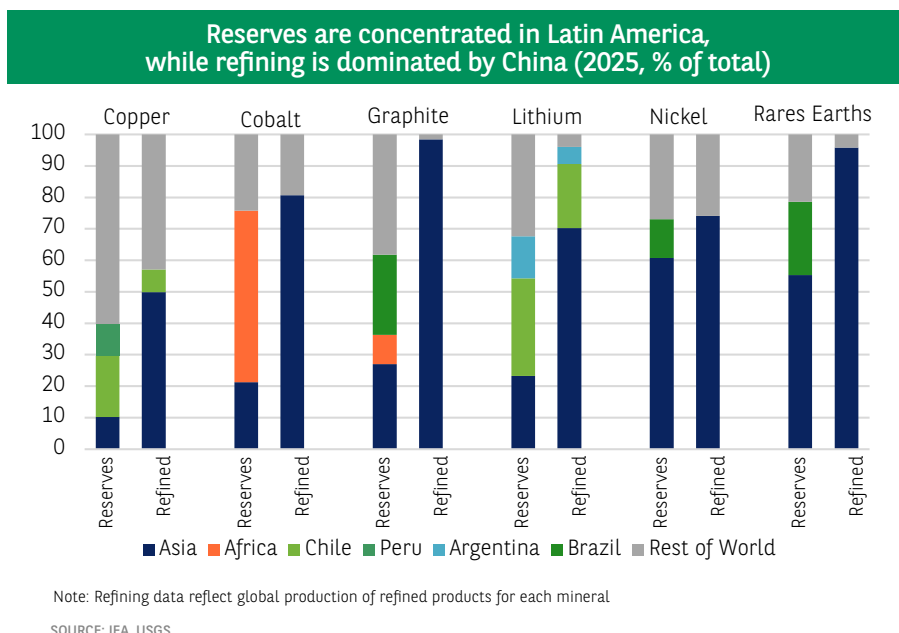


LATIN AMERICA: ADDING VALUE TO CRITICAL MINERALS BEYOND MINING

Hélène Drouot



High potential

The global race for artificial intelligence and the electrification of economies is leading to an increase in demand for metals. A recent study by S&P Global¹ indicates that global electricity consumption is projected to grow by nearly 50% by 2040, fuelling a sustained rise in demand for copper, lithium, nickel, and other critical minerals. According to the International Energy Agency, demand for copper could rise by 30 to 40% by 2040, while demand for lithium could increase four- to sixfold, depending on the pace of adoption of low-carbon technologies.

Latin America possesses a significant share of the world's critical mineral resources needed to meet this demand. However, the abundance of natural resources will not necessarily translate into accelerated economic growth in these countries.

According to data from the Economic Commission for Latin America and the Caribbean (ECLAC)², nearly 1,200 mining projects have been carried out in Latin America over the past two decades. Although critical minerals represent only around 25% of the total number of projects, they account for over 40% of the investment value, illustrating their strategic importance and capital intensity. According to the OECD³, the number of lithium investment projects has increased ninefold since 2016, primarily in Argentina, followed by Chile and Brazil. Investment projects in nickel, cobalt, and rare earths have also seen substantial growth since 2020, particularly in Brazil.

Activities Restricted to Mining

However, the region is predominantly limited to mining operations, which still account for over 70% of investments. Higher value-added sectors such as refining, processing and innovation remain marginal; these activities are largely situated outside the region, primarily in China. This situation restricts the capacity of Latin American countries to capture a significant share of the value generated by clean and digital technology value chains.

China holds a dominant position in these value chains. Over the past decade, the Chinese government has implemented a cohesive strategy that combines supply security, foreign investment, and the expansion of refining capacity. In 2024, China accounted for 70% of Chile's lithium exports and over half of its copper exports. This strategy strengthens China's influence over global value chains, while relegating Latin American economies to a predominantly extractive role.

1 S&P Global (January 2026) [Copper in the Age of AI: Challenges of Electrification](#).
2 ECLAC (November 2025) [Foreign Direct Investment in Latin America and the Caribbean](#).
3 OECD (April 2026) [Regional Note on Critical Minerals in Latin America and the Caribbean](#).

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Europe and the United States are coordinating their strategies, while Latin America remains divided

In response to Chinese dominance, the European Union enacted the Critical Raw Materials Act in 2023, which sets targets of 10% local extraction and 40% local processing by 2030, while aiming to reduce reliance on third countries for strategic minerals—notably through the development of European capabilities and the establishment of partnerships with third countries. In the United States, critical minerals were officially incorporated into national security priorities in 2022 to bolster domestic extraction and processing of a range of strategic minerals, including lithium, nickel, cobalt and graphite. The United States has also entered into a growing number of bilateral agreements with several countries in the region in recent years (Argentina, Ecuador, Peru and Chile) to secure its supply. As part of the USMCA review, the United States, Canada and Mexico are in discussions to include a section dedicated to critical materials. It aims to secure supplies and cultivate regional value chains within the battery, electric vehicle, and strategic technology sectors.

These initiatives underscore the strategic role of critical minerals, the control of which determines a country's standing in industrial value chains.

Latin American responses to these challenges remain largely national and fragmented. Chile and Brazil stand out for their distinct mining policies, which include instruments targeting critical minerals and measures to expedite and simplify investment. The region's lithium-rich countries (Argentina, Chile, Brazil, Bolivia, and, to a lesser extent, Mexico) are all striving to establish themselves in the higher-value-added segments of the value chains. However, their strategies vary considerably, ranging from liberal policies aimed at attracting foreign investment to more interventionist models.

This fragmentation is all the more detrimental given that the region's resources are complementary—from copper in Chile and Peru, to lithium in Argentina, Bolivia, and Chile, to nickel, graphite, and rare earths in Brazil. A collaborative regional strategy would facilitate the development of integrated value chains.

Hélène Drouot

Latin America Economist

helene.drouot@bnpparibas.com

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