Nationalize like Canadians.

written by Peter Clausi | May 20, 2025

> *"Canada must assert control over its strategic resources without abandoning its principles—it's time to redefine what it means to 'nationalize like Canadians.' Protecting our energy sovereignty doesn't require extreme measures seen abroad; it demands smart, assertive legislation that ensures Canadian assets primarily benefit Canadians, today and into the future."*

Note: this article is an edited version of a speech given by the author at the Critical Minerals Summit IV on May 14, 2025 in Toronto. The 2-day Summit was titled "The War for Critical Minerals and Capital Resources".

This **CMI Summit IV** showcased some of the best minds in the critical minerals industry, both technical and geopolitical, but for a Canadian the geopolitical part was equal parts fascinating and terrifying. I found myself getting agitated as I listened to experts discuss what other countries are doing to protect themselves and their critical mineral supply chains, and what the future could look like for Canada if it doesn't take more aggressive steps to protect its energy sovereignty.

Canada is one of the most reliable jurisdictions in the world with strict adherence to the rule of the law, with the world's largest mining finance community. But when it comes time to describe what's happening in Canada's critical minerals industry, the world 'hollowing' came to mind. Canada needs to be more assertive to protect its energy sovereignty and its tax base. And that means some form of nationalization.

My definition of nationalization is any step taken by a government affecting the quality of third party title to an

asset or the quality of revenue to be derived from such asset.

Two years ago I gave a speech that touched on losing Canada's mining assets to foreign actors. I loudly complained, again, about the Tanco Mine in southeast Manitoba being sold in 2017 to a Chinese shadow corp. It appears no one at the federal government level blinked an eye. (The Tanco is the world's richest lithium mine, also containing beryllium, tantalum, cesium and over 100 minerals.) I have been advocating for the federal government to take some kind of action to ensure the Tanco isn't simply bled out with those minerals going over the Big Red Wall, never to be seen again. After that speech I was approached by some members of the crowd who recoiled from any mention of nationalization and said the federal and provincial governments should let the free markets do what they do.

I disagree. It is not a government's job to let the free market do as it will. Adam Smith's invisible hand will always be there with unforeseen consequences, so it is incumbent upon governments to shape events as best they can into foreseeable consequences that are of benefit to that government's people. Protecting Canada's energy sovereignty is a foreseeable consequence of nationalization.

Nationalization can and has taken a variety of forms. In Canada the ones we're most familiar with are the push/pull of taxing statutes and the payment of royalties. The mining community is used to those. We also have the federal *Investment Canada Act* that regulates large foreign investments in Canada, which is another concept not new to Canadians.

Nationalization in Canada should not mean taking majority control over projects, as Chile did in 2023 when it indirectly took a 51% share of all lithium projects in its borders. It does not mean driving away over $130M of foreign investment, as with

what happened to Solaris Resources Inc. in Canada over the past 12 months, to protect assets that are not even in Canada. And it does not mean seizing roughly 3 tonnes of gold, as happened in Mali.

Mali also detained executives from Barrick Mining Corporation (NYSE: B | TSX: ABX) and Resolute Mining Limited (ASX: RSG | LSE: RSG), forced the renegotiation of contracts, seized corporate assets and browbeat Resolute into a 'settlement' payment of USD$160 million. Not a Canadian approach.

Burkina Faso's military government took ownership of gold mines and last month indicated there would be takeovers of other mines, to allow it to capture a greater share of revenue and protect its economic sovereignty. Good goals, bad execution. Not endorsed as Canada's path forward.

The new junta in Niger revoked uranium licences in June of 2024, causing the French owner Orono to lose control over the project. Niger is increasingly relying upon Russia and Iran for support, which could have significant international consequences since Niger's uranium reserves are the eighth largest in the world. A revocation of mining title is not a Canadian method.

Mexico nationalized its entire lithium industry in 2022. That scared off new investment and brought into question its rule of law. No stability, not Canadian.

Mozambique is battling another Islamic State in the resource rich province of Cabo Delgado. There has been interference with a LNG project, delaying the start of the project until at least 2029, and severe disruption to the country's ruby industry which provides over 80% of the world's supply. Canada wants to be partner in its own assets, not a disruptor, so this is not a recommended strategy.

In British Columbia, the BC Supreme Court, for reasons related to infringement of First Nation's constitutional rights, has ordered an overhaul of the province's *Mineral Tenure Act*, which will make staking and exploration much more complex. This is not a criticism of First Nations protecting their constitutional rights, in fact it's an acknowledgement of First Nations using the legal system to nationalize their rights to assets in BC. Canada can learn from First Nations.

The strongest jurisdiction in Canada solely from the viewpoint of nationalizing assets could be Ontario. There is draft legislation in Ontario related to the ownership and operation of Ontario mining assets, of all sizes, even the ones far to small for Investments Canada to review. That legislation has made it through a second reading, and since the party in power has a majority expect that legislation to pass.

The proposed Ontario legislation, Bill 5, would enable the Minister of Energy and Mines to suspend or remove a party from the *Mining Lands Administration System*, to prohibit someone from obtaining a prospector's licence, to terminate such a licence, or to outright revoke a mining claim. In other words, the Minister would be empowered to disenfranchise anyone from a mining project, whether greenfield or in production. It appears the trigger is the Minister determining such a step is necessary to protect Ontario's strategic mineral supply chain where there is an entity linked to 'hostile foreign regimes'. If the legislation is enacted as currently written, approval from the Lieutenant Governor would on occasion need to be obtained.

This process sounds much like the junta in Niger. One could expect litigation if any of these new powers are exercised, from but not limited to First Nations.

This brings us to what would be acceptable forms of

nationalization in Canada. First consider the news that Honda is delaying its $15 billion electric vehicle supply chain project in Alliston, Ontario. The federal and provincial governments together pledged $5 billion in support. What is missing in the support agreements is a requirement that minimum percentage of labour will be Canadian, or a requirement that a minimum percentage of critical mineral inputs will be Canadian sourced, or a requirement that a minimum percentage of the batteries produced will be sold to Canadian EV manufacturers. In other words, there is no effort to create a sustainable end-to-end supply chain for critical minerals in Canada.

The federal government has also pledged support for critical minerals through state-owned entities such as the Critical Minerals Infrastructure Fund and the Strategic Innovation Fund. In 2024 the federal budget allocated $3.8 billion to the Canadian Critical Minerals Strategy (introduced in December, 2022). These programs collectively should provide strong stimulation for the exploration and production of critical minerals in Canada. What's missing from these programs, though, is any mandate as to how the miner deals with its produced minerals. It would be simple to include a condition of receiving government assistance that a certain percentage of the materials mined be sold to Canadian buyers, creating another vital cog in the supply chain machine. That would be a simple minimally invasive condition that would have minimal implications.

It is important for these conditions to be enacted as soon as possible. Investors and owners of mining assets deserve to see the playing field with all of its parts. Then Canada can continue its global reputation as a safe mining jurisdiction with respect for the rule of law.

The government has the tools to build a Made-in-Canada sustainable supply chain, supportive of the mining industry and

communities. It’s time for Canada with its reliable rule of law to take constitutionally valid aggressive legislative steps to ensure Canadians benefit from Canadian assets, now and long-term. Canada can still be Mr. Nice Guy while protecting itself from foreign actors. **Nationalize like Canadians.**