

THE LITHIUM BATTLE: STRATEGIES OF CHINA AND U.S. IN ARGENTINA

by
Gustavo Alejandro Cardozo

In the global shift toward more sustainable energy technologies, [lithium](#) has emerged as a crucial strategic resource. In this context, [China](#) has significantly increased its investments in Argentina, a country that holds some of the world's largest lithium reserves. Beijing is leveraging these investments to enhance its presence and influence in the region, thereby securing access to this critical mineral.

Conversely, the U.S. has intensified its efforts to establish close relations with Argentine President Javier Milei, with the aim of countering China's expanding influence and securing its own access to this critical resource. This evolving rivalry between the two global powers reveals the intricate power dynamics at play in the [Southern Cone](#), a pivotal region in the contemporary geopolitical context.

Argentina at the Forefront of the Lithium Surge
Argentina occupies a strategic position in the global lithium market, currently ranking as the fourth-largest producer worldwide and holding approximately one-fifth of the estimated global reserves. Government projections suggest a significant increase in [lithium production](#), potentially nearly doubling from 44,000 metric tons in 2023 to 81,000 metric tons in 2024, with a possible expansion of nearly five times by 2028. These forecasts are supported by the [International Monetary Fund \(IMF\)](#), which anticipates that Argentine lithium exports could generate multimillion-dollar revenues by the end of the decade.

Beijing, as the world's leading producer of lithium-ion batteries and refiner of the majority of global lithium, has gained an early advantage in investing in Argentina's emerging mining industry. The [Chinese company Ganfeng](#), a major global player in lithium production, is overseeing the Mariana mine, one of the five key initiatives in the South American country. In contrast, the U.S. has intensified its investments

in the region as part of its strategy to develop clean technology supply chains that are less dependent on Chinese control. This effort aims to counteract China's growing influence in South America. The U.S. approach is embedded within a broader strategy to diversify lithium supply sources and reduce reliance on markets dominated by foreign actors.

The Lithium Triangle: Argentina, Bolivia, Chile

Sixty percent of the world's lithium reserves are concentrated in a region comparable in size to California, encompassing territories in Argentina, Bolivia, and Chile (ABC), known as the "[Lithium Triangle](#)". In this extensive area, lithium is extracted from brines beneath salt flats.

While Bolivia faces challenges in achieving significant production levels and investments in Chile have shown signs of stagnation, [Argentina](#) has emerged as a key destination for investment in the sector. The country has attracted numerous international companies to its lithium-rich salt flats, which remain largely untapped.

Currently, nearly 50 projects are under development in northwest Argentina, many of which are in advanced stages. Recent analysis revealed that 11 of the 42 lithium [projects](#) expected to commence production between 2022 and 2026 are located in Argentina, the highest number of any country. This growth highlights Argentina's increasing prominence as a strategic hub for the global lithium supply chain.

Despite this boom, the lithium industry in Argentina has largely avoided scrutiny. Climate Home encountered multiple rejections when attempting to visit mining operations, citing alleged capacity limitations, raising concerns about transparency and oversight within the sector.

Between 2020 and 2023, [Chinese investments](#) in mining projects in the region totaled \$3.2 billion, with seven lithium projects, nearly double the U.S. investments, which supported three projects. In 2023, 43 percent of Argentina's lithium exports were directed to China, while only 11 percent went to the U. S. China's growing influence in Argentina's lithium sector reflects a broader strategy to secure critical resources globally. As Argentina expands its production capacity and attracts international

investments, the dynamics between China and the United States will remain a crucial factor in the evolution of global resource markets.

Argentina's New Leadership

The election of [Javier Milei](#), a proponent of libertarian economic policies, has led to a notable shift in Argentina's foreign policy. Unlike his predecessors who cultivated strong ties with China, Milei has pivoted towards strengthening relations with the United States. In December 2023, he rejected an offer to join the [BRICS](#) group, which has significant Chinese influence.

U.S. officials are underscoring the increasing strategic value of lithium. During a visit to Argentina in February, U.S. Secretary of State [Antony Blinken](#) described the country as an "exceptional investment opportunity," emphasizing lithium as a crucial sector for American investment.

The U.S. International Development Finance Corporation and the [Minerals Security Partnership](#) (MSP), a U.S.-led initiative involving 14 countries, are exploring new [opportunities](#) in Argentina to bolster essential mineral supply chains. Argentina has agreed to join the MSP forum to expedite the development of these projects.

Simultaneously, President Milei's free-market policies could attract international investors interested in Argentina's lithium. A proposed bill promises tax incentives and regulatory stability for major investments, particularly in the mining sector.

[Elon Musk](#), the founder of Tesla and a leading figure in technology investment, has expressed interest in Argentina because of its lithium reserves, which are essential for electric vehicle batteries. After exploring investment possibilities in April, Musk recommended Argentina as a prime investment location in a post on X after a follow-up meeting in May.

Despite Milei's pro-U.S. stance, China is still [growing](#) its role in Argentina's lithium projects. The country remains an important commercial and financial ally. Even though Milei has voiced disagreement with China's socialist policies, his administration has opted to keep diplomatic ties with China, understanding that cutting these relations entirely could harm Argentina.

Is China Gaining the Upper Hand?

In Argentina's Salta Province, the inauguration of the [Centenario-Ratones](#) lithium mine, a joint venture between French company Eramet and Chinese firm Tsingshan, marks a significant development. With a projected capacity of 24,000 tons of lithium carbonate annually, this project is set to account for over half of Argentina's lithium exports in 2023, highlighting its substantial impact on the global market.

The mine will utilize [Direct Lithium Extraction \(DLE\)](#), an innovative technique regarded as faster and more environmentally friendly compared to traditional methods. Unlike conventional operations that require extensive evaporation ponds, DLE employs pipelines to transport subsurface brine to extraction facilities.

Despite a dramatic drop in lithium prices, exceeding 80 percent in 2023 and prompting some Western firms to scale back operations, China has sustained its investment. In March 2024, Chinese company Ganfeng acquired a 15 percent stake in [Lithium Argentina's Pastos Grandes project](#), which had been struggling financially and needed fresh capital. This move illustrates the willingness of Chinese companies to support the long-term development of Argentina's lithium market. Moreover, Chinese firms typically operate across the entire lithium supply chain, from extraction to recycling, providing them with a significant advantage. The vertical integration of their operations enables them to mitigate market volatility and strengthen their position relative to Western competitors.

China's entry into Argentina's lithium market, exemplified by the Centenario-Ratones project and the adoption of advanced technologies such as DLE, underscores a global strategy that combines patience with comprehensive supply chain control. This dynamic not only reflects the strategic importance of lithium but also the complex geopolitical maneuvering among nations in the critical resources arena.

Gustavo Alejandro Cardozo has a PhD and a Master's in Asian Studies from Tamkang University. He is a Research Member at BRaS Studies, a Resident Researcher at ObservaChinaNet, and is an expert in international trade relations between China and Brazil.