

26 February 2026

G20 Critical Minerals Deal: A Step Toward Equity or a New Extractive Frontier?

By Toubha Esfahani Nejad

This paper examines the Group of Twenty (G20) Critical Minerals Framework adopted under South Africa's Presidency and the extent to which it represents a shift toward more equitable mineral governance. It analyses the Framework's key pillars and political commitments alongside the Johannesburg G20 Leaders' Declaration, assessing their implications for mineral-rich developing countries, importing economies, refining hubs, and the G20 itself. The paper pays particular attention to gaps between stated ambitions and practical constraints having in view financing, technology transfer, and the policy space under the World Trade Organization (WTO) rules. It concludes by identifying the conditions under which the Framework could support real value addition and industrialization in the Global South rather than function as a supply-security tool for advanced economies.

Ce document examine le Cadre sur les minéraux critiques du Groupe des Vingt (G20) adopté sous la présidence de l'Afrique du Sud et la mesure dans laquelle il représente un tournant vers une gouvernance minière plus équitable. Il analyse les piliers centraux et les engagements politiques du Cadre ainsi que la Déclaration des dirigeants du G20 de Johannesburg, en évaluant leurs implications pour les pays en développement riches en minéraux, les économies importatrices, les pôles de raffinage ainsi que pour le G20 lui-même. Le document accorde une attention particulière aux écarts entre les ambitions déclarées et les contraintes pratiques en matière de financement, de transfert de technologie et de marge de manœuvre politique dans le cadre des règles de l'Organisation mondiale du commerce (OMC). Il conclut en identifiant les conditions dans lesquelles le Cadre pourrait contribuer à des processus soutenus de création de valeur ajoutée et d'industrialisation dans le Sud global, plutôt que d'opérer principalement comme un instrument de sécurisation de l'approvisionnement au bénéfice des économies avancées.

Este documento examina el Marco de Minerales Críticos del Grupo de los Veinte (G20) adoptado bajo la presidencia de Sudáfrica y en qué medida representa un giro hacia una gobernanza minera más equitativa. Analiza los pilares centrales y los compromisos políticos del Marco en conjunto con la Declaración de los Líderes del G20 de Johannesburg, evaluando sus implicaciones para los países en desarrollo ricos en minerales, las economías importadoras, los centros de refinado y el propio G20. El documento presta especial atención a las diferencias entre las ambiciones declaradas y las limitaciones prácticas, teniendo en cuenta la financiación, la transferencia de tecnología y el margen de maniobra política en el marco de las normas de la Organización Mundial del Comercio (OMC). Concluye identificando las condiciones bajo las cuales el Marco podría contribuir efectivamente a la agregación de valor y a la industrialización en el Sur Global, en lugar de funcionar como un instrumento de seguridad de suministro para las economías avanzadas.

本文探讨了在南非主席国任期内通过的二十国集团（G20）关键矿产框架，并探讨该框架在多大程度上标志着矿产治理向更公平方向的转变。文章结合《二十国集团领导人约翰内斯堡峰会宣言》，分析了该框架的核心支柱与政治承诺，评估其对矿产资源丰富的发展中国家、进口经济体、精炼枢纽以及二十国集团本身的影响。本文特别关注宣言目标与现实制约之间的差距，重点考察融资渠道、技术转让以及世界贸易组织（WTO）规则框架下的政策空间。结论部分指出，该框架需满足特定条件方能真正助力全球南方实现价值增值与工业化，而非沦为发达经济体的供应保障工具。

Introduction

The surge in demand for minerals such as lithium, cobalt and rare earth elements reflects structural shifts brought about by clean energy technologies rather than a temporary resource scramble. The current geopolitical situation together with supply chain problems has resulted in governments evaluating both the origins of these minerals and the distribution of their benefits. The new Group of Twenty (G20) Critical Minerals Framework ([G20 Critical Minerals Framework, 2025](#)), adopted under South Africa's Presidency, promises to make supply chains more resilient and inclusive while expanding value addition in producer countries, especially in Africa, Latin America and Asia.

Developing nations across Africa, Latin America and Asia have experienced the contradictory situation of owning valuable minerals yet failing to develop their economies. The world depends on their mineral resources, while those countries lack the essential infrastructure and technological capabilities and policy frameworks to extract substantial value from their resources. The Johannesburg G20 Leaders' Declaration ([G20 South Africa Summit: LEADERS' DECLARATION, 2025](#)), recognizes, in particular, Africa's need for equitable mineral value distribution. Meanwhile, the distance between declared goals and actual execution continues to expand.

What the Framework Promises

The G20 Critical Minerals Framework (hereinafter 'the Framework') is organized around six pillars that span into exploration, governance, investment and value addition, trade, innovation and skills. It goes further than past G20 texts in acknowledging producer countries' right to pursue beneficiation, regional processing hubs and economic diversification.

The Framework starts (first pillar) by focusing on mapping and exploration, highlighting the importance of improving geological data, information sharing and international cooperation to better understand mineral potential, particularly in under-explored regions. It subsequently (second pillar) establishes governance principles which demand better transparency systems, environmental protection measures and financial crime prevention measures. The third pillar refers to

investment and local value addition, encouraging the mobilization of investment in infrastructure, processing an industrial ecosystem to support beneficiation and downstream activities, while remaining explicitly market driven. The fourth pillar aims to promote and diversify value chains, including improved trade routes, logistics and market transparency to reduce supply chain vulnerability. The fifth pillar promotes innovation, circularity and "voluntary technology transfer on mutually agreed terms," the sharing of digital solutions and sustainable processing techniques. The Framework establishes knowledge and skill development as its final pillar through technical education and institutional capacity development programs.

The G20 Framework includes valuable initiatives such as the "Mineral Development Zones (MDZs)" near mining operations and enhanced digital tracking systems, although their real impact will depend on how they are implemented.

The G20 Leaders' Declaration supports the Framework's focus on local development and industrialization and African leadership in global value chain development. The Framework is explicitly non-binding, and it does not set quantified targets for value addition, finance or technology transfer. Its strongest commitments are reserved for "open, non-discriminatory, market-driven" trade and for avoiding unilateral measures inconsistent with World Trade Organization (WTO) rules.

Policy Implications for Resource-Rich Countries, Importing Countries, and Refining Countries

The G20 Framework may have different implications for nations operating throughout the minerals production sequence. The Framework confirms the right of resource-rich nations across Africa, Latin America and Asia to keep control over their mineral production activities during the initial stages. Its emphasis on "local value addition," "beneficiation," and improved governance reflects these countries' interest in retaining more value from extraction rather than exporting raw materials. The Framework's language aligns with recent producer-country strategies such as Indonesia's nickel export restrictions and downstream

processing requirements, which successfully attracted large-scale investment into smelting and refining (Warburton, 2024).

The Framework, on the one hand, strengthens the strategic position of China, Indonesia, India, several African and Gulf states which operate as refining and processing hubs. Provisions related to circularity, technology partnerships, and Mineral Development Zones (MDZs) create favorable conditions for attracting investment into processing and midstream activities. China's long-standing dominance in refining and Indonesia's rapid rise in nickel processing illustrate how state-backed industrial policy, infrastructure investment, and technology access shape competitive advantage (Braunstein and Chuchko, 2025). However, the Framework's recognition of developing countries' interests is not matched by enforceable commitments. It also lacks binding financial backing which makes it difficult for resource-rich nations to advance in their industrial development.

On the other hand, the Framework reflects the interest of import-dependent nations -such as the European Union (EU), Japan, South Korea and the United States (US)- to find alternative mineral suppliers who operate outside political restrictions. Its strong emphasis on "open, non-discriminatory, market-driven trade" and resilient value chains is consistent with those countries' efforts to reduce exposure to geopolitical chokepoints and disruptions of global supply flows. This mirrors recent initiatives such as the EU's Critical Raw Materials Act and bilateral critical minerals agreements pursued by the US, which seek diversification without fundamentally altering global trade rules (Kim *et al.*, 2025). This aspect of the Framework can sit uneasily with the industrial strategies of producer countries that seek to use export controls of raw materials or put in place local processing requirements. Managing this tension is essential to determine whether the Framework primarily supports development in mineral producer countries or rather supply security.

Policy Implications for G20 Countries

The Framework represents a G20 collective effort to handle, through solution-based approaches, rising geopolitical tensions affecting mineral supply chains essential for clean energy transformation. It reflects the

interest of developed G20 members in achieving supply stability through commitments to open trade systems and diversified supply networks, which may decrease their significant current dependence on China's refining operations. Thus, the EU, Japan, South Korea and the US support this Framework because it may help them maintain mineral supply stability. On the other hand, the Framework confirms resource-abundant G20 nations' need to develop their local processing capabilities while drawing in investment for mineral processing operations. The Framework may encourage G20 nations to use diplomatic channels for supply chain negotiations.

The Framework confirms the G20 efforts to remain as a cooperative steward of the energy transition while largely addressing the supply-security concerns of some of its members. South Africa's Presidency did secure strong language on beneficiation, regional hubs and sovereign rights, but this is paired by soft cooperation clauses and firm commitments to open, WTO-consistent trade. This is reflecting a form of policy capture by incumbent trade and investment regimes that have historically constrained resource-based industrialization in the Global South. The Guiding Principle on Local Value Addition and Beneficiation calls for enabling local beneficiation and regional hubs in developing producer countries. At the same time, the Guiding Principle on Open, Transparent and Market-Driven Trade stresses open, non-discriminatory, market-driven trade and avoiding measures inconsistent with WTO rules. The very policy tools producer countries may need to use to move up the value chain are also the tools most likely to be disciplined under trade rules.

Gaps and Risks

The Framework, as noted, is non-binding and, therefore, it cannot guarantee the level of financial, technological or institutional support required for meaningful structural transformation in mineral producer countries.

The Framework lacks dedicated financing mechanisms. It promotes exploration activities, infrastructure development and technology partnerships, but it fails to provide any financial support, establish new facilities or make enduring commitments. Resource-rich countries

face an ongoing challenge to advance their development because they lack stable funding sources. Current critical minerals governance, as reflected in the G20 Framework, relies primarily on voluntary cooperation, information-sharing and coordination mechanisms. While these soft instruments provide roadmaps for collaboration, they do little to redistribute risk or capital therefore limiting their capacity to drive structural transformation. Producer countries are encouraged to assume greater responsibility for value addition without being offered predictable means to do so. In addition, the Framework supports better standards and digital tracking systems, but these measures could block small-scale miners from operating effectively unless they are locally adopted to account for cost, technical capacity and the informal nature of many small-scale mining operations.

The Framework fails to establish targets concerning levels of local processing in the countries of origin. It supports value addition and regional hubs but lacks specific targets for minimum refining requirements. It promotes free market trade practices which could force developing nations to abandon or choose not to implement policies such as export taxes and trade restrictions for raw materials. This is because while the Framework endorses beneficiation and sovereignty in principle, its alignment with WTO trade disciplines may constrain how far countries can act on those commitments in practice. Similarly, the Johannesburg G20 Leaders' Declaration supports both beneficiation and sovereignty, yet it maintains its focus on open trade principles which may restrict developing nations from using essential industrial policies.

Together, these gaps risk creating a kind of green extractivism model in which minerals critical to the energy transition are sourced from developing countries under improved governance narratives. Yet the distribution of value, technology, and decision-making power remains largely unchanged. The Framework underscores voluntary cooperation and open, non-discriminatory trade without binding commitments on financing, technology transfer or local processing targets. This is while the Leaders' Declaration affirms value addition alongside strong WTO-consistent trade commitments. This combination risks stabilizing extraction and supply chains without fundamentally transforming development outcomes for producer

countries. Unless trade and investment rules are applied with greater flexibility, the Framework may reinforce existing patterns of extraction rather than enabling genuine industrial transformation.

The Dilemma

As examined above, the Framework pulls in opposite directions. While it supports beneficiation and diversification in developing producer countries, it also recommits the G20 to trade disciplines that have historically made such strategies difficult to implement. The WTO established its rules during the 1990s when industrial policy was unfashionable; they restrict many of the tools developing countries could rely on to climb the value chain.

The WTO subsidy regulations prohibit countries from providing support linked to export performance or domestic content. However, substantial green subsidies have been introduced by advanced G20 nations, to accelerate clean energy transition, notably through the United States' Inflation Reduction Act, which continues to provide large-scale tax credits and local content incentives for clean energy manufacturing. Also, the EU's Net-Zero Industry Act and revised State Aid rules under the Green Deal Industrial Plan explicitly support domestic clean-tech production. This reflects a structural double standard: industrialized economies freely use subsidies and localization under climate and industrial policy frameworks at home, while comparable measures by mineral-rich developing countries are treated as trade distortions.

Some of the industrial strategies implied by the Framework, such as export restrictions or subsidies linked to domestic content, face constraints under WTO rules. This reinforces the mismatch between G20 encouragement of value addition and the trade disciplines that limit how developing countries pursue it. As a result, mineral endowed countries are encouraged to industrialize; however, they may face legal and political risks when they attempt to use the very instruments that historically enabled late industrialization. Addressing this mismatch does not require abandoning the multilateral trading system, but it does call for greater flexibility, reinterpretation or reform of trade rules. This means that developing

countries can expand processing, build technological capabilities, and capture more value at home rather than remaining locked into raw material export roles.

Policy Recommendations

Several follow-up actions could help ensure the Framework delivers meaningful development gains:

1. The G20 should address the persistent financing gap in early-stage mineral exploration, particularly in African and Asian economies. Exploration is high-risk and rarely attracts private capital, though it shapes bargaining power across the entire value chain. Rather than relying on market signals alone, G20 members could explore debt-for-development or debt-for-processing arrangements. This debt relief or restructuring is linked to domestic investment in geological surveys, processing infrastructure, skills development, or environmental rehabilitation.

2. While mandatory local processing targets may be difficult to agree on, the G20 should focus on protecting policy space. Producer countries need the freedom to use gradual, context-specific tools, such as sequencing strategies, export management, or targeted incentives. This is necessary to build domestic processing capacity, especially in the early stages of industrialization.

3. The idea of regional MDZs needs real backing to work. Without financing, technical support and coordinated planning, MDZ will remain an aspiration on paper. G20-backed regional platforms could support joint refining, battery precursor production or metals manufacturing. This is particularly important in cases where individual countries lack the scale, capital or demand needed to make refining or manufacturing facilities commercially viable on their own.

4. All of this must be grounded in meaningful participation by Indigenous Peoples and local communities throughout the mineral value chain, from exploration and project design to processing decisions and post-mining land use. Their rights, knowledge and economic interests are essential for long-term resilience and development.

Conclusion

The G20 Critical Minerals Framework constitutes an important policy development at a moment when the global energy transition is reshaping markets, geopolitics, and development pathways. It provides a shared view and several promising ideas. However, its real value will be determined by what happens next. Implementation, financing, and political will ultimately decide whether the Framework delivers meaningful change. Developing countries will need to negotiate from a position of strength to secure fair returns, protect policy autonomy, and build genuine partnerships, rather than repeating past cycles of extraction without development.

The Framework presents ambitious objectives without the tools required to rebalance power. Mineral-rich developing countries will only gain from it if the next phase brings the required finance, genuine technology partnerships and space to industrialize. Otherwise, it risks remaining a derisking exercise for G20 supply chains dressed in developmental language. The Leaders' Declaration recognizes Africa's central role in the energy transition, however, unless global trade rules evolve, these commitments may only remain aspirational. Now the key question is whether this moment marks a real shift in control over critical minerals or simply a more polished version of the status quo.

References

Braunstein, Juergen, and Marina Chuchko (2025). Resource Curse in the Age of Critical Minerals: Geopolitical Forces and Market Maturity. *Energy Research & Social Science*, vol. 127.

European Commission (2025). Joint Statement on a United States-European Union Framework on an Agreement on Reciprocal, Fair and Balanced Trade. Directorate-General for Trade and Economic Security. Available from policy.trade.ec.europa.eu/news/joint-statement-united-states-european-union-framework-agreement-reciprocal-fair-and-balanced-trade-2025-08-21_en.

Group of Twenty (G20) (2025). G20 Critical Minerals Framework. Available from <https://mintek.co.za/media/minfocus/minfocus-vol2-issue-1/g20-critical-minerals-framework.pdf>.

G20 (2025). G20 South Africa Summit: LEADERS' DECLARATION. Available from <https://dirco.gov.za/wp-content/uploads/2025/11/2025-G20-Summit-Declaration.pdf>.

Kim, Tae-Yoon, and others (2025). With New Export Controls on Critical Minerals, Supply Concentration Risks Become Reality. IEA Commentary. Available from www.iea.org/commentaries/with-new-export-controls-on-critical-minerals-supply-concentration-risks-become-reality?.

Warburton, Eve (2024). Nationalist Enclaves: Industrialising the Critical Mineral Boom in Indonesia. *The Extractive Industries and Society*, vol. 20.

Author: Toubha Esfahani Nejad is an intern at the South Centre.

Recent SouthViews:

[A Revolution in HIV/AIDS Treatment](#) (SouthViews No. 298, 6 October 2025) by German Velasquez

[WIPO's new Treaty on genetic resources and associated traditional knowledge – a long-awaited and groundbreaking step towards combatting biopiracy](#) (SouthViews No. 299, 9 October 2025) by Wend Wendland

[Promoting a Symbiotic Relationship Between Trade Policy and Climate Action](#) (SouthViews No. 300, 21 November 2025) by Vahini Naidu

[Brazil's challenges in implementing the highest attainable standard in Sexual and Reproductive Health and Rights](#) (SouthViews No. 301, 16 December 2025) by Camila C. Gasparro

[Promoting Health Equity and Reproductive Rights in Angola](#) (SouthViews No. 302, 17 December 2025) by Sandra Bengue Neto

[Experiences and Challenges Faced by Sri Lanka in Implementing the Highest Attainable Standard of Health, Including Health Equity and Sexual and Reproductive Health and Rights](#) (SouthViews No. 303, 22 December 2025) by Janani Sivapakthan

[Trade Policy Uncertainty and Impacts on Developing Countries' Exporters: The Case of Sri Lanka](#) by Anushka Wijesinha and Senith Abeyanayake

[Taxation of digital services – A Domestic Law Solution for Overcoming Tax Treaty Barriers](#) (SouthViews No. 305, 23 February 2026) by Radhakishan Rawal

This work is available through open access, by complying with the Creative Commons licence [Deed - Attribution-NonCommercial-ShareAlike 4.0 International - Creative Commons](#).

SOUTHVIEWS is a service of the South Centre providing opinions and analysis of topical issues from a South perspective.

The views contained in this article are attributable to the author(s) and do not represent the institutional views of the South Centre or its Member States.

For more information, please contact Anna Bernardo of the South Centre: Email abernardo@southcentre.int, or telephone +41 22 791 8050.