

A 360° Playbook for Policymakers

Deepening Australia-India Cooperation on Critical Minerals

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Executive Summary

Rising demand, coupled with high supply chain concentration and geopolitical risk, have made critical minerals a strategic priority for countries worldwide. Major powers including the United States, the European Union, Australia, Canada, the United Kingdom, and India have launched critical minerals strategies to forecast demand, address supply chain risks, and tackle security and geopolitical challenges across short, medium, and long-term horizons. Along with increasing domestic reserves, governments are seeking international cooperation to secure and diversify supply chains and build trusted partnerships.

India is Australia's fifth-largest trading partner, with two-way trade in goods and services reaching \$49.1 billion in 2023. The 2020 Economic Cooperation and Trade Agreement (ECTA) has set a trade target of \$100 billion by 2030. The New Roadmap for Australia's Economic Engagement with India seeks to bolster critical minerals cooperation, proposing a slew of initiatives aimed at strengthening supply chains, adding export value, increasing investment pipelines, and co-developing mining and processing technology.



Critical minerals offer significant economic and geopolitical benefits to Australia, given its leadership in mining and large resource endowments of minerals. India's rapid urbanisation, focus on pushing domestic manufacturing through initiatives such as Atmanirbhar Bharat and Make in India, plus a target of achieving net zero emissions by 2070, makes it a large market for minerals. Australia and India have already inked pacts to deepen research and strategic cooperation on critical minerals, including mechanisms to jointly invest in projects.

While policy mechanisms between the two countries are in place, the complexity accompanying critical minerals policy and its current siloed approach remain challenging. To address this concern, this playbook aims to take a holistic view across three themes necessary for policymakers in both countries: Security and Geopolitics, Economics and Markets, and Climate and Sustainability.

Security and Geopolitics is a key driver for Australia-India engagement on critical minerals, necessitating a comprehensive approach that incorporates geography, technological innovation, diversification, domestic availability, and a nuanced understanding of current and future import dependencies for Australia and India.

Leveraging bilateral and multilateral mechanisms to build supply chain security and hedge against geopolitical risk is crucial. Australia and India need to bridge the knowledge and capabilities gap in the sector, which will allow a better understanding of business and regulatory cultures. Coordination across solid portfolios, financing the sector, streamlining approvals, and improving the perception of India for Australian stakeholders are key enabling next steps.

Global markets for critical minerals are thin, opaque and highly volatile—negatively impacting Australia as a producer, and India as a heavy importer of these minerals. The direct effects on supply chains are also negative, as

are the broader effects for investors and access to capital necessary to widen global mineral supply chains. Australia and India must collectively intervene to address market volatility by providing economic safety nets, long-term investment incentives, and price modelling. Measures to support private investments beyond offtake arrangements are also necessary. Indian companies need easier access to credit, and institutions such as India's EXIM bank and Export Finance Australia can play a key role in enabling investments in specific commodities. Private companies and government need to interact more across both states, and work together in innovative ways to deliver on the partnership.

Taking a sustainable approach to minerals policy is critical, given the environmental costs of minerals mining and its impact on indigenous communities in both countries. By centring climate and security in their discourse on critical minerals, Australia and India can lead the global conversation on sustainable supply chains. Australia should treat its high ESG standards as a critical asset, and it should update these to keep its global lead in clean mineral exports. India's green manufacturing ambitions can find an ideal partner in Australia, with technology and knowledge sharing on ESG benefiting Indian companies. New frontiers of collaboration such as under-sea mining can address ecological concerns at the get-go.

The playbook is a result of research undertaken over six months, including in-depth interviews in Australia and India with government officials, businesses and research groups working on critical minerals, and civil society. It seeks to provide a 360-degree view of the challenges in critical minerals which Australia and India face and proposes policy options for both countries to deepen critical mineral cooperation and take a leadership role in building more secure and reliable supply chains.

Key Recommendations:

01

Map and prioritise sectoral critical minerals demand

A granular analysis of India's critical minerals demand, particularly in emerging sectors such as clean tech, battery manufacturing, electronics, and chemicals, is essential. This will help Australian stakeholders target high-growth opportunities and align mutual incentives for future collaboration.

02**Position Australia as a trusted supplier for India's growing mineral demands**

Given India's growing demand for critical minerals, Australia should proactively engage key Indian manufacturers and infrastructure and technology giants to establish itself as a preferred and trusted supplier. Australia can leverage its mining expertise and sustainability practices to position itself ahead of competitors.

03**Map comparative advantages to strengthen bilateral cooperation**

Australia and India should conduct a comprehensive analysis of their comparative advantages in critical minerals, particularly rare earth elements (REEs) needed for critical sectors such as defence, health, and semiconductors. This strategic alignment can foster deeper, long-term cooperation in critical minerals beyond economic interests.

04**Leverage economies of scale and foster large-scale projects**

Australia and India should collaborate to unlock economies of scale, especially given India's large domestic market. By working together on large-scale mining and processing projects, both nations can benefit from competitive pricing, workforce development, and reduced investment risks.

05**Foster state-level collaboration to address regulatory concerns and unlock new opportunities**

Given that environmental and land clearances are primarily state responsibilities in both countries, strengthening communication and cooperation between federal and state governments will help address roadblocks in clearances, certifications, and project timelines. Connecting states such as Western Australia and Victoria in Australia and Tamil Nadu, Gujarat, and Telangana in India can also unlock new financing channels. This will facilitate synergies between businesses, drive innovation, and de-risk investments in critical minerals projects.

06**Streamline approvals, regulatory processes, and establish a single-window mechanism**

To enhance bilateral collaboration, a single-window mechanism under the Critical Minerals Mission can be established, simplifying engagement with Indian regulatory bodies. Streamlining approvals and governance processes will ensure timely execution, and reduce bureaucratic friction in critical minerals projects.

07**Collaborate to develop normative regimes, standards and benchmarks for critical minerals markets**

Australia and India should collaborate to leverage their unique positions in the minerals supply chain. Australia's status as a reliable economic middle power and India's unique position as an emerging Global South leader can be leveraged to shape norms in critical minerals global discourse, as well as work to develop standards and benchmarks for critical minerals markets through utilising existing cooperation mechanisms.

08**Support Indian companies with financing and credit access**

Indian companies should be provided with access to financing and credit mechanisms to enable them to invest in critical minerals projects, both domestically and internationally. Tailored financial support can also encourage smaller firms to build niche expertise in critical minerals markets, driving innovation and specialisation in both countries.

09**Intervene to address market risks, price volatility, and long-term investment**

Governments must intervene to address market volatility by providing economic safety nets, long-term investment incentives, and price modelling. Building on the economic integration enabled by the Comprehensive Strategic Partnership, this will safeguard against price fluctuations and ensure the stability and sustainability of critical minerals supply chains, encouraging greater investment from both the public and private sectors.

10**Leverage multilateral mechanisms and ESG leadership to attract global investment. Leverage Australia's leadership in ESG**

Australia and India should collaborate to leverage multilateral mechanisms, such as the Minerals Security Partnership (MSP) and the Quad Investors Network, to present joint projects and attract global investment. Additionally, both countries should leverage Australia's leadership in ESG standards to assist Indian companies in improving mining practices and promoting sustainable development and corporate social responsibility (CSR) initiatives in critical minerals.

Specific, thematically organised recommendations are included at the end of each chapter across this playbook.