled in North America, and no minerals may come from a 'foreign entity of concern' such as China or Russia, per the Atlantic Council's analysis of the law. This excludes some BRICS-aligned producers, like Argentina, which lacks a US free trade agreement despite being a top-five lithium producer.

The Minerals Security Partnership (MSP) :

Launched by the US State Department, the MSP brings together the US and partner countries (including the EU, Japan, Canada, Australia, and others) to jointly invest in mineral supply chains outside China, per US State Department and CSIS documentation.

2025-2026 Executive Actions :

Under a new administration, the US has issued executive orders directing agencies to streamline mining permits and pursue bilateral mineral agreements with countries including

Ukraine, Saudi Arabia, Thailand, Malaysia, Japan, and the Democratic Republic of the Congo, per CSIS analysis of a January 2026 executive order. The US remains fully import-dependent on 12 critical minerals and reliant on imports for more than half its needs in 29 more, per USGS data.

Funding Tools :

The US has used Defense Production Act funding (roughly \$250 million to twelve recipients since mid-2023), IRA Section 48C tax credits (including nearly \$60 million to MP Materials for rare earth magnet manufacturing), and Department of Energy loans (including \$2 billion to Redwood Materials for battery recycling), per US government fact sheets.

Western Frameworks for Contrast: EU and G7

The EU Critical Raw Materials Act (CRMA), 2024 :

Regulation (EU) 2024/1252 entered into force on 23 May 2024. It identifies 34 'critical raw materials' and 17 'strategic raw materials' and sets non-binding 2030 benchmarks: at least 10% of EU annual consumption to be extracted domestically, 40% processed domestically, and 25% recycled domestically, with no single third country supplying more than 65% of EU consumption of any strategic material, according to the European Commission.

Strategic Projects Mechanism :

The CRMA lets the European Commission designate 'Strategic Projects' that get faster permitting (27 months for extraction, 15 months for processing/recycling permits) and easier access to finance. By March 2025, the EU had selected 47 such projects, expanding to 60 by late 2025, covering materials like lithium, cobalt, nickel, graphite, manganese, and rare earths, according to WindEurope and industry tracking of European Commission announcements.

ReSourceEU :

A newer plan, ReSourceEU, mobilises about 3 billion euros for selected projects and creates a coordination centre, but analysts at the Jacques Delors Centre note it still leaves many of the most consequential tools (like joint purchasing and price stabilisation) as non-binding or politically uncertain.

G7 and Minerals Security Partnership Overlap :

The G7's own critical minerals strategies overlap significantly with the US-led Minerals Security Partnership, generally focused on diversifying away from China through allied investment rather than confrontation, and emphasising ESG and labour standards in new mining projects abroad.

Bloc Positions and Points of Contention

Where BRICS Members Agree :

1. General frustration with Western-controlled pricing benchmarks and refining chokepoints.
2. Support for reducing US dollar dependence in mineral trade.
3. Interest in more domestic processing and value-addition rather than raw exports.
4. Support for expanding BRICS institutional tools (NDB, CRA) to include minerals more directly.

Where BRICS Members Disagree :

Producer versus consumer interests differ sharply: China is the dominant consumer and processor of raw minerals from Brazil, Russia, and South Africa, which means China sometimes benefits from the very dynamic that BRICS criticises the West for. This creates an uncomfortable internal contradiction.

Some members (India, Indonesia) are actively building rival national strategies and even courting Western partnerships (India's KABIL deal with Argentina; Indonesia's continued Western and Chinese investment mix) rather than fully committing to BRICS-only cooperation.

Sanctioned members (Russia, Iran) have a much stronger urgency for de-dollarized, BRICS-only mechanisms than members like Brazil or India, who still value good relations with Western markets and investors.

The Core Contradiction :

Academic researchers (Africa Spectrum, 2025) found that despite years of summit declarations promoting cooperation, most BRICS members continue to prioritise diversifying their own global trade relationships individually rather than deepening intra-BRICS mineral cooperation - meaning BRICS unity on this issue is, so far, more rhetorical than operational.

Resources

1. U.S. Government Sources :

- USGS, Mineral Commodity Summaries 2025 (full report): <https://pubs.usgs.gov/publication/mcs2025>
- USGS, Mineral Commodity Summaries 2026: Rare Earths data sheet: <https://pubs.usgs.gov/periodicals/mcs2026/mcs2026-rare-earths.pdf>
- USGS, Mineral Commodity Summaries 2025: Rare Earths data sheet: <https://pubs.usgs.gov/periodicals/mcs2025/mcs2025-rare-earths.pdf>

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