Dialogue Online

"The elders sit under the big tree and talk until they agree... talking until you agree (or agree to disagree) is the essential (essence) of the traditional African concept of democracy..."
Julius Nyerere

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The G20 & Critical Minerals: A High-Stakes Balancing Act

Background

The growing worldwide demand for critical minerals is changing geopolitical and economic conditions, particularly given their importance in energy transitions, advanced manufacturing, and digital technologies. Critical minerals have emerged as the new battleground for global economic security and sustainable development in the 21st century. These minerals are described as being critical to economic or national security and having vulnerable supply chains.

The G20, a forum of major economies, has increasingly prioritised these minerals, recognising their strategic relevance for sustainable development and green industrialisation. According to the International Energy Agency (IEA), worldwide demand for these minerals will increase sixfold by 2040 in the push to achieve net-zero targets; this increasing demand will cause increasing competition for access to and control of these minerals.[1]. However, the dynamics of critical mineral extraction and trade indicate continuing inequalities, particularly given the Global North's historical and present dominance in natural resource governance and value chains.

Historically, the Global North has relied largely on raw material imports from natural resource-rich but economically marginalised countries, often in the Global South, resulting in unequal power dynamics in mineral supply chains. Despite owning high-value processing, technology, and manufacturing, northern countries have long sustained extractive patterns that provide little benefit to producer nations. As a result, the Global North's history and current involvement with critical minerals have been heavily criticised for continuing a neo-colonial model of natural resource management.[2].

For decades, the dominant "pit-to-port" method has kept natural resource-rich nations, despite their immense mineral resources, stuck in a loop of exporting raw, unprocessed materials. This technique effectively exports jobs, economic value, and industrial capacity to the Global North, which controls the most valuable stages of the essential minerals value chain, such as refining, manufacturing, and technological development.[3]. This concentration of economic power and technological expertise in a few countries results in a substantial imbalance.

For example, the ongoing violence in eastern DRC, which is connected to coltan exploitation, illustrates how Global North demand for critical minerals feeds instability across mining nations. The Congo River Alliance's seizure of the Rubaya mining site, which generates 20-30% of global coltan, demonstrates how "exploitation and smuggling" of critical minerals contributes to over thirty years of conflict, while international customers gain from reliable supply chains.[4].

The continent and other Global South regions primarily export raw materials, while being excluded from higher-value processing and manufacturing stages dominated by the Global North. This has continued a cycle of natural resource exploitation in which

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[1] T20Ind.org. (2025). *Securing Critical Minerals Supply Chains for the clean energy transition*. [Online] Available at: https://t20ind.org/research/securing-critical-minerals-supply-chains-for-the-clean-energy-transition/?spm=a2700.accio_thread.0.0.6d6423344xkxf5&requestId=AI_Web_4500033212541_1757974007647.

[2] Jahic, N. (2024). *How Historical Resource Extraction in Africa Fuels Modern Poverty - The Borgen Project*. [Online] The Borgen Project. Available at: https://borgenproject.org/historical-resource-extraction/?spm=a2700.accio_thread&requestId=AI_Web_4500033212541_1757974007647&accio_page_id=undpiu7agxocaskn1995966443f211b182e9985c1a.

[3] Mantashe, G. (2025, July 29). *Minister Gwede Mantashe: G20 Critical Minerals Stakeholder Engagement*. South African Government.

[4] Bos, J. M. & Padros, A. M. (2025). *Critical minerals contribute to instability in Africa*. [Online] DW. Available at: https://www.dw.com/en/africa-critical-minerals-mining-drc-rwanda-m23-conflict/a-73876380?spm=a2700.accio_thread.0.0.6d642334eeEEvX&requestId=AI_Web_4500033212541_1757974007647.

transnational firms and industrialised nations benefit disproportionately, causing environmental degradation, socioeconomic disruption, and governance issues in exporting countries.[5].

This exploitation exemplifies unsustainable natural resource management techniques that prioritise short-term extraction over long-term stewardship of mineral resources, community well-being, and environmental health. The dominance of foreign actors with insufficient local beneficiation capabilities raises natural resource depletion risks and inhibits equitable development.

The Need for Reform

The current approach of extraction-based natural resource exploitation requires immediate reform. Natural resource management frameworks must incorporate environmental sustainability, social accountability, and inclusive governance to ensure that natural resource wealth delivers genuine long-term development outcomes.

Key criticisms include a lack of value addition within producing countries, insufficient environmental safeguards, limited institutional capacity, and a lack of genuine community participation and benefit-sharing arrangements.[6] Reforms should include national resource governance methods that are incorporated into overall economic, social, and infrastructure planning.

Meaningful reform will depend on driving a set of fundamental shifts:

- ***Equitable Value Chains:*** African and other natural resource-rich countries seek to go beyond raw material export models by promoting downstream processing, technical skills, and green industrialisation. This goal is embodied in the African Union's Green Minerals Strategy, which focuses on strengthening infrastructure and technological capability to promote local beneficiation and long-term development.[7].
- ***Justice and Inclusion:*** International cooperation must be based on frameworks that promote climate justice, the protection of vulnerable communities, and the democratisation of global trade governance. This includes reforming trade norms and international institutions to ensure non-discriminatory, fair, and transparent mineral trading that is consistent with sustainable development goals.[8]

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[5] Hendrix, C. (2025). *Raw Power: How the Global South Can Leverage the Critical Minerals Race*. [Online] Modern Diplomacy. Available at: https://moderndiplomacy.eu/2025/08/03/raw-power-how-the-global-south-can-leverage-the-critical-minerals-race/.

[6] Tomaselli, C. (2025). *Critical Minerals, Just Transitions, and the Right to Say No*. [Online] Bio-economy.org.za. Available at: https://bio-economy.org.za/critical-minerals-just-transitions-and-the-right-to-say-no/.

[7] Heinrich Böll Stiftung. (2025). *Critical minerals framework is a test for commitment to climate justice | Heinrich Böll Stiftung*. [Online] Available at: https://za.boell.org/en/2025/08/13/critical-minerals-framework-test-commitment-climate-justice.

[8] Martens, C. (2025). *South Africa's G20 moment: Leading a Justice-driven Energy Transition through Critical Minerals*. [Online] Natural Justice. Available at: https://naturaljustice.org/south-africas-g20-moment-leading-a-justice-driven-energy-transition-through-critical-minerals/.

- ***Collaborative Governance:*** Effective governance requires multi-stakeholder engagement involving governments, civil society, industry, and affected communities to design and implement mineral governance policies that reflect shared interests and accountability[9].
- ***Global South Leadership:*** The growing recognition that producers in the Global South can lead not only in resource supply, but also in setting production and equity standards, indicates a revolutionary potential for the critical minerals industry. This has the potential to reform the global energy transition as a driver of more equitable economic growth, rather than perpetuating current imbalances.[10].
- ***Corporate Resource Management***
  Another example of a reform in the extraction and trade of critical minerals is the establishment of corporate resource management, using a Natural Resource Management lens. The following are examples of successful case studies in corporate resource management:

  ❖ **Botswana's Diamond Revenue Model** shows how cooperative partnerships can turn resource extraction into sustainable development. Botswana has derived significant value from its diamond resources thanks to a 50-50 joint venture with De Beers (Debswana), sophisticated downstream beneficiation agreements, and the establishment of local institutions such as the Diamond Trading Company Botswana (DTCB) and Okavango Diamond Company (ODC)[11]. The country's National Development Plans allocated diamond revenues to water infrastructure, transportation, education, and healthcare. This model shows how natural resource revenue can be used to fund diversification and human development when handled within a transparent, participatory governance structure.

  Norway's Sovereign Wealth Fund: commonly referred to as the Government Pension Fund Global, which manages over $1 trillion in assets derived from petroleum income, offers another paradigm for turning resource extraction into long-term wealth[12]. The fund's emphasis on environmental, social, and governance (ESG) criteria, legislative

[9] ISS Africa. (2025). *Critical minerals and tech dependency – a key G20 issue for Africa | ISS Africa*. [Online] Available at: https://issafrica.org/iss-today/critical-minerals-and-tech-dependency-a-key-g20-issue-for-africa.
[10] Wolinski, S.J. (2025). *Critical Minerals and South Africa's G20 Strategy - Georgetown Journal of International Affairs*. [Online] Georgetown Journal of International Affairs. Available at: https://gjia.georgetown.edu/2025/09/15/critical-minerals-and-south-africas-g20-strategy/.
[11] Benson, S. (2024). *Diamond Empowerment: The Botswana Case Study - World Diamond Council*. [Online] World Diamond Council. Available at: https://www.worlddiamondcouncil.org/diamond-empowerment-the-botswana-case-study/?spm=a2700.accio_thread.0.0.6d642334QoNZ0K&requestId=AI_Web_4500033212541_1757974007647.
[12] Harrison, G. (2022). *The GreenFin Interview: How Norway's $1 trillion sovereign wealth fund addresses climate risks*. [Online] Trellis. Available at: https://trellis.net/article/greenfin-interview-how-norways-1-trillion-sovereign-wealth-fund-addresses-climate-risks/?spm=a2700.accio_thread&requestId=AI_Web_4500033212541_1757974007647&accio_page_id=undpiu7agxocaskn1995a8d976ca5e62932fc8b511.

monitoring, and public transparency exemplifies how resource income can pay for universal healthcare, free education, and sustainable development while adhering to ethical investment principles.

- ***South Africa's G20 Leadership and Consensus Building:*** South Africa's G20 presidency in 2025 offers an unparalleled opportunity to change critical mineral governance through consensus-based frameworks that prioritise Global South interests. The president's emphasis on source beneficiation, the transfer of tech-expertise, sustainable supply chains, and inclusive growth calls into question the old pit-to-port system, which has marginalised producing/mining nations. President Cyril Ramaphosa's demand for a "grand bargain" to promote value addition for inclusive development marks a significant move towards acknowledging producing nations' rights to extract value from their resources.[13] The proposed G20 critical minerals framework may set new standards for South-South collaboration, technology sharing, and equitable benefit distribution.

Ultimately, the G20's efforts signify a fundamental shift in how the world views and manages critical minerals - moving away from a merely exploitative model towards one based instead on the principles of solidarity, equity, and sustainability. This new strategy, if effectively implemented, could make the green and digital transition an opportunity for producer nations to become true partners, rather than remaining mere suppliers. From a natural resource management perspective, the G20's role is critical in developing cooperation that extends beyond supply chain security, to ensure responsible stewardship of mineral resources. This involves advocating for sustainable mining standards, integrating mineral governance with climate action and just transition taxonomies, and promoting balanced regional agreements to mitigate risks and broaden gains for all parties involved.

Conclusion

This paper contends that the critical minerals imperative is more than just a technological or economic challenge; it is a litmus test for global natural resource management.

The Global North's legacy of resource exploitation, which has undermined governance, must urgently be addressed through reforms that empower the Global South - particularly Africa - to use its natural resources for inclusive and sustainable development. The G20, with refocused leadership and a commitment to justice-driven policies, is at a crossroads in terms of shaping minerals governance that balances energy transition goals with equality, environmental sustainability, and democratic governance. In turn, creating a truly global and just mineral future - despite the fear of a potential structural reset in the coming G20 presidency.

[13] Bianchi, M. (2025). *Can South Africa's G20 Moment Consolidate Efforts on Just Mineral Supply Chains?* [Online] Istituto Affari Internazionali. Available at: https://www.iai.it/en/pubblicazioni/c05/can-south-africas-g20-moment-consolidate-efforts-just-mineral-supply-chains?spm=a2700.accio_thread&requestId=AI_Web_4500033212541_1757974007647&accio_page_id=undpiu7agxocaskn1995a8d976ca5e62932fc8b511.

The Dialogue Online, is an online extension of SALO's national, regional and international consensus-building dialogues (typically workshops, seminars and small meetings) on Peace and Security, Development, SA Foreign Policy, Gender (including LGBTI rights), Natural Resource Governance, Human Rights and the rights of migrant communities through *weekly written articles and/or commentary*. It is a channel through which critical issues raised during dialogue events are synthesised and shared with wider audiences. By taking the dialogue 'online', the conversation is enabled to continue beyond the limits of space and time and to a wider audience.

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