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The Minerals Security Finance Network (MSFN) is a new initiative that stems from the Minerals Security Partnership (MSP), a framework established by the US in 2022. India was inducted to the MSP in June 2023.

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The MSP grouping, industry insiders said, is focused on the supply chains of minerals such as cobalt, nickel, lithium and also the 17 “rare earth” minerals. (Representational image/File)

India is now formally a part of the Minerals Security Finance Network, a US-led initiative aiming to strengthen cooperation among members to secure supply chains for critical minerals. The announcement, made by the US State Department on the margins of the United Nations General Assembly on September 23, involved a pact entered by 14 countries and the European Union. The Minerals Security Finance Network (MSFN) is a new initiative that stems from the Minerals Security Partnership (MSP), a framework established by the US in 2022. India was inducted to the MSP in June 2023.

Creating synergies by bringing together DFIs and ECAs

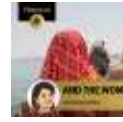
The strengthening of the [MSP](#) with an additional offshoot in the MSFN comes at a time when there is an overwhelming dependence on countries such as China for critical resources, especially with respect to rare earth minerals. Under this new partnership, signatory nations acknowledged that the scope and scale of meeting the rapidly increasing global demand for critical minerals to achieve the proposed clean energy transition was “beyond the purview of any single institution” and that

the public sector and private sector in member countries “would need to work together to deploy capital into new and existing markets in this sector”. This partnership brings together DFIs (development finance institutions) and ECAs (export credit agencies) from the participating nations to “create synergies, increase impact”. “The participating DFIs and ECAs discussed, including with representatives from the private sector, how they can work together to meet this challenge,” the Joint Statement on Establishment of the Minerals Security Partnership Finance Network said. “The energy transition is at risk. We need more production capacity for critical minerals that need to come online – many of these supply chains are concentrated in one or two countries and lack resilience,” US Undersecretary of State Jose W Fernandez said during the United Nations General Assembly in New York.

Earlier, in June 2023, India had been inducted into the MSP, a US-led collaboration of these 14 countries that aimed to catalyse public and private investment in critical mineral supply chains globally. A joint India-US statement issued on June 23, 2023, had then reiterated the intention of the two governments “to work together to ensure that our respective markets are well-supplied with the essential critical minerals” and reaffirming a pledge by the two sides “to hasten bilateral collaboration to secure resilient critical minerals supply chains”, welcomed India into the grouping. India’s inclusion had particular significance given that one of the key elements of New Delhi’s growth strategy is powered by an ambitious shift in the mobility space through the conversion of a large part of public and private transport to electric vehicles. This, alongside a concerted electronics manufacturing and semiconductor push, underlines the need to secure the supply of critical minerals.

The proposal to onboard India in the MSP initiative last year came after a strong diplomatic push mounted by New Delhi, given that there was considerable disquiet within sections of the Union government over the country not finding a place in the strategic partnership that was aimed at reducing dependency on China for securing critical minerals. The concerns grew after the partnership, originally floated mid 2022, was expanded in early 2023 to include a new member, Italy.

EXPRESS OPINION



What 'Laapata' citation reveals

The MSP is learnt to have weighed the possibility of collaborative work on some 150-odd projects and shortlisted a dozen projects where members are likely to commence work, including fostering a critical minerals and metals cooperation forum for sharing of expertise, developing battery materials and jointly developing a minerals processing facility in South America.

EXPRESS OPINION



What 'Laapata' citation reveals

Supply chains of lithium, cobalt, nickel and 17 rare earths

The MSP grouping, industry insiders said, is focused on the supply chains of minerals such as cobalt, nickel, lithium and also the 17 “rare earth” minerals. While cobalt, nickel and lithium are required for batteries used in electric vehicles, rare earth minerals are critical, in trace amounts, in the semiconductors and high-end electronics manufacturing. China is a strong player in this space and has created processing infrastructure in rare earth minerals and has acquired mines in Africa for sourcing elements such as cobalt.

Rare earth comprises 17 elements and are classified as light RE elements (LREE) and heavy RE elements (HREE). Some REs are available in India such as lanthanum, cerium, neodymium, praseodymium and samarium, while others such as dysprosium, terbium, europium that are classified as HREE are not available in Indian deposits in extractable quantities. Currently, there is an overwhelming dependence on countries such as China for HREE, which is one of the leading producers of RE with an estimated 70 per cent of the global production.

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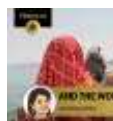


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India is seen as a late mover in attempts to enter the lithium value chain, coming at a time when EVs are predicted to be a sector ripe for disruption. The next couple of years could be an inflection point for battery technology – with several potential improvements to the Li-ion technology, and alternatives to this combination in various stages of commercialisation.

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Meta CEO Zuckerberg's shirt puts him in company of Roman emperors

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Mark Zuckerberg, CEO of Meta Platforms, unveiled their new augmented-reality glasses at the Connect event. His ambitious nature was reflected in the Latin phrase on his T-shirt, while his fascination with ancient Rome was evident through his honeymoon and...