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Commentary

The Resurging Tide of Resource Nationalism in the Global South

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Summary

Resource nationalism has intensified because of the staggering impact of energy insecurity and the growing demand for a transition to green energy.

Resource nationalism has resurged across the Global South in the 2020s—including in Latin American, Southeast Asian and African countries—more than half a century after its initial surge. Simply put, resource nationalism refers to the legislative and economic measures by nation-states to assert sovereign control over resources within their borders. These measures range from higher taxes and royalties and the nationalisation of foreign assets to restrictions on critical mineral exports, non-negotiable prerequisites for local empowerment (such as mandated quotas for domestic labour forces), and requirements that foreign companies invest in local processing facilities.

The debate over this trend has intensified because of the staggering impact of energy insecurity and the growing demand for a transition to green energy. For this transition, critical minerals such as nickel, lithium and cobalt are imperative in a world increasingly shaped by great power rivalry between the United States of America and the People's Republic of China. Much like oil, natural gas and petroleum, critical mineral supply chains can often be weaponised as pressure points or strategic leverage against vested stakeholders.

The resurgence of resource nationalism signals a break from the post-Cold War world order, marking a retreat from conceptualising critical resources as tradeable goods between state actors in a free-market economy, without structural or institutional impediments. Moreover, this trend has been accompanied by a growing recognition among resource-rich countries that, in pursuing national interests, they can no longer remain confined to being mere exporters. Rather, amid a world order in flux, they must leverage their resource and geopolitical potential to renegotiate the terms of trade and supply chains that previously dictated geopolitical undercurrents. In doing so, they seek to establish a new normal in which at least a portion of the final product's value is produced, processed, or created within their territorial borders, rather than remaining reliant on imported end-products.

However, resource nationalism extends far beyond the conventional understanding of the concept, which is often limited strictly to state expropriation or the nationalisation of resources. Instead, in the contemporary era, it has expanded to encompass states leveraging their indispensable role in the green energy transition and driving the vertical and localised integration of critical supply chains. Countries are utilising the critical minerals at their disposal to institutionalise new bargaining strategies with third parties through targeted policy frameworks.

By 2026, Indonesia has solidified its position as a global nickel hub, building on more than six years of industrialisation efforts following its January 2020 ban on

exporting raw nickel ore.[1] Accounting for approximately 60 per cent of globally mined nickel, the country implemented this policy as part of a broader re-orientation of its regulatory frameworks. Crucially, nickel is an integral component in manufacturing lithium-ion batteries for electric vehicles (EVs).

This decision aims to transform Indonesia from an exporter of raw nickel and an importer of finished goods from countries such as China and Japan into an integrated domestic industrial powerhouse. Under this mandate, automotive and battery manufacturers seeking access to Indonesia's critical minerals must invest in domestic industrial capital and establish onshore processing facilities. This requirement aims to bolster local industrial capacity and advance the domestic production of refined ferronickel and battery-grade chemicals, rather than relegating the country to an importer of value-added finished products.

This industrial pivot has brought two key benefits: a dramatic increase in export revenue—rising from roughly US$ 1 billion to over US$ 30 billion—and a surge in foreign direct investment (FDI) into resource-rich provinces such as Central Sulawesi and North Maluku. Regional investment shares rose from under 5 per cent in 2014 to over 15 and 10 per cent respectively by 2023, accompanied by an overall 47 per cent increase in nationwide FDI inflows by 2022.[2] This, in turn, arguably contributed to declining local unemployment rates. By May 2026, the unemployment rate stood at 4.65 per cent.[3]

In Latin America, meanwhile, countries such as Chile are doubling down on leveraging their resource-driven economies to advance national interests while collaborating with global mining contractors. Under the National Lithium Strategy rolled out between 2023 and 2025, Chile has secured a majority share in the Nova Andino Litio joint venture with SQM (a private-sector entity and one of the world's largest lithium miners) through state-owned Codelco, to mine and process lithium locally up to 2060. Chile holds at least 44 per cent of global lithium reserves. Furthermore, this strategy means companies in the battery and automotive production sectors can secure an unimpeded supply of lithium carbonate at preferential rates—an essential component for manufacturing the rechargeable power storage required for EVs.

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[1] **"Prohibition of the Export of Nickel Ore"**, *International Energy Agency*, 19 March 2024.

[2] Herlina Utamawati and Alia Yusuf, **"How Indonesia's Ban on Raw Nickel Exports Provides Lessons for Fiscal and Economic Policy in the Low-carbon Transition"**, Centre for Economic Transition Expertise, London School of Economics and Political Science, March 2026.

[3] Ria Fortuna Wijaya, **"Indonesia's Falling Unemployment Masks Deeper Labour Market Challenges"**, *Jakarta Globe*, 7 August 2026.

As 'specialised producers', these companies are responsible for producing 'value-added lithium products' and must 'propose and implement an investment project, selected by Corfo'.[4] Corfo is the Chilean Economic Development Agency, under the authority of the Chilean Ministry of Economy, Development, and Tourism. Lithium was expected to yield billions of dollars in state revenue, boosting the country's overall growth, with fiscal revenues already reaching US$ 2.7 billion by 2024. They are expected to increase to around US$ 9 billion by 2035.[5]

Some countries, such as Mexico, have adopted more extreme measures. By 2022, Mexico declared lithium a 'patrimony of the nation'. It withdrew all concessions for exploiting reserves otherwise granted to private enterprises, including Chinese companies like Ganfeng Lithium, paving the way for state-owned LitioMx to assume absolute ownership.[6] Positioned to become an important international supplier of lithium, the country views this strategic resource as key to its green energy transition, national resource sovereignty, and North American automotive integration, despite current infrastructural limitations to further commercial mining and processing.

In Africa, countries such as the Democratic Republic of the Congo (DRC) have reconceptualised resource nationalism. They have done so by enforcing measures that go beyond nationalising resources, expropriating foreign industrial ventures, and issuing directives requiring multinational companies to develop domestic industrial capacity. A government-led citizen empowerment drive appears to be underway in Africa's resource-rich DRC, perhaps to temper simmering tensions amid ongoing internal strife and health outbreaks caused by diseases such as Ebola.

Notably, the DRC is one of the leading cobalt producers and the second-largest copper supplier globally. Copper's importance, in particular, lies heavily in the production of electrical wiring relied upon by artificial intelligence (AI) data centres. The 2018 Local Ownership Law, expected to be implemented soon, requires all foreign mining companies to transfer 5 per cent equity to their employees and 10 per cent equity to Congolese citizens. At the same time, the Congolese government is expected to maintain approximately a 10 per cent non-dilutable stake in such

[4] José Miguel Benavente, **"International Call for Specialised Producers of Lithium Products with Added Value"**, Chilean Economic Development Agency (CORFO), May 2025.

[5] Florencia Belén Ruiz, **"Chile Economy 2026 – Copper, Lithium, and the Kast Bet"**, *The Rio Times*, 15 April 2026.

[6] Bob Savic, **"The New Mercantilism of Resource Nationalism"**, Global Intelligence Services, 13 August 2026.

enterprises, which would gradually increase with subsequent licence renewals.[7] Failure to adhere to these requirements is expected to result in regulatory sanctions for operating companies.

In the broader context of resource nationalism and its resurgence in certain corners of the Global South, it is important to anchor this discourse in the great-power rivalry underway between the United States and China. Both the West and China are seeking to secure steady, unimpeded critical mineral supply chains from these regions to support the logistical, structural and operational needs of their EV, AI and green energy sectors. One can argue that this has created sufficient geopolitical space for states across Latin America, Africa and Southeast Asia to leverage the deepening rivalry against their domestic strategic mineral reserves.

To that effect, resource-rich nations can leverage their role as lynchpins in the global critical minerals supply chain architecture to secure the most profitable and accommodative economic and industrial arrangements with major powers. They can do so in a way that does not undermine their sovereignty, rejects unilateral extraction and appropriation of critical minerals, and avoids complete dependency on either competing power. Ultimately, by capitalising on their sovereign resources and pitting the two powers against each other, resource-rich nations are adequately positioned to extract upgraded infrastructure, capacity-building investments, and economic advantages from both Washington and Beijing.

With appropriate infrastructural and regulatory frameworks in place to support the execution of resource nationalism-driven policies, their success rate theoretically trends upward. However, an inherent risk of economic stagnation and compounding damage to domestic industries remains. This risk is especially acute in the absence of technical know-how to operate niche industrial technologies, or amidst capital flight triggered by the threat of expropriation, asset nationalisation, and indefinite fiscal tightening via increased taxes and royalties.

Ultimately, however, sovereign control over resources falls short of delivering transformative benefits to a resource-rich country unless it is accompanied by robust environmental safeguards, prioritising equity and indigenous rights, and ensuring that resource wealth supports broader economic transformation.[8]

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[7] Awogbemila Temitope, **"DR Congo Orders Western and Asian Mining Titans to Surrender Local Equity or Face Sanctions"**, *Business Insider Africa*, 23 July 2026.

[8] Amir Lebdioui and Thea Riofrancos, **"Critical Minerals & Resource Nationalism 2.0: Why the Policy is More Critical Than the Mineral"**, Working Paper 92, Oxford University, August 2025.

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