Mining & Minerals, and Industrials, Manufacturing & Trade

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South Africa

- Critical minerals, critical choices: Navigating US tariffs, Chinese dominance and African sovereignty

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Critical minerals, critical choices: Navigating US tariffs, Chinese dominance and African sovereignty

The global landscape for critical minerals has undergone a fundamental transformation in 2025–2026, shifting from speculative interest to entrenched resource nationalism and intense geopolitical competition. Central to this shift is the Group of Twenty (G20) Critical Minerals Framework, adopted at the 2025 Johannesburg Summit, which seeks to reconcile the Global North's urgent demand for energy-transition minerals with the industrial ambitions and sovereignty of the Global South. For South Africa and Namibia, the framework represents a precursor to far-reaching legislative overhauls mandating local beneficiation and strengthening national development objectives.

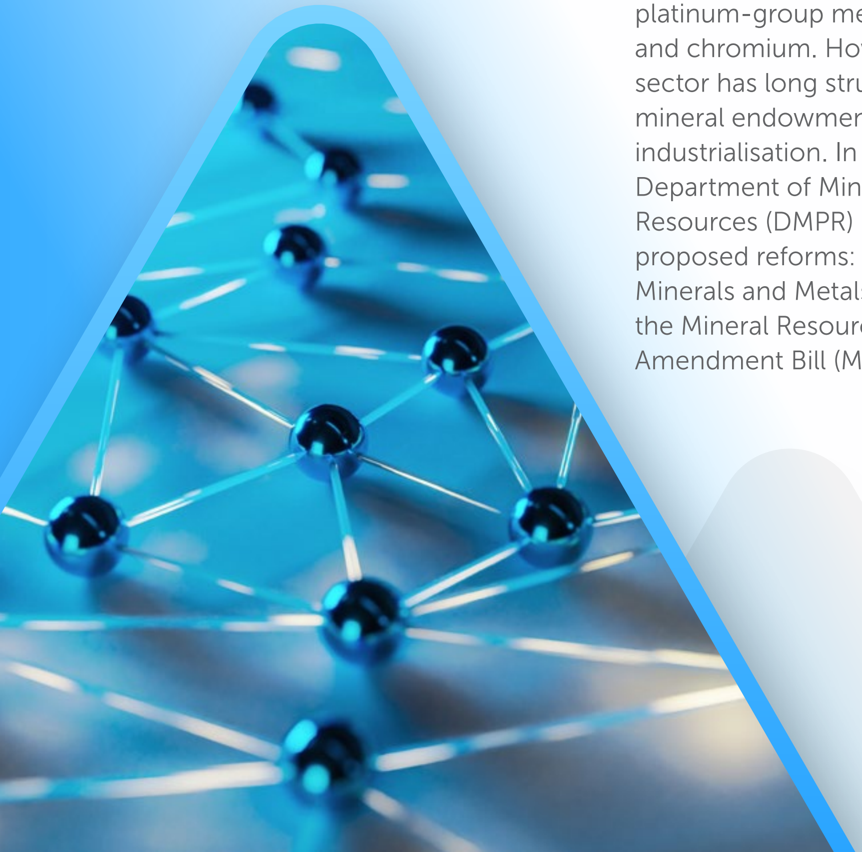
As the world navigates the second Trump administration's aggressive transactionalism and reciprocal tariffs, combined with China's entrenched dominance in midstream processing, South Africa and Namibia must guide their mining regimes through a precarious geopolitical environment. A key question for investors in 2026 arises: Do African nations retain meaningful space to beneficiate their own resources when major economies push for onshoring and domestic manufacturing? This article examines the structural evolution of these mining regimes, emerging legal risks and opportunities created by regional integration through the African Continental Free Trade Area (AfCFTA) and the expanding BRICS+ alliance.

The G20 Critical Minerals Framework

The 2025 G20 Johannesburg Summit marked a decisive shift in global mineral governance. Historically, critical minerals were framed primarily as security-of-supply concerns for consumer nations. The Johannesburg Declaration reframed them as drivers of inclusive growth and sustainable development.

Although voluntary and non-binding, the G20 Critical Minerals Framework serves as a blueprint for a fairer transition, emphasising that extraction must be paired with domestic value addition.

The framework's emphasis on fairness, transparency and shared benefit reflects global recognition that the energy transition cannot succeed without co-operation from mineral-rich nations of the Global South. For South Africa, the framework provided political cover to launch its Critical Minerals Strategy in 2025, prioritising a science-based approach to identifying minerals essential for national security and industrial transformation.



South Africa's mining regime: The 2025 legislative revolution

South Africa remains a global leader in critical minerals, including platinum-group metals, manganese and chromium. However, its mining sector has long struggled to convert mineral endowment into broad-based industrialisation. In 2025, the Department of Mineral and Petroleum Resources (DMPR) introduced two proposed reforms: the Critical Minerals and Metals Strategy and the Mineral Resources Development Amendment Bill (MRD Bill 2025).

The MRD Bill 2025 signals renewed state centralisation, reviving elements of 2012 state-led reforms previously abandoned due to constitutional challenges. The MRD Bill 2025 positions the state not only as regulator but as active organiser of the mineral value chain, empowered to dictate where and how minerals are processed before export.

A central feature is the introduction of "*designated minerals*" and broad ministerial authority to impose beneficiation-related conditions on mining rights holders. Mining companies may be required to supply a portion of production for local processing, with expanded ministerial authority over ownership transfers, including indirect offshore transactions. Undefined concepts such as "*baselines*", "*mineral products*", and "*pricing structure*" create uncertainty and potential for administrative overreach.

The Minerals Council South Africa has engaged extensively with the DMPR to ensure the MRD Bill 2025 remains conducive to investment, warning that vague definitions could deter foreign direct investment.

A key industry priority in 2026 is the "*pragmatic transition*", scaling renewable energy while maintaining coal-based baseload to ensure energy-intensive smelting remains financially viable.

Namibia: Export bans and the pursuit of sovereign value

Namibia has taken an even more assertive approach. In June 2023, Cabinet approved a ban on exporting unprocessed critical minerals, including lithium, cobalt, manganese, graphite and rare earth elements. This ban, reinforced by a new Minerals Bill drafted in 2025, requires investors to establish primary processing facilities within Namibia.

The 2025–2026 policy landscape features increased local-content requirements. In August 2025, the Ministry of Mines and Energy proposed a policy requiring 51% Namibian ownership in all new mining ventures, sparking significant debate. The Chamber of Mines warned this could undermine Namibia's reputation for policy stability. The new Minerals Bill, intended to replace the Minerals Act, 1992 and formalise these requirements, was postponed in late 2025 and is expected in February 2026.

Namibia's strategic aim is to become a regional mineral-processing hub powered by its emerging green hydrogen sector. However, realisation depends on long-term energy and logistics investments; until then, export restrictions may temporarily reduce revenues and stall junior mining operations.

South Africa's energy bottleneck

A central barrier to beneficiation in South Africa is the structural energy crisis. The *"manganese paradox"* illustrates the disconnect between mineral wealth and industrial capacity: despite holding 37% of global manganese reserves, domestic smelting capacity has collapsed due to high electricity costs and logistical challenges. By late 2025, Transalloys, the last functioning manganese smelter, had entered survivalist maintenance mode, with ongoing discussions between the DMPR and the company regarding a specialised critical minerals subsidy to prevent total collapse of the local manganese smelting industry. Consequently, South Africa exports approximately 95% of its manganese ore to China for refining.

The Trump factor: Transactionalism and its Impact on Africa

US President Donald Trump's second term has introduced unprecedented unpredictability for African mining economies. The *"America First"* trade doctrine deploys tariffs as tools of economic leverage through section 232 and the International Emergency Economic Powers Act. The February 2026 Critical Minerals Ministerial, led by Secretary Marco Rubio and Vice President JD Vance, inaugurated FORGE (Forum on Resource Geostrategic Engagement) as the successor to the Minerals Security Partnership and proposed a *"preferential trade zone"* for critical minerals utilising enforceable price floors and adjustable tariffs to break China's refining dominance. The operationalisation of Project Vault, a USD 12 billion strategic stockpile designed as a *"civilian-industrial reserve"*, positions the US as a structurally present buyer capable of dictating market values through FORGE-labelled projects.

For South Africa and Namibia, this architecture introduces a high-stakes binary. While FORGE facilitated US-backed entry into the DRC Copperbelt via the Orion Consortium-Glencore MOU, South Africa faces a 30% reciprocal tariff and diminished relevance within the 2025 US National Security Strategy. On 3 February 2026, Trump signed a one-year AGOA extension, retroactive to September 2025 and running until December 2026, preventing additional Most Favoured Nation tariffs. However, the 30% *"Liberation Day"* tariffs remain, heavily diluting actual trade benefits. Days later, on 6 February 2026, Trade Minister Parks Tau signed the Framework Agreement on Economic Partnership for Shared Prosperity (CAEPA) in Beijing, targeting duty-free access for South African mining agriculture and green technology exports, with an *"Early Harvest Agreement"* expected by March 2026. This strategic pivot directly responds to US tariff pressure by offsetting losses through China, South Africa's largest trading partner.

The divergence is stark: while the G20 Framework emphasises "*beneficiation at source*", the US strategy prioritises security of supply to Western gigafactories over broad-based African industrialisation. Project Vault poses direct risks to Namibia's 51% local ownership proposal and South Africa's "*designated minerals*" legislation. Investors may face choices between adhering to African local-content mandates or meeting US "*pricing integrity*" and ESG compliance standards required for FORGE financing. Ultimately, space for African beneficiation may become contingent on joining a "*trusted*" trading bloc requiring de-risking from Chinese midstream dominance.

A pivotal 2026 development is the emergence of a "*third pole*" in mineral diplomacy. High-level engagement at the Future Minerals Forum in Saudi Arabia demonstrates African leadership aligning with Middle Eastern capital to build regional capabilities outside the US-China binary. The 2025 AU-EU Luanda Summit saw the EU formally endorse African local refining and commit Global Gateway funds to beneficiation infrastructure, offering an alternative investment pathway.

China's strategy remains long-term and deeply integrated through the Belt and Road Initiative. China dominates global refining capacity across 19 of 20 critical minerals and remains the primary destination for African raw materials. Its structural advantages include lower financing costs, advanced processing infrastructure and willingness to operate in high-risk environments.

Following the 2025 summits, BRICS+ nations are exploring new investment platforms digital currency links to facilitate cross-border payments in local currencies, reducing vulnerability to US-led sanctions. However, BRICS+ remains a loose coalition with internal tensions. African nations are therefore pursuing multi-alignment strategies, engaging simultaneously with BRICS+, EU and bilateral partners, including concrete investments such as lithium processing facilities in Nigeria.

Regional integration with AfCFTA and the African Green Minerals Strategy

Strengthening intra-African co-operation remains the most sustainable path to beneficiation. The AfCFTA creates a unified market of 1,3 billion people, with projections indicating a 6% increase in intra-African mineral exports by 2035. Success depends critically on implementing AfCFTA Rules of Origin with "*cumulation*" clauses, allowing minerals from one African nation to be processed in another while qualifying for preferential intra-continental trade.

A leading example is the DRC-Zambia Battery and Electric Vehicle Initiative, developing a transboundary special economic zone for battery precursor manufacturing. By leveraging the mineral complementarity of the Copperbelt and Southern African Development Community (SADC) regions, the initiative aims to create thousands of high-skilled green jobs by 2030 and reduce exposure to volatile global commodity markets.

Opportunities and risks for investors

Emerging opportunities include early investment in midstream processing hubs, integrating renewable energy into mining operations, deploying digital traceability technologies and junior mining ventures targeting high-criticality minerals. Investors should consider structuring multi-country agreements under AfCFTA protocols to leverage regional cumulation benefits. Contract clauses addressing tariff changes and force majeure provisions linked to trade policy volatility are increasingly essential.

However, significant risks persist, including ministerial overreach in South Africa, legal uncertainty regarding ownership transfers, infrastructure failures and exposure to US-China trade tensions.

Conclusion

The G20 Critical Minerals Framework has formally endorsed the global shift from extraction to value addition. Yet for South Africa and Namibia, the path toward beneficiation remains challenged by structural energy constraints, legislative uncertainty, and geopolitical volatility. The US encourages raw-material supply while discouraging higher value-added exports; China offers stability but maintains a predominantly extractive orientation.

Africa's real opportunity lies in regional industrialisation driven by AfCFTA protocols and SADC-based mineral strategies. For investors, success in 2026 and beyond will depend on abandoning traditional extract-and-export models in favour of collaborative, processing-focused strategies aligned with regional development objectives.

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Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

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