

The energy transition and critical minerals

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The energy transition will reshape the commodity trade. The demand for oil and coal is expected to decline over the coming decades, while the demand for copper, nickel, cobalt, lithium and other minerals needed for batteries, electric vehicles and power grids will grow.¹ The traders of Zug are positioned in both worlds. Glencore is both one of the largest coal producers and one of the largest producers and traders of copper and cobalt. Its strategy has been to run down its coal business gradually while expanding its metals business.²

The trade in critical minerals is more politically sensitive than the trade in oil. Governments regard these minerals as strategic resources. The United States, the European Union and Japan have adopted policies to secure their supply and to reduce their dependence on China, which dominates the processing of many of them. They are concluding agreements with producing countries, investing in mines and processing plants and screening foreign investment in the sector. The European Union's Critical Raw Materials Act of 2024 sets targets for domestic extraction, processing and recycling.³ Swiss-based traders must operate in this environment of state intervention, which may offer them opportunities as partners of Western governments, or constrain them as intermediaries in a trade that governments wish to control directly.

1 Notes

1. International Energy Agency, Global Critical Minerals Outlook 2025, executive summary, [iea.org](https://www.iea.org): strong growth in demand for lithium, nickel, cobalt, graphite and copper; potential 30 per cent copper supply shortfall by 2035; top three refining countries hold 86 per cent of key mineral production. ↩
2. Glencore, news release "Retention of the coal and carbon steel materials business", 7 August 2024, [glencore.com](https://www.glencore.com): after shareholder

consultation following the acquisition of Elk Valley Resources (Teck's steelmaking coal business), Glencore retains its coal business and continues the responsible decline of its thermal coal operations. ↩

3. Covington, Global Policy Watch, "The EU Critical Raw Materials Act enters into force", May 2024, globalpolicywatch.com: CRMA (Regulation (EU) 2024/1252) in force since 23 May 2024; European Commission, "European Critical Raw Materials Act", commission.europa.eu: 2030 benchmarks of 10 per cent extraction, 40 per cent processing and 25 per cent recycling of EU annual needs. ↩

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