

## Lithium-ion batteries argentina

Clean energy transition has emerged as a new frontier in the US-China strategic competition, broadening the scope of the ongoing "chip war" and casting global repercussions. Nations are vying for security over critical minerals essential to energy transition. A focus on stockpiling strategic mineral reserves, enhancing domestic production, and reshaping supply chains by partnering with aligned nations has seen a prioritising of strategic interests over economic efficiencies. These moves have significant geopolitical implications, shaping both global and bilateral partnerships.

Argentina, perhaps surprisingly, emerges as a pivotal player - and maybe a serious rival to Australia, too. Endowed with copious lithium reserves, Argentina faces a strategic conundrum, just as an almost maverick figure in newly-elected president Javier Milei takes the reins.

On the one hand lies the option to maintain its profitable alliance with China; on the other, the potential to align with a US-led supply chain in electric vehicles and lithium-ion battery production.

Milei, whose presidential campaign was punctuated by radical libertarian policies and a rhetoric reminiscent of Donald Trump, has unequivocally stated his intention to pivot Argentina's foreign policy towards the United States, distancing the nation from China. Milei's resolve extends to Argentina's decision not to join the BRICS bloc. Beijing's reaction to these developments has been one of ambiguity, signalling a pragmatic stance in preserving its ties with Argentina, both as a resource-rich partner and a geopolitical ally in the Global South.

First, Chinese enterprises have been instrumental in Argentina's lithium sector. Their multi-billion-dollar investments have been a boon to the country, spurring job creation and boosting export revenues. Crucially, about one third of Argentina's export value comes from its lithium sales to China. A pivot away from China could have immediate economic impacts.

Third, Argentina's internal political and institutional landscape is a crucial determinant in any decision to shift its lithium alliances from China. While Milei may propose certain national strategies, his actual influence within the federal government may be limited. Notably, the governors of provinces hosting lithium mines with Chinese investments might have interests and priorities that diverge from those of the national government.

Last, Argentina's choice could have implications for other lithium-rich nations like Australia. Australia, a major partner in the US-led Minerals Security Partnership, plays a pivotal role in global lithium geopolitics. For example, to overcome US opposition to importing nickel products under the IRA, Indonesia is seeking to strengthen partnerships with Australia, which can be seen as a strategic move towards integrating into a US-led supply chain.

As the world shifts from fossil fuels to renewable energy, the competition over the critical minerals supply chain has been central in geopolitics. Energy crises exacerbated by Russia's invasion of Ukraine has only intensified such concerns. This perspective has contributed to the rise of resource nationalism, characterised by competitive industrial policies and subsidies, as well as partnerships based on political values. This trend marks a significant shift from the West's traditional commitment to liberal economic values and free trade.

Energy transitions have historically redrawn the geopolitical map, forging new resource interdependencies. In the race against climate change, China's ascendancy in clean energy transition could be globally beneficial, potentially driving down costs. Argentina's divergence from Beijing could lead to immediate economic challenges and strain its bilateral ties, as well as broader relationships within the Global South. Additionally, aligning with the United States offers no guaranteed geopolitical benefits for Argentina and may impede the global decarbonisation agenda.

Argentina, the fastest-growing lithium producing nation, is on track to become the world's third largest player by 2027 thanks to its three active mines and 38 projects under development, analysts say.

To lure more players into the sector, however, conditions for foreign investment must improve, Bolton said. He noted that a good starting point would be the "normalization" of exchange rates to avoid issues with imports/exports of goods and services traded in US dollars.

Based on CRU estimates, there are 18 lithium projects in Argentina that should begin production in the next four years. The most advanced ones and that have the greatest likelihood of starting operations on schedule, according to the consultancy, are Zijin Mining's Tres Quebradas, Eramet-Tsingshan's Centenario-Ratones, Ganfeng-Lithium Americas' Cauchar?-Olaroz and Posco's Sal de Oro.

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