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BRIEFING

Critical minerals in Latin America:
A strategic outlook for investors

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Latin America presents a strong opportunity for investors in critical minerals. It combines mature mining jurisdictions with opportunities in frontier markets, mineral-rich geologies and investment liberalisation. However, resource nationalism is rising and environmental, social and political risks remain. A successful investment strategy requires detailed local knowledge and a project-specific assessment. In this briefing we outline the key opportunities, risks and mitigation strategies for investors.

Global demand for critical minerals is rising, driven by electrification, renewable energy, advanced technologies and defence, Latin America is a focal point in securing supply. The region hosts significant lithium and copper reserves, with Chile, Peru and Argentina as leading producers and Brazil emerging as a significant source of rare earth elements.

A key external driver is the effort by the United States and its partners to diversify supply chains. Institutions such as the Export-Import Bank of the United States and the US International Development Finance Corporation play an active role in driving investment across the region's critical minerals sector. At the same time, China's updated Mineral Resources Law signals a shift towards greater State control over China's own critical minerals supply chain.

Key Investment Opportunities

The copper corridor

Copper is Latin America’s most mature critical minerals segment. Chile, Peru and Argentina hold vast copper reserves in an area of the Andes known as the "copper corridor".

Chile and Peru anchor global supply, supported by established mining frameworks, large-scale production and export infrastructure. Argentina complements this with a sizeable, albeit earlier-stage, pipeline that is attracting increasing investor attention as projects advance.

Chile stands out, combining scale with a clear policy shift towards facilitating investment. Its January 2026 National Critical Minerals Strategy is intended to enable public-private participation, while supporting downstream value addition and reinforcing responsible mining standards.

This is complemented by permitting reforms aimed at reducing approval timelines by 30–70%. If delivered, these measures are likely to accelerate project development and unlock delayed investment.

Increased cooperation between Chile and Argentina across the Andean mineral belt suggests a more co-ordinated approach to resource development, which is likely to strengthen the region's response to global demand for copper and other critical minerals.

Peru remains a key market, with strong production and a substantial pipeline. However, political volatility and community disruption continue to hinder project execution, particularly in the Andean highlands. The recent election (by a small margin) of president-elect Keiko Fujimori is expected to bring greater stability, both politically and economically, which may result in increased investor confidence and unlock delayed mining projects. Nevertheless, her reported alignment with the current U.S. administration warrants close attention, as it could influence the investment climate for investors from jurisdictions whose relations with the United States are strained.

Beyond the copper corridor, Ecuador is an emerging copper producer, with large-scale projects such as Solaris Resources Inc.'s Warintza Project – a Tier 1 porphyry copper deposit with over 1.3 billion tonnes of Mineral Reserves – illustrating strong potential. Ecuador is also planning a US$3 billion international tender for the Llurimagua copper-molybdenum project in 2026, following the exit of Codelco from the project.

The lithium triangle

Latin America sits at the centre of the global lithium market, accounting for around one-third of global production and more than half of known reserves. These are primarily concentrated in the "lithium triangle", which spans Argentina, Bolivia and Chile, giving the region strategic importance in battery supply chains and the broader energy transition.

Argentina is positioning itself as one of the region’s most investor-friendly jurisdictions. Its 2024 Large Investment Incentive Regime (*Régimen de Incentivo para Grandes Inversiones*, or "RIGI") offers up to 30 years of tax, customs and foreign-exchange stability for qualifying large-scale investments. The application period for RIGI has been extended until 8 July 2027. For capital-intensive mining and infrastructure projects, RIGI represents one of the clearest pro-investment signals in Latin America. Government statements indicate that, in March 2026, the total value of mining projects approved and submitted to RIGI was approximately US$47 billion.

Argentina’s project pipeline is attracting both strategic investors and international lenders, with development banks and international institutions playing an increasingly visible role. Notably, the Inter-American Development Bank has participated in a US$1.175 billion financing package for Rio Tinto’s Rincon lithium project, including a US$100 million direct loan, which is an important indicator of support for the country’s critical minerals sector. Similarly, Galan Lithium's RIGI-backed Hombre Muerto lithium project recently entered into production, with an expected US$420 million to be invested over the coming years.

By contrast, Bolivia's significant lithium resources remain underdeveloped. This reflects a long-standing policy of strong State control. However, there are signs that Bolivia may be seeking to broaden private sector participation and attract new investors. In early 2026, state-owned Yacimientos de Litio Bolivianos entered into a negotiation agreement with German-Australian EAU Lithium to assess the deployment of its extraction technology, potentially signalling a shift towards new foreign partnerships.

Brazil and Mexico also have lithium potential. Brazil's lithium sector is gaining momentum, supported by a comparatively favourable regulatory framework and increasing investor interest. Mexico, meanwhile, has embraced resource nationalism. Recent reforms have tightened State control over the mining sector, with lithium designated a mineral of public utility and its development centralised under the state-owned entity LitioMX, significantly constraining the space for private and foreign investment.

Paraguay is emerging as a new lithium jurisdiction, attracting early-stage exploration interest. Canadian junior Chaco Minerals is part of a consortium of five companies investigating an area of 2 million hectares in the Paraguayan Chaco. This illustrates the potential for new entrants beyond the region's established producers.

Rare earth elements and other critical minerals in Brazil

Brazil presents a compelling opportunity, combining exceptional geological features with a comparatively open and investor-friendly mining regime. It hosts the largest rare earth reserves outside China and is increasingly adopting critical minerals strategies aimed at supply chain diversification.

Recent transactions demonstrate a shift towards active investment. In February 2026, Brazil's Serra Verde Group secured approximately US$565 million in financing from the US International Development Finance Corporation to support the optimisation and expansion of the Pela Ema rare earths project. This was followed in April 2026 by an agreement for Nasdaq-listed USA Rare Earth to acquire Serra Verde in a transaction valuing the business at approximately US$2.8 billion. The DFC financing was supported by a long-term offtake arrangement and backed by a special purpose vehicle capitalised by US government-linked funding sources. Collectively, these developments signal the growing integration of Brazilian projects into global supply chains and a maturing investment landscape, as well as illustrating the efforts that the US Government is making in order to secure offtake.

Brazil also hosts significant reserves of other critical minerals, including niobium (where it is globally dominant), as well as nickel, cobalt, graphite, bauxite and manganese, further reinforcing its position as a strategic hub for diversified critical minerals investment. While the regulatory framework remains broadly supportive of foreign investment, the October 2026 general elections are likely to influence the pace and direction of future critical minerals development.

Venezuela: a new frontier market

Venezuela has emerged as an unexpected new entrant in the Latin American critical minerals landscape. On April 9, 2026, the Venezuelan Congress enacted the new Organic Mining Law (*Ley Orgánica de Minas*), published in the Gaceta Oficial Extraordinaria No. 7.020 on April 16, 2026 and now fully in force.[1] The law repeals the 1999 and 2015 mining statutes and marks a significant shift in Venezuela's approach to the mining sector, reopening the sector to private and foreign investment after a long period of near-exclusive State control.

Key features for investors include:

- Private participation structures: The law enables four structures for mining operators: (i) wholly state-owned companies; (ii) mixed companies in which the State holds more than 50%; (iii) companies with minority State participation, authorised by the State; and (iv) fully private companies authorised by the State.
- A flexible concession regime: The law distinguishes between large-scale mining concessions – granted for up to 30 years and extendable for two successive 10-year periods, for a potential total term of 50 years – and mining licences for small- and medium-scale operations. Notably, extensions benefit from a deemed-approval mechanism, whereby an application is automatically granted if the Ministry does not respond within six months of its submission.
- Access to international arbitration: Concession contracts may include international arbitration clauses, with the Ministry of Mines to issue guidelines on their structuring.
- A competitive fiscal package. Royalties are capped at 13% of gross production value, and the mining tax at 6% of gross monthly revenues. The law also provides broad tax exemptions, including from large assets tax, science and technology contributions, and state and municipal taxes. In addition, an economic equilibrium clause requires the State to restore agreed economic conditions if subsequent legislative or regulatory changes negatively affect the concession's economics.
- A special regime for critical minerals. Companies exploiting critical minerals and rare earths may benefit from a special tax regime by Executive decree, although exports of these minerals are subject to a separate export tax of up to 5% of gross export value.

Overall, the new law signals a genuine policy shift to attract investment and accelerate project development in a country with significant untapped mineral potential, including gold, coltan, diamonds and other critical minerals in Venezuela's portion of the Guayana Shield region.

[1] https://finanzasdigital.com/nueva-ley-de-minas-gaceta-oficial/

Key risks

Latin America presents a complex political risk profile, characterised by policy variability, execution challenges and heightened sensitivity to external geopolitical developments. Investors should assess the specific country, commodity, project stage, infrastructure needs, community context, ESG risk, and financing structure of each opportunity they are considering.

Geopolitical pressure

Competition between the United States, China, the European Union and other strategic buyers is increasingly shaping financing, offtake arrangements, technology sourcing and regulatory alignment. This can create opportunities for projects that support diversified supply chains, but can also complicate partner selection, sanctions compliance, export controls and long-term asset value.

Political and policy volatility

Election cycles drive uncertainty in mining policy, fiscal settings and regulatory direction. The tension between resource nationalism and investment liberalisation remains a defining feature of the region, with potential for abrupt policy shifts following political transitions. By end-2026 there will have been major presidential elections in Colombia, Brazil and Peru which could affect mining policy, tax regimes and the role of the state in strategic minerals. Policy continuity cannot be assumed across election cycles in long-dated mining investments. Investors should consider the full range of policy scenarios, including tightening of fiscal terms, revision of concession regimes and renegotiation of stabilization arrangements.

Beyond its recent legislative reforms, Venezuela remains a high-risk frontier jurisdiction. Political, sanctions, governance and operational risks continue to warrant careful consideration. The new Organic Mining Law grants the Central Bank a pre-emption right over gold sales, exercisable within five business days at market price before sales to a third party may proceed. Share transfers in mixed companies require prior ministerial approval, and the creation of any mixed mining company must be authorised by presidential decree. Revocation risks, including for non-payment of royalties or unjustified suspension of operations, also require careful contractual management.

Regulatory uncertainty

Even in pro-investment jurisdictions, frameworks can evolve rapidly, creating uncertainty around concessions, taxation and long-term policy stability. High corporate tax rates, governance gaps, permitting delays and infrastructure constraints further increase execution risk and project costs.

While Venezuela's new Organic Mining Law signals a genuine market opening, investors must also contend with the evolving US sanctions framework and navigate the possibility of current US foreign policy towards Venezuela evolving in the future. OFAC has issued a series of General Licenses expanding permissible dealings in Venezuela's oil, gas and mining sectors, but the underlying sanctions regime remains in place and those licenses may be revoked at any time. Meanwhile, any future change in US policy towards Venezuela may have a knock-on impact on the investment environment. As such, specialist advice, including on matters of US sanctions and international investment protection, is strongly recommended before commencing or expanding any commercial activity in Venezuela.

Operational, environmental and social risk

Environmental and social considerations are central to investment in critical minerals in Latin America. Projects may face heightened scrutiny where they affect water resources, salt flats, wetlands, biodiversity, indigenous communities or protected areas. In many jurisdictions, consultation obligations, including those linked to indigenous rights, can materially affect project timing and bankability. Security risks, including illegal mining, organised crime and community conflict, also persist in certain jurisdictions.

Risk Mitigation

Latin American States provide a wide range of guarantees and protections under international investment agreements. Investors seeking critical minerals opportunities in Latin America should ensure that they are aware of and understand the protections available to them, including the availability of international arbitration as a means of insulating their investment from political risk. At the same time, it is important for investors to understand local nuances in the region.

Brazil, for example, remains an outlier in so far as it has entirely opted out of the international system of investment protection, leaving foreign investors somewhat exposed as compared with other jurisdictions in Latin America. Brazil and Peru concluded a free trade agreement in 2016 and, although Brazil has ratified it, Peru has yet to do so while it seeks Brazil's approval of certain provisions. As a result, the agreement has yet to take effect, and it remains to be seen how Peru's new government will approach these long-running negotiations.

Similarly, Ecuador terminated all of its bilateral investment treaties in 2017, although the recent conclusion of a free trade agreement between Canada and Ecuador hints at a shift in Ecuadorian policy. Venezuela withdrew from the ICSID Convention in 2012 but remains party to several bilateral investment treaties that continue to provide investment protections and access to treaty-based arbitration under alternative rules, including UNCITRAL. Accordingly, investors – both new and existing – may benefit from undertaking appropriate investment treaty planning before entering new markets or continuing operations in the region.

Outlook

Latin America offers some of the world's most compelling critical minerals opportunities, supported by strong resources, improving investment frameworks in key jurisdictions and global demand growth tied to the energy transition.

However, the region's highly differentiated risk landscape means there is no one-size-fits-all approach to investment. Investors and mining companies that engage early with the risks, through investment treaty structuring, contractual protections and proactive stakeholder management, will be best placed to make the most of the opportunities that Latin America's critical minerals sector represents.

Clifford Chance advises clients across Latin America, including project structuring, financing, joint ventures, offtake arrangements, investment treaty protection and international arbitration, regulatory advice, and ESG, helping clients manage both opportunity and risk in this evolving market. If you would like to discuss any of these issues and the implications for your project or investment, please contact us.

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