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Australia Considers Critical Minerals Price Floor

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The Australian government is exploring the introduction of a price floor for critical minerals in an effort to support its domestic rare earths sector amid global market volatility. The proposal aims to protect local producers from sharp price declines while boosting competitiveness against foreign suppliers backed by heavy subsidies.

According to industry sources cited by Reuters, the proposed mechanism would initially apply to key materials such as lithium and rare earth elements, minerals crucial to renewable energy systems and defense technologies. The model is expected to resemble agricultural support frameworks but be tailored for the mining industry.

Government figures show that while Australia produces more than 50% of the world's lithium, it captures relatively little of the value-added processing market. The potential policy aims to address this gap by stabilizing conditions for investors and producers.



Market analysts believe the price support could reduce uncertainty in a sector recently affected by project delays due to falling commodity prices. However, experts have raised concerns about the long-term fiscal implications and possible market distortions. Sustaining a price floor during extended market downturns may require significant public funding.

The Minerals Council of Australia has cautiously supported the plan, noting that any pricing intervention must be accompanied by broader reforms. These include faster project approvals, improved infrastructure, and better access to export markets to ensure long-term industry viability.

The proposal comes as Western nations seek to reduce dependence on China for critical minerals used in battery manufacturing, defense systems, and clean energy technologies. With global supply chains under increasing strain from geopolitical tensions, Australia's move is viewed as a strategic response to maintain its position as a stable and reliable supplier.

The final policy design will determine the balance between market intervention and industry support. If implemented effectively, it could enhance Australia's role in the global critical minerals supply chain while safeguarding national economic and strategic interests.

