FROM DEPENDENCY TO DIPLOMACY:

India's Global Play for Rare Earths

Clockwise from the left:
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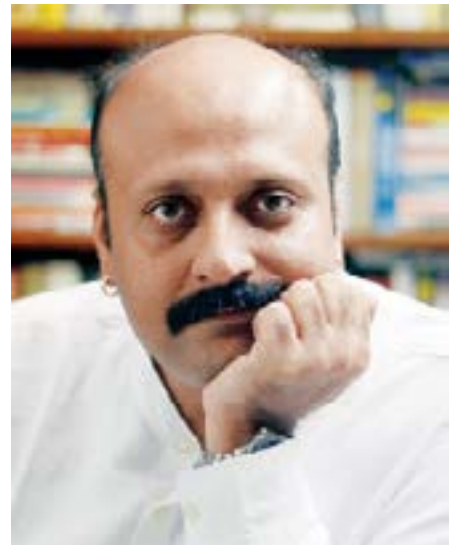

AS GLOBAL CLEAN tech and digital industries surge forward, rare earth elements (REEs) have become the new oil, central to everything from electric vehicles and semiconductors to defence applications. Yet, India's current REE supply chain tells a sobering story of dependency. Despite possessing domestic reserves, India continues to rely heavily on imports for refined rare earth products, with China dominating this trade.

India's rare earth imports rose from 1,848 tonnes in FY 2019–20 to 2,270 tonnes in FY 2023–24, marking a 23 per cent increase over five years. In FY 2023–24 alone, India imported 1,185 tonnes of rare earth metals, of which 699 tonnes (59 per cent) came from China. Other suppliers included Hong Kong (234 tonnes), Japan (192 tonnes), and Mongolia (60 tonnes). China currently controls about 70 per cent of the world's REE mine production and a staggering 85–90 per cent of global refining capacity. In fact, in 2024, China's domestic output of rare earths was 2,70,000 metric tonnes, up from 2,55,000 metric tonnes in 2023. In 2024, India imported 460 tonnes of rare earth magnets – especially Neodymium-Iron-Boron (NdFeB), almost entirely from China, with planned imports rising to 700 tonnes this year.

This trend underlines a strategic risk: while India's REE consumption remains modest today, growing demand across defence, clean energy, electric vehicle (EV) and electronics could render this dependence a significant vulnerability. This dependence places India in a fragile position. A key challenge India faces is its continued dependence on China for refined rare earths, due to limited domestic refining capacity and underdeveloped processing infrastructure. As China tightens export rules including new licensing mandates introduced in 2024, it raises concerns over supply security. These developments highlight the urgency for India to diversify its sources through new diplomatic and trade channels.

India's strategy to secure critical minerals has taken shape through a mix of institutional backing, bilateral agreements, and financial diplomacy. At the centre of this effort is Khanij Bidesh India Ltd. (KABIL), a joint venture formed in 2019 to acquire overseas assets in lithium, cobalt, and rare earths. In January 2024, KABIL signed a landmark $24 million lithium exploration deal in Argentina, marking India's first direct investment in Latin America's lithium triangle. Complementing this, India has signed mineral-focussed MoUs with Namibia, Chile, and Brazil, aiming to build long-term supply partnerships. These diplomatic moves are reinforced by the EXIM Bank, which is providing credit lines and infrastructure support to facilitate India's mineral access across Africa and South America.

One of the most promising solutions lies in building long-term mineral partnerships with Africa and Latin America, regions that are rich in rare earth elements (REEs) and other critical minerals but often underexplored or underutilised. This marks the emergence of mining diplomacy where India uses strategic, technical, and developmental cooperation to secure mineral access and build geopolitical alliances. Africa and Latin America present India with key

opportunities to secure critical minerals such as lithium (Argentina, Chile), cobalt (DR Congo), and rare earths (Tanzania, Brazil). However, India must navigate complex challenges, including inadequate infrastructure, political instability, and growing local resistance to foreign mining ventures. Against this backdrop, India's approach has been more recent and measured, focussed on government-to-government partnerships, capacity building, and selective strategic investments.

India's pitch to Africa and Latin America is not just transactional, it is framed as a development-oriented, South South partnership. Khanij Bidesh India signed a $24 million lithium exploration pact with the Catamarca state government in Argentina. This is India's major venture in the 'Lithium Triangle' that explicitly includes clauses for skill transfer and local capacity building. Unlike China's heavy-infrastructure approach under the Belt and Road Initiative, India emphasises environmental safeguards, ethical mining practices, and mutually beneficial terms. Through such deals, India aims to build long-term trust with resource-rich nations while avoiding backlash associated with extractive models. However, India's domestic limitations could undermine its global ambitions.

Photograph by Robertohunger

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Despite having significant reserves of rare earths, India lacks sufficient processing and refining capacity, forcing continued reliance on China for value-added components. Memorandums of Understanding and exploratory deals are important starting points, but they are not sufficient. India must now move beyond diplomatic intent toward a robust architecture of processing capacity, ethical governance, and regional trust-building. Mining diplomacy is no longer about minerals alone, it is about trust, time, and technology.

A formal alliance between India, Africa, and Latin America on rare earths and critical minerals is more than a diplomatic goal, it is a strategic need. These regions hold some of the world's largest untapped reserves of lithium, cobalt, and rare earth elements. India, with growing expertise in exploration and processing, is well-placed to support their development. Many of these countries are also seeking to reduce overreliance on China, and India's multi-aligned, non-coercive stance makes it a credible alternative.

Furthermore, local governments increasingly demand value addition and job creation, areas where India's experience with joint ventures and skill training can contribute directly. With ESG standards now central to mining practices, India's focus on green technology and circular economy models aligns well with global expectations. These shared priorities make a South–South alliance both viable and timely.

To make this a reality, India must act decisively. First, KABIL can be upgraded into a full Critical Minerals Authority with commercial and diplomatic capacity. Second, India needs to create working groups with African and Latin American partners to harmonise regulations, share technologies, and develop common ESG frameworks. Third, it should invest in beneficiation and separation facilities abroad, particularly in Namibia, Brazil, and Argentina, enabling both mineral access and value retention for host countries. Fourth, India should offer scholarships, training, and technical exchanges for professionals from partner nations to strengthen long-term cooperation. India can also utilise platforms such as BRICS, IBSA, the G20, and Global South Summits to institutionalise this alliance and advance a more equitable framework for global mineral governance.

Together, these steps can help India secure its clean energy future while building trust and resilience across the Global South. BW

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