

The British Step into the Critical Minerals Ring

written by Tracy Hughes | December 11, 2024

In a pivotal move to bolster its industrial sectors, the UK government through UK Export Finance (UKEF) has extended its financial support to overseas projects that extract critical minerals essential for the nation's major industries. This initiative, announced by Chancellor Jonathan Reynolds on October 31, 2024, aims to secure a stable and long-term supply of minerals such as lithium, graphite, and cobalt, which are vital for technologies like electric vehicles, solar panels, and wind turbines.

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Critical minerals are increasingly becoming a linchpin for not only sustainable technologies but also for sectors such as automotive, defense, and aerospace, which are instrumental in the UK's economic growth and the transition to net zero emissions. The new UKEF mandate will facilitate credit guarantees to overseas companies, enabling them to obtain debt financing for projects that supply critical mineral products to UK exporters. This strategic move is expected to enhance the UK's economic resilience, reduce supply-chain vulnerabilities, and foster international partnerships, especially with countries possessing rich mineral deposits like Australia.

The initiative is a part of a broader effort by the UK government to adapt to the intensifying global demand for

critical minerals, spurred by the worldwide energy transition and the need for long-term industrial growth. By securing diverse supply routes and increasing access to essential raw and processed materials, the UK is positioning itself to meet future demands effectively.

This development follows the recent establishment of the Minerals Security Partnership (MSP) finance network, in which UKEF collaborates with other export credit agencies and financial institutions to de-risk and amplify financing for critical minerals projects. Such collaborative efforts are crucial as they enhance the capability of the UK and its partners to develop secure, resilient, and responsible supply chains for these strategic materials.

Looking forward, the UK government is also preparing to unveil a new critical minerals strategy in the spring of 2025, as announced by Industry Minister Sarah Jones. This strategy aims to focus on building resilient supply chains and fostering global collaborations to support the industries of the future. It signifies a shift towards a more targeted and long-term approach to securing critical mineral supplies, essential for the UK's economic and environmental goals.

Additionally, UKEF's ongoing support extends beyond new initiatives. It includes existing projects like the guarantee for machinery exports to one of Central Asia's largest copper production facilities, demonstrating the UK's commitment to strengthening its production capabilities and international trade relationships.

This comprehensive approach not only underscores the critical role of minerals in the UK's industrial strategy but also highlights the government's commitment to ensuring that the nation remains at the forefront of the global transition towards

a sustainable and technologically advanced future. The move by UKEF to support overseas critical mineral projects without requiring UK export content, but rather focusing on UK offtake agreements, marks a significant policy evolution, one that will likely influence the landscape of international trade and economic diplomacy.