

US–Australia Critical Minerals Framework: Policy Coherence and Implementation

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Abbreviations

ABS	Australian Bureau of Statistics
A\$	Australian dollar
CBAM	Carbon Border Adjustment Mechanism
CMF	Critical Minerals Facility
CMSR	Critical Minerals Strategic Reserve
CRMA	Critical Raw Materials Act
DoD	US Department of Defense
EU	European Union
EXIM	Export-Import Bank of the United States
FMA	Future Made in Australia
IEA	International Energy Agency
IRA	Inflation Reduction Act
LOI	Letter of interest
MOU	Memorandum of understanding
NAIF	Northern Australia Infrastructure Facility
OECD	Organisation for Economic Co-operation and Development
REE	Rare earth element
SEIA	Servicio de Evaluación Ambiental
UNCTAD	United Nations Conference on Trade and Development
US\$	United States dollar

US-Australia Critical Minerals Framework: Policy Coherence and Implementation

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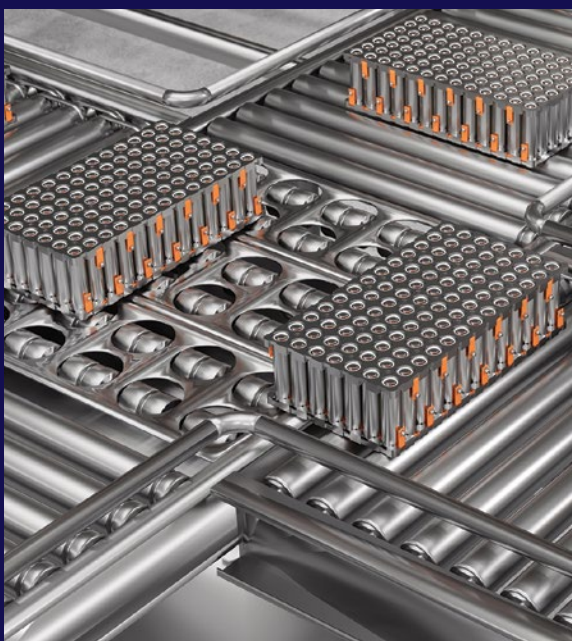
Abstract

The October 2025 US-Australia Critical Minerals Framework represents a significant step in strengthening bilateral cooperation on critical minerals supply chains, midstream processing capability, and climate-aligned industrial strategy. While the Framework expands financing access and affirms supply-chain resilience, implementation remains constrained by asymmetric industrial policies, uneven permitting environments, and Australia's limited downstream industrial base. This paper evaluates the Framework's coherence, identifies structural bottlenecks in Australia's project pipeline, and assesses long-term risks arising from US protectionist levers embedded in the Inflation Reduction Act (IRA) and national-security authorities. It concludes by identifying priority reforms to secure mutual benefit and ensure Australia's competitiveness in global clean-energy supply chains.

¹ This article is written in a personal capacity. The views expressed are solely those of the author and do not represent those of any organisations with which she is affiliated.

Policy highlights

- The 2025 Framework strengthens financing cooperation and establishes midstream development goals but remains non-binding, limiting enforceability.
- Asymmetric US industrial policy, including domestic-first tax credits and accelerated permitting, risks constraining Australia's downstream participation.
- Australia faces persistent barriers: complex and often lengthy permitting processes, rising capital costs, and limited downstream processing capacity.
- Without binding offtake agreements, investment incentives remain insufficient to offset higher Australian processing costs.
- Targeted reforms, such as accelerated permitting, downstream subsidies, and IRA eligibility clarity, are essential to ensure shared strategic benefit.



1. Introduction

Global critical minerals markets are undergoing rapid and structural transformation as demand for lithium, rare earths, nickel, cobalt, and other transition minerals accelerates.

The International Energy Agency (IEA) projects that demand for minerals used in clean-energy technologies will triple by 2040 (IEA 2021), driven by electric vehicle deployment, battery manufacturing scale-up, and the expansion of renewable energy systems.

China retains dominant positions across key downstream segments, with over half of global mining output for the rare earth elements used in magnet production in 2023, and close to 90% of global capacity for separation and metal refining, the latter, value-added stages of the supply chain (Reuters, 2025), and significant shares of cobalt, graphite and manganese processing. Emerging producers in Africa, South America (IEA 2024) and Southeast Asia are seeking to capture larger segments of the value chain, while the United States and European Union have introduced industrial strategies aimed at reshoring or ‘friend-shoring’ critical mineral supply chains (US Department of the Treasury 2022).

Developments in Washington in early 2026 further underscore the evolving structure of critical minerals cooperation (Reuters 2026a; White House 2025). At the February Critical Minerals Ministerial, attended by more than 50 countries, the United States signalled its intention to develop a broader coalition of trusted partners aimed at coordinating supply chains among like-minded economies. Proposals reportedly included reference price mechanisms, closer coordination of investment frameworks, and measures aimed at enhancing supply-chain resilience (Reuters 2026b).

Amid these global shifts, Australia’s role as a trusted supplier of upstream resources has become increasingly strategic. In 2024–25, both the European Union and the United States adopted new critical-minerals and raw-materials policies explicitly designed to diversify supply sources, reduce dependence on politically risky suppliers, and promote secure, allied supply-chain partnerships. Under the EU’s Critical Raw Materials Act (CRMA), Brussels aims to build a resilient value chain by increasing import diversification, boosting processing and refining capacity, and imposing supply-chain obligations to reduce strategic raw-materials dependency (European Commission 2024).

The US, together with trusted partners such as Australia, has advanced cooperation under the Minerals Security Partnership (Carnegie Endowment for International Peace 2023), explicitly framing reliable non-Chinese supply sources as essential to clean-energy, defence, and advanced manufacturing supply-chain resilience. Given these developments, Australia, with its relatively stable governance, resource endowments, and latent processing potential, is increasingly viewed as a key upstream supplier and a credible partner for allied supply-chain diversification.

The **October 2025 US–Australia Critical Minerals Framework** represents a significant step toward addressing these challenges through deeper bilateral cooperation on supply-chain resilience, downstream processing capacity, and climate-aligned industrial strategy (Australian Government 2025). The Framework expands access to US

financing instruments, although implementation remains constrained by **asymmetric US industrial policy and uneven permitting environments**. Domestically, Australia faces mounting challenges: escalating capital costs, slow permitting timelines, and limited downstream industrial capability. These constraints threaten Australia’s ability not only to meet rising global demand, but also to position itself competitively within new allied supply-chain architectures.

This paper focuses on the minerals most relevant to the October 2025 US–Australia Critical Minerals Framework, particularly rare earth elements and battery materials. It argues that while the Framework represents a significant step toward allied supply-chain coordination, its long-term effectiveness depends on policy coherence on both sides. In particular, US domestic industrial instruments, including national security trade tools embedded in the IRA and localisation incentives, as well as Australia’s cost, infrastructure, and regulatory constraints, will shape whether the agreement delivers genuine downstream integration or simply reinforces upstream dependence.

2. Strategic alignment and initial implementation

2.1 Foundations of the Framework

The 2025 US–Australia Critical Minerals Framework positions critical minerals as essential inputs for clean-energy technologies and defence supply chains, reflecting a shared recognition that secure access to minerals such as lithium, rare earths, cobalt and nickel is fundamental to both countries’ industrial and strategic objectives. This framing is consistent with prior joint statements including the **2023 Climate, Critical Minerals and Clean Energy Transformation Compact**, which emphasised the role of critical minerals in enabling electrification, semiconductors, advanced defence systems and energy transition technologies (Biden White House 2023).

Building on this foundation, the 2025 Framework commits both governments to take measures to mobilise at least **US\$1 billion in financing for projects located in each country within six months** (White House 2025). This time-bound investment mobilisation aims to accelerate priority critical minerals and rare-earths projects in both Australia and the United States and to strengthen the resilience of shared supply chains. This pool integrates financing instruments from both countries, enabling projects to leverage concessional loans, guarantees and risk-mitigation tools that traditionally operate in separate jurisdictions.

The Framework commits both governments to mobilising significant public and private investment to expand mining and processing capacity in strategically important critical minerals. Rather than specifying numeric targets, it establishes a joint process for **identifying priority projects** in Australia and the United States and deploying coordinated

financing, regulatory support, and offtake facilitation to accelerate their development.

2.2 Terminology used in this paper

Critical minerals comprise both rare earth elements (REEs) and non-REE minerals, which differ in their strategic characteristics.

Rare earth elements, particularly neodymium, praseodymium, dysprosium and terbium, are critical for permanent magnets used in defence systems and wind turbines. Their processing capacity is highly concentrated in China. By contrast,

non-REE minerals such as lithium, cobalt and nickel underpin battery supply chains and are generally more geographically diversified at the extraction stage, although they often face similar downstream processing constraints.

These differences in processing complexity, supply-chain concentration, and strategic sensitivity are central to understanding the role of critical minerals within the Framework. Table 1 summarises the key definitions and global positioning of these two groups of critical minerals.

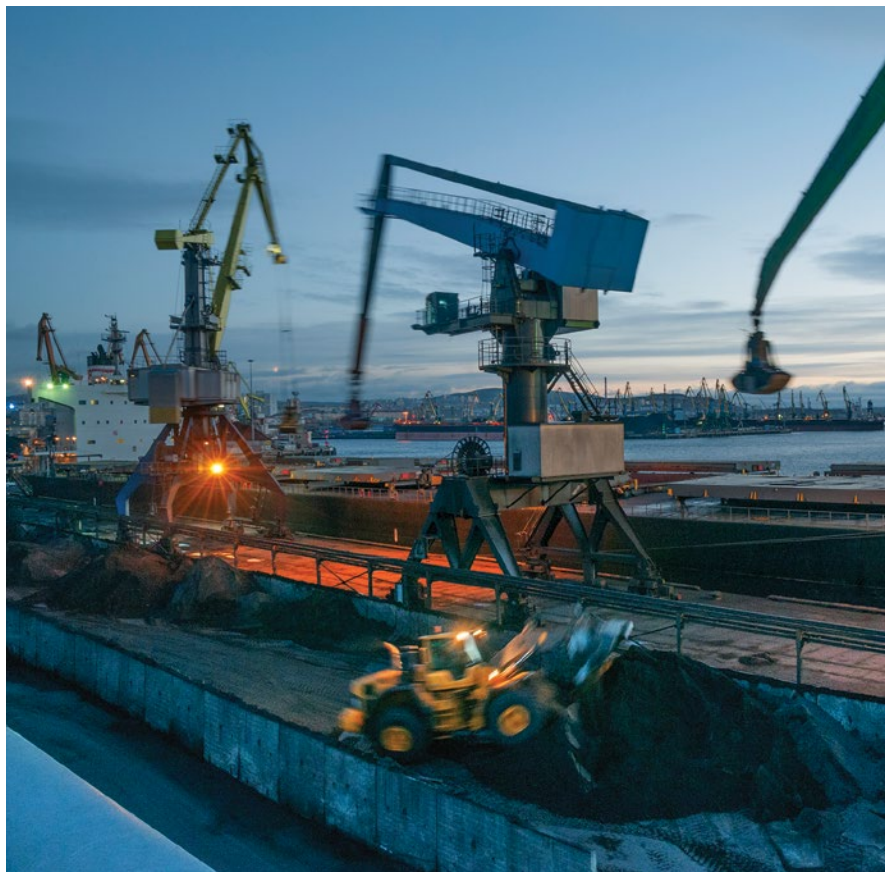


Table 1: Critical minerals—classification and definitions

	RARE EARTH ELEMENTS (REES)	NON-RARE EARTH CRITICAL MINERALS
Definition	A group of 17 chemically similar elements used in high-performance magnets, electronics, and defence systems.	Critical minerals outside the REE group underpinning electrification, battery technologies, semiconductors, and industrial systems.
Key elements	Light REEs: lanthanum, cerium, praseodymium, neodymium Heavy REEs: dysprosium, terbium, yttrium (plus scandium and other lanthanides)	Battery minerals: lithium, cobalt, nickel, graphite Electrification: copper Semiconductors: gallium, germanium, silicon Advanced/defence: vanadium, titanium, tungsten, antimony
Global supply concentration	Highly concentrated in China, particularly in separation and refining; mining more diversified but still China-linked.	More geographically diverse in mining, but processing and refining remains concentrated in China (especially graphite, gallium, germanium, battery chemicals).

Both REEs and non-REE critical minerals are essential to the energy transition and advanced technologies, and their strategic challenge is similar: global supply chains are less constrained by resource availability than by the concentration of processing and refining capacity, particularly in China. Australia’s comparative advantage lies in upstream extraction across both categories, but its limited midstream and downstream capabilities constrain value capture and strategic leverage.

Table 2: Australia’s position across the critical minerals value chain

VALUE CHAIN STAGE	AUSTRALIA’S POSITION	EXAMPLES	STRATEGIC IMPLICATION
Extraction (upstream)	Strong	Lithium, nickel, copper, REEs	Globally competitive supplier; underpins supply security for allies
Processing (midstream)	Limited	Battery chemicals, REE separation	Structural bottleneck; high reliance on China
Manufacturing (downstream)	Minimal	Batteries, semiconductors	Limited value capture; industrial capability largely offshore

2.3 Early project-level implementation

The October 2025 US–Australia Critical Minerals Framework states that, within six months of signature, both participants will take measures to provide at least US\$1 billion in financing for priority critical minerals projects (that is, by April 2026). As of early April 2026, **no comprehensive binding financing package fulfilling this commitment has been publicly disclosed to date**², despite multiple indicative financing offers, including letters of interest from the US Export–Import Bank (EXIM) exceeding US\$2 billion, and project-level public co-financing announcements.

Key projects highlighted at the announcement of the Framework include the following.

EXIM’s critical minerals commitments to Australia (2025)

On 20 October 2025, EXIM announced more than **US\$2.2 billion in letters of interest (LOIs)** to support critical minerals and supply chain security projects involving Australia, identifying seven Australian companies as prospective beneficiaries (Export–Import Bank of the United States 2025). Although LOIs are **non-binding** and do not constitute financing approvals, they signal EXIM’s formal willingness to consider loans or guarantees for eligible mining and

processing projects and reflect a significant expansion of US financial engagement in the sector.

Within this broader package, media and industry reports indicate that EXIM issued a non-binding LOI for up to US\$300 million to Arafura Rare Earths’ Nolans Project in the Northern Territory, a mine-to-oxide operation producing neodymium and praseodymium oxides used in high-performance permanent magnets essential for electric vehicle motors, offshore wind turbines, and advanced defence. While this indicative support underscores US interest in Australian rare-earth supply chains, EXIM has not disclosed a binding loan agreement for Nolans, and the LOI should be interpreted as conditional

² Date of the current draft: 5.04.2026



rather than committed financing. The project's broader capital structure also includes Australian government support, such as a 2024 conditional debt package and up to A\$200 million in conditional infrastructure financing from the Northern Australia Infrastructure Facility (NAIF), positioning Nolans as a leading candidate for full development pending final investment decisions (Arafura Rare Earths 2023).

Lynas Rare Earths —Texas heavy rare earth separation facility

Lynas Rare Earths has received approximately US\$258 million in funding across multiple tranches (2020–23) from the (then) US Department of Defense under the Defense Production Act (Title III)

to construct a heavy rare-earth separation facility in Texas (Lynas Rare Earths 2023; US Department of Defense 2023). The plant processes Australian-sourced concentrate, creating a cross-border supply chain that links upstream extraction in Australia with emerging midstream processing capacity in the United States. Notably, this is one of the few clearly defined processing investments associated with the Framework and is in the United States rather than Australia.

Despite these advances, no binding offtake agreements have been publicly disclosed under the 2025 Framework, a key limitation for Australian producers that rely on predictable revenue streams to secure commercial financing.

There is also no clear pathway for downstream expansion in Australia, with current initiatives remaining focused on upstream extraction and early-stage processing, with limited visibility on domestic midstream and manufacturing expansion. As a result, value-added processing and associated strategic leverage remain concentrated offshore.

3. Policy tensions and protectionist risk

Although the 2025 Framework promotes partnership and shared supply-chain objectives, its implementation is shaped by structural features of US industrial policy.

These dynamics create asymmetric outcomes in which allied partners, including Australia, face uncertainty regarding market access, subsidy eligibility, and exposure to discretionary trade measures.

As a result, alignment between the Framework and broader US policy remains partial: cooperation is encouraged, but industrial incentives continue to favour domestic production and reshoring.

3.1 IRA localisation incentives

In 2022, the United States launched a large-scale industrial strategy aimed at strengthening domestic capabilities in clean energy and strategic technologies. The Inflation Reduction Act (IRA) is central to this approach, and embeds localisation incentives tied to domestic processing and manufacturing. These include production tax credits under Section 45X for materials processed or refined in the United

States (US Internal Revenue Service 2023a), as well as incentives supporting domestic battery (US Internal Revenue Service 2023b) and critical minerals supply chains (US Department of Energy 2021). While some elements of the IRA have been subject to political debate since Donald Trump assumed the Presidency for the second time, its core focus on supply-chain security and domestic industrial capacity remains intact.

In practice, these policy settings direct capital and technology toward US-based facilities unless allies obtain specific regulatory recognition. Australia therefore retains a strong position as an upstream supplier but faces limited opportunities to capture





higher-value processing and manufacturing activities. Absent targeted exemptions or deeper policy alignment, US industrial policy risks reinforcing existing structural dependencies rather than enabling diversification across the value chain.

3.2 National-security-based trade tools

The United States also retains broad national-security trade authorities that can override allied economic arrangements. Section 232 of the Trade Expansion Act of 1962 permits the imposition of tariffs or quotas on imports deemed to threaten national security (US Bureau of Industry and Security 2018). The scope of these determinations is wide, encompassing not only defence needs but also economic resilience and the viability of domestic industries. Investigations proceed without formal requirements for allied consultation, and measures can remain in place indefinitely.

Recent experience illustrates the practical implications of this authority. In 2018, the United States

imposed tariffs of 25% on steel and 10% on aluminium imports from a range of allies, including Canada, Mexico, Japan, South Korea, and the European Union (US Federal Register 2018). These measures proceeded despite internal assessments (Congressional Research Service 2018) indicating limited implications for military readiness, and triggered retaliation, World Trade Organization disputes, and temporary disruptions in economic cooperation.

More recent tariff measures and proposals in 2025, including the expansion of import restrictions across a range of strategic sectors, reinforce the persistence of these dynamics (UNCTAD 2025). This suggests that the use of discretionary trade tools remains a structural feature of US policy rather than a one-off episode. In this context, the 2025 Framework operates alongside, rather than in place of, these authorities. While it promotes cooperation, it does not constrain the application of national-security-based trade measures, leaving allied partners exposed to policy uncertainty.

3.3 Implications for Australia's critical minerals sector

For Australia, these dynamics carry material strategic and commercial implications. Should US domestic supply pressures increase or policy priorities shift toward greater protectionism, Australia may face reduced access to US subsidies and procurement, exposure to discretionary tariffs, and increased uncertainty around long-term offtake arrangements required to support large-scale processing investments. At the same time, limited downstream development pathways domestically may further increase supply-chain fragility.

While the Framework represents progress toward bilateral coordination, it remains exposed to shifts in US policy priorities. In the absence of binding commitments, joint downstream development, or assured market access, Australia's ability to convert its critical-minerals endowment into durable industrial advantage remains constrained.

4. Australia's supply chain bottlenecks

Australia possesses world-class critical mineral resources, yet structural bottlenecks in permitting, cost competitiveness, and downstream capability constrain its ability to participate fully in diversified and resilient supply chains. These constraints reduce Australia's relative attractiveness and limit its leverage within strategic partnerships, including the 2025 US–Australia Critical Minerals Framework.

4.1 Permitting delays

Australia's regulatory pathway for major mining and critical-minerals projects is widely regarded as complex and time-consuming, reflecting the interaction of federal and state environmental, heritage, native title, and land access processes. Industry stakeholders consistently describe approvals as lengthy and unpredictable, with delays constraining project development amid rising global demand (ABC News 2024). These concerns are reinforced by governance reviews, which highlight a lack of standardisation across jurisdictions and significant administrative burden (Transparency International Australia 2024).

Unlike many comparator economies, Australia does not publish a consolidated national dataset on approval durations for major mining projects, limiting transparency and benchmarking. Approval timelines vary by state, project complexity, environmental sensitivity, and heritage requirements. However, the need to navigate multiple sequential assessments, often involving iterative

redesign and consultation, creates a structural disadvantage relative to more centralised systems.

Several peer jurisdictions have adopted more streamlined approaches. Canada administers major project assessments through a unified federal process led by the Impact Assessment Agency, structured around defined phases with statutory timelines (Government of Canada 2024). Chile operates a centralised environmental assessment system that consolidates permitting under a single authority (SEIA 2024). More broadly, OECD reviews highlight a shift toward coordinated or 'single-window' approval models to improve efficiency and predictability (OECD 2025).

The United States provides the most transparent benchmark. Under the National Environmental Policy Act, environmental impact statements for mining projects typically require four to seven years, with total permitting timelines often extending to seven to ten years (US Government Accountability Office 2020). This illustrates that even centralised systems can experience lengthy approvals where procedural depth and consultation requirements are extensive.

The United States has implemented coordination mechanisms such as FAST-41³, which streamlines federal permitting through interagency coordination, defined timelines, and public tracking of project approvals, improving predictability relative to more fragmented systems (Federal Permitting Improvement Steering Council 2024).

Australia's challenge is not longer timelines per se, but fragmented regulatory responsibilities. Multiple approval pathways with differing requirements and uncertain sequencing reduce project bankability and weaken competitiveness relative to jurisdictions offering clearer and more predictable processes. The absence of transparent national data, combined with regulatory fragmentation, underscores the need for greater coordination and standardisation if Australia is to scale critical-minerals development in line with global demand.

4.2 Rising project costs

Capital and operating costs for Australian critical-mineral projects have risen in recent years, driven by inflationary pressures across the resources sector. Australian Bureau of Statistics (ABS) data indicates that new capital expenditure in mining increased through 2022–23, with several quarters showing 5–11% year-on-year growth, primarily due to construction inflation, supply-chain constraints, and labour shortages in remote regions (ABS 2023). While capital cost growth moderated in 2024, industry reports confirm that equipment costs, contractor rates, and energy prices remain elevated compared to pre-pandemic levels (ABS 2024).

This trend has been further exacerbated by ongoing geopolitical tensions in the Middle East, where disruptions to energy exports, particularly through the Strait of Hormuz, have contributed to

³ FAST-41 refers to Title 41 of the Fixing America's Surface Transportation (FAST) Act, which establishes the Federal Permitting Improvement Steering Council and a coordinated process for large infrastructure and resource projects.

elevated global oil and gas prices and increased uncertainty in supply chains, placing additional cost pressures on energy-intensive sectors (IEA 2026).

Australia's mineral resources are often located in remote or difficult-to-access regions, requiring significant investments in infrastructure. For example, Arafura Rare Earths reports substantial infrastructure costs exceeding A\$1.6 billion for the Nolans Project due to its remote location (Arafura Rare Earths 2023). Iluka's Eneabba rare earths refinery has seen its capital cost increase materially from initial estimates of approximately A\$1.0-1.2 billion at final investment decision in 2022 to A\$1.7-1.8 billion in 2024, underscoring the significant cost pressures facing rare earths processing projects in Australia (Mining Weekly 2024).

4.3 Downstream costs and implications for IRA competitiveness

Under the US IRA, incentives reward jurisdictions capable of producing low-cost, stable, and scalable critical minerals for downstream processing and manufacturing. Australia's higher processing and capital costs limit its competitiveness relative to global peers, including emerging US midstream facilities, which benefit from substantial federal subsidies.

Australia has introduced support mechanisms to address these challenges, including the Future Made in Australia (FMA) initiative, concessional finance through Northern Australia Infrastructure Facility (NAIF), and funding under the Critical Minerals Facility (CMF). The FMA plan commits the federal government to approximately A\$22.7 billion over the next decade to support advanced manufacturing and critical minerals processing. This includes a 10% refundable production tax incentive for critical minerals processing, approximately

A\$1.2 billion in direct grants via the FMA Innovation Fund, and access to A\$5 billion in concessional finance under the Critical Minerals Facility for qualifying projects (Australian Government, Office of Impact Analysis 2025).

However, the upfront capital costs for a single integrated rare-earth processing facility can exceed A\$1 billion, meaning that public financing mechanisms, while important, remain catalytic rather than transformative unless paired with private capital and binding offtake agreements. While these instruments partially offset structural cost disadvantages, their scale and uptake to date remain limited relative to the capital expenditure requirements of downstream processing projects.

Without mechanisms to offset these cost disadvantages, such as concessional finance, long-term offtake agreements, or targeted industrial policy, Australia risks remaining locked into low-value upstream extraction. This would limit its ability to participate in higher-value magnet, alloy, and battery-material supply chains recognised under IRA eligibility frameworks. Australia's high operating costs therefore represent not only a commercial challenge but a strategic constraint, potentially affecting its capacity to integrate into allied supply chains on competitive terms. This is particularly relevant in magnet and battery-materials supply chains, where eligibility under US industrial policy frameworks depends on processing location and supply-chain qualification criteria.

4.4 Downstream infrastructure gaps

Australia's downstream capacity remains minimal relative to global competitors and US policy expectations. As of late 2025, Australia hosts only two commercial-scale rare earth separation assets:

- **Iluka's Eneabba rare earths refinery (WA)**—the first integrated refinery for separated rare earth oxides. The refinery is scheduled for commissioning in 2027 and is supported by an Australian Government loan.
- **Arafura Rare Earths' Nolans Project (NT)**—incorporating mine-to-oxide processing upon completion. The project has secured government support and infrastructure financing but had not reached production or final investment decision as at mid-2025 (Industry Capability Network 2025).

Beyond these, Australia lacks domestic capability in the following areas:

- rare earth magnet manufacturing
- metal and alloy production
- battery precursor or anode/cathode manufacturing
- midstream processing hubs comparable to US, EU, or East Asian facilities.

These gaps limit Australia's ability to benefit from US IRA incentives, which prioritise value-added stages such as separation and magnet manufacturing. Without downstream facilities, Australian producers remain dependent on foreign refineries, predominantly in China, reducing supply-chain diversification and weakening Australia's bargaining power. The absence of integrated midstream capacity also exacerbates supply-chain fragility: any disruption in offshore processing can stall Australian exports, leaving projects vulnerable to geopolitical or commercial shocks.

⁴ US support for domestic critical minerals and battery supply chains includes the Section 45X Advanced Manufacturing Production Credit and federal grant funding, notably around US\$3 billion committed under the Battery Materials Processing Grants Program, alongside additional funding rounds including up to US\$500 million announced in 2026 (US Department of Energy 2022; US Department of Energy 2026).

5. Recommendations

5.1 Establish binding offtake commitments

The 2025 Framework and the existing Critical Minerals Strategic Reserve (CMSR) strengthen supply security but do not address the core commercial constraint facing Australian producers: the absence of binding revenue commitments at guaranteed prices sufficient to secure project financing.

Left to market forces, buyers will gravitate toward the lowest-cost available supply. Where dominant producers benefit from substantial state support and limited price transparency, Australian supply is unlikely to be cost-competitive on purely commercial terms. Concessional finance on the supply side is therefore insufficient on its own and must be complemented by demand-side measures that reorient buyer incentives. The US Department of Defense has demonstrated one approach, guaranteeing both volume and price through direct procurement commitments to facilities such as the Lynas Texas plant. The CMSR incorporates offtake mechanisms, with the government committing to acquire minerals from producers or hold purchase options, supported by enabling legislation passed in March 2026 (Department of Industry, Science and Resources 2026).

However, while the reserve provides volume support in principle, it does not yet ensure price certainty. Reserve holdings are intended to be resold to allied buyers, meaning that the price received by producers remains linked to market conditions rather than a fixed floor. A price floor mechanism is under active consideration — industry has proposed linking pricing to established indices such as the Benchmark Mineral Intelligence neodymium–praseodymium index — but no specific design has been publicly confirmed as of May 2026

(S&P Global Commodity Insights 2025). To provide the revenue certainty required to secure project financing, the CMSR's offtake mechanism would need to incorporate guaranteed pricing, not merely an option to purchase at an unspecified price.

Industry participants often rely on non-binding instruments (e.g. MOUs, EXIM letters of interest) as signals of commercial progress; however, these do not provide the revenue certainty required for project finance. Producers should treat these instruments as transitional steps rather than substitutes for commercial agreements, and invest in dedicated offtake negotiation capability.

5.2 Accelerate permitting through structural reform

Australia's permitting challenge is driven less by overall approval timelines and more by fragmentation across federal and state jurisdictions, which creates uncertainty for investors and delays project progression. Comparable jurisdictions have introduced coordination mechanisms such as the United States' FAST-41 framework that streamline permitting through interagency coordination, defined timelines, and public tracking of approvals.

The Commonwealth Government should introduce statutory timeframes for environmental approvals of nationally significant critical minerals projects. This would reduce uncertainty for investors while maintaining existing environmental standards.

The Commonwealth Government should also publish consolidated and disaggregated data on approval durations by jurisdiction and project type. Greater transparency would improve benchmarking, strengthen investor confidence, and provide

an evidence base for ongoing regulatory reform.

Industry participants should adopt early and structured engagement with regulators, communities, and Traditional Owners as standard project development practice. Evidence from comparable jurisdictions indicates that early engagement reduces approval delays, limits the need for project redesign, and improves overall approval outcomes.

5.3 Build downstream industrial capability

The primary constraint to downstream development is not the absence of policy support, but limited uptake of existing mechanisms and high per-project infrastructure costs.

The government should prioritise co-investment through existing funding mechanisms for projects that have already secured bilateral financing interest (e.g. export credit agencies or strategic partners), formalising this as an explicit funding criterion. These projects represent the most commercially viable pathway to deployment and maximise the impact of existing policy tools.

The government should formalise and scale a precinct-based approach to critical minerals processing, building on existing developments in Australia, such as the Kwinana Industrial Area and the Darwin Middle Arm Sustainable Development Precinct (Northern Territory Government) 2025. This would involve designating a limited number of locations with pre-approved infrastructure, energy access, and shared facilities. Concentrating investment in selected precincts would reduce capital costs, improve economies of scale, and strengthen investment attractiveness, but necessarily involves trade-offs with geographic distribution of projects.



Industry participants often pursue fully integrated standalone processing models; however, given capital intensity and market uncertainty, joint venture structures should be prioritised. Cross-border partnerships, where Australian producers partner with international investors, processors, or end-users, can reduce individual project risk, improve access to capital, and strengthen commercial viability, particularly in capital-intensive processing segments.

5.4 Clarify IRA eligibility for Australian exports

While Australia and the United States have established a bilateral framework to strengthen critical minerals supply chains, uncertainty remains regarding the eligibility of Australian-origin materials under specific IRA provisions. This creates material investment risk for downstream processing projects by limiting the ability of investors and lenders to assess project returns and financing conditions.

The Australian Government should continue to seek formal clarification from the US Treasury and prioritise this issue within ongoing bilateral implementation processes. Clarification should be provided through formal US Treasury guidance or interpretive rules that clearly specify eligibility criteria for

Australian-origin materials, including the treatment of processing activities, ownership structures, and supply chain traceability requirements.

The government should also assess potential legal pathways under the Australia–US Free Trade Agreement to support non-discriminatory treatment.

Industry participants should not delay action while awaiting regulatory clarity. Instead, producers should begin aligning their supply chains with likely IRA requirements, particularly in relation to traceability and documentation, to ensure readiness once eligibility rules are finalised.

5.5 Position Australia as a low-carbon critical minerals hub

Australia has a credible comparative advantage in low-emissions processing due to its renewable energy resources and existing critical minerals base.

The government should develop a national certification framework for low-carbon critical minerals processing aligned with major export market requirements, including the Carbon Border Adjustment Mechanism and Critical Raw Materials Act. A single certification framework that is recognised across key jurisdictions would maximise commercial value and minimise compliance duplication for exporters.

While Australia already has mandatory emissions reporting under the National Greenhouse and Energy Reporting Scheme, this operates at the facility level and is not designed for product-level certification or direct use in international procurement frameworks. The proposed framework would build on existing reporting by introducing standardised, product-level measurement, independent verification, and export-recognised certification.

The framework should be co-designed with industry, administered through an independent body, and supported by clear measurement, reporting, and verification standards.

Industry participants should treat emissions measurement and reporting as an immediate commercial priority. Buyers in key markets increasingly require transparent and verifiable emissions data, and producers that can provide credible Scope 1–2 emissions information are better positioned to secure contracts and strengthen commercial positioning. In practice, this shifts emissions data from a compliance exercise to a market access requirement, particularly in jurisdictions where carbon intensity is becoming embedded in trade and procurement decisions.



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