

# Critical Minerals – Economic complexity and Australia’s downfall

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Keywords: economic complexity, critical minerals, infrastructure, government

## ABSTRACT

Australia is the lucky country but as a country we have built a reliance on selling raw products that makes us poor. In 2021, Australia is ranked the lowest in economic complexity indicators (ECI) in trade value compared to countries of a similar GDP (<https://oec.world/en/profile/country/aus>) according to Observatory of Economic Complexity (OEC). In the last 20 years Australia has gone from 33rd to 82nd position in the ECI ranking.

Australia is extracting its natural resources to feed other countries the materials required for intermediate and end products that we then buy back at a large imbalance to the balance of trade. All the most significant export trade products are unprocessed raw goods. Closures of smelters and refineries in Australia due to aging infrastructure or operating costs are exacerbating the issue. Government support for developing downstream processing options and products are minimal.

Indonesia caused an international uproar by banning sales of raw mineral products in 2014 with the aim to increase the value of minerals for export and preserve the country’s resource supplies (USAID, 2013). Indonesia now has a stranglehold on nickel metal supply. Oman despite having few metal mines of its own set up special economic zones. The Sohar Free Trade Zone has attracted 14 foreign companies, which have invested in metals, minerals and logistics including Sohar Aluminum’s smelter with downstream aluminum rolling plants, and an antimony and gold roasting plant. Large gypsum and limestone resources and deep-water ports with cheap power from oil and gas allowed construction of large gypsum dry wall product plants and limestone clinker plants.

This paper examines the role of governments in developing downstream mineral processing facilities for critical minerals and the lessons Australia could learn from growing economies around the world. Can Australia afford not to secure our children’s future through enhanced economic complexity.