



**INDO-PACIFIC**  
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**Global Good,  
Global Goods:  
Envisioning  
a CAN-AUS  
Resource  
Alliance**

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## KEY MESSAGES

- Canada and Australia have an opportunity to strengthen their geopolitical influence by coordinating resource policies, providing stability and security in global supply chains.
- Both Canada and Australia share similar political, economic, and social values, fostering high levels of trust and significant opportunities for collaboration in areas like critical minerals, trade, and environmental standards.
- Australia and Canada must focus on developing joint frameworks and capabilities to cut through resource governance mazes.
- A resource alliance could serve Australia and Canada's core national interests by reducing exposure to coercion and volatility.

## 1 INTRODUCTION

As the geopolitical and security dimensions of resource supply chains have become more fraught, liberal and democratic middle powers are compelled to develop new partnerships and strategies for maintaining their security of supply.

Canada and Australia are both large energy, mineral, and food producing and exporting nations. With their relatively small populations and large commodity reserves, they will always have surplus of raw materials available for export, unlike almost all their democratic peers.

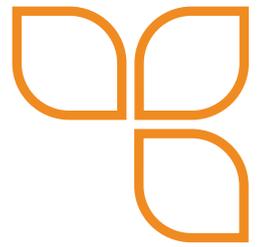
At the same time, the world order is in a period of transition and old alliances and international organisations are unstable. As middle powers, Canada and Australia must find means by which to protect, advance, and promote their own interests. In general, their interests are benign: they seek global peace, stability, and good governance, and espouse common values of market liberalism, environmental and social responsibility, as well as peace and prosperity through trade.

The world would benefit from their interests and values being projected more forcefully. As individual states, neither Canada nor Australia are particularly powerful, and both are currently subject to the whims of global superpowers like China and the United States. As price takers in commodity markets, Canada and Australia are often played off each other.

Firms and producers in their respective countries will take advantage of punitive trade actions or supply bottlenecks to capture markets from each other. During times of peace and stability – defined by the post-WWII trading system – this manufactured rivalry has been one of the few areas of competition and mistrust between Ottawa and Canberra.

**The world is now entering a very different era. Short-term trading advantages damage long term productive capabilities and investments when allies are divided and conquered.**

Acting in a more coordinated fashion, Ottawa and Canberra could project more strength and influence using their large resource endowment. In simple terms, they could act as a benign resource hegemon that provides redundancy in global supply chains, prevents predatory behaviour from authoritarian competitors, and insulates domestic extractive and productive sectors from rapid market shifts and economic coercion.



## 2 FOUNDATIONS OF COOPERATION

Australia and Canada are often described as ‘middle powers’, a concept that describes states that are not superpowers, but are still large or significant enough to have influence in international affairs, especially in their immediate region. Middle powers largely rely on multilateralism and soft power rather than military or economic coercion to advance their interests and values. In the case of Canada and Australia, it has been in their interest to limit the ability of larger powers to undermine the existing international order.

The emerging geopolitical era is one where larger powers – the United States, China, and Russia – are abandoning existing rules and norms to gain advantage. A global system where trade and commerce become subject to geopolitical imperatives, and where markets are closed or access is conditional, is not a positive development for commodity exporters. This demands a response from Australia and Canada, who must navigate this changing world order. There are strategic reasons why they should want to coordinate their efforts. This is aided by an unusual amount of trust between the nations that the other will act in a way that advances, rather than undermines, their interests; by and large those interests are aligned.

Australia and Canada are very similar politically, economically, and socially. Both share a cultural heritage as British colonies, and are primarily English-speaking liberal democracies with Westminster parliamentary systems. Both are federations with sub-national units (territories and states/provinces) primarily responsible for natural resources. Both are middle powers with economies significantly weighted towards energy, resource, and agricultural exports. And both are committed to market-based principles and rules-based, sustainable trade.

Because of these similarities, there is high trust and familiarity between Canada and Australia. The two countries are members of Five Eyes, an intelligence alliance made up of the anglosphere countries: the US, the United Kingdom, Australia, Canada, and New Zealand. Canada and Australia have a Consular Services Sharing Agreement where citizens of one nation can receive consular services from the other in locations where one doesn’t have an office. And they frequently issue joint statements at fora such as the United Nations, alongside New Zealand. Canada and Australia have duty-free trade via the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Canada-Australia cooperation was enhanced first in March 2024 when the two nations issued a Joint Statement on Cooperation on Critical Minerals<sup>1</sup>, and again in October 2025 when they followed up with a Joint Declaration of Intent on Critical Minerals Cooperation<sup>2</sup> (JDI) to ‘address the growing need for secure, diversified, and resilient critical minerals supply chains that reduce reliance on any single source’, on the sidelines of the G7 Energy and Environment Ministers meeting chaired by Canada.

The highlights of the JDI include:

- Co-investing in commercially viable projects through blended financing mechanisms, including Canada’s Defence Stockpiling Regime and Australia’s Critical Minerals Strategic Reserve, as well as their respective export finance instruments.
- Encouraging joint research, development, and demonstration projects in strategic areas, including processing, refining, and recycling technologies.
- Sharing best practices and exchange on standards on ESG (Environmental, social, and governance), traceability, and permitting processes.



The JDI also commits to establishing an in-person ministerial within six months of signing (therefore April 1, 2026) to assess progress and establish a concrete work plan, with subsequent ministerial meetings to take place on an annual basis. The Canadian Prime Minister has announced his intention to go to Australia in March 2026 and address the House of Representatives.

A few weeks after the JDI was signed, Canada and Australia entered into a trilateral technology and innovation partnership with India at the G20 meeting in South Africa: the Australia-Canada-India Technology and Innovation (ACITI) Partnership.<sup>3</sup> It put an 'emphasis on green energy innovation and building resilient supply chains, including in critical minerals', with further meetings planned in the first quarter of 2026.

These bilateral (and trilateral) initiatives represent a new phase in geopolitics and commodity trade. An earlier effort to achieve a security related outcome, the US-proposed Global Nuclear Energy Partnership (GNEP) in the 2000s, attempted to align uranium production, processing, and technology within a select group of nations. At the time, there was not the imperative for firm commitments. However, as the 2020s have progressed, there appears to be greater appetite to establish bilateral and multilateral mechanisms to achieve security of supply with producer nations.

### **3** POLITICAL RESOURCES

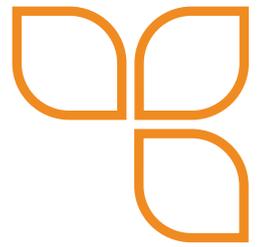
It is not a coincidence that the Australian-Canadian partnership of late is focused on critical minerals. The supply security of raw materials needed for electricity infrastructure, heavy industry, and defence equipment has emerged as a top geopolitical priority in recent years. This largely stems from overreliance on Chinese supply chains for strategic minerals, especially their processing and refining where China has dominant market power. In addition, there are a number of structural changes occurring within commodity markets which are shifting pricing, trading mechanisms, and access to supplies. Reliable and affordable provision of raw materials will become increasingly important and political.

Western nations were made aware of their vulnerability when China restricted exports of rare earth elements (REEs) in 2010 in the wake of the Senkaku boat collision incident. The COVID pandemic further highlighted the precarity of global supply chains, and the Russian invasion of Ukraine in 2022 demonstrated the vulnerability on the part of European democracies to Russian actions, particularly with dependence on natural gas imports and the weaponization of wheat exports.

China's willingness to leverage its supply chain advantage has been amplified by the trade war with the Trump Administration in 2025. In the past year it has variously banned or controlled exports of gallium, germanium, antimony, REEs, tungsten, tellurium, bismuth, indium, molybdenum, and graphite.

The commercial standoff between Australian mining giant BHP and China's state backed buyer China Mineral Resources Group (CMRG) over iron ore pricing and the structure of trade since September 2025 further demonstrates China's willingness to use its purchasing power to shape trade in ways that favour it at the expense of producers. This has also played out for both Canada and Australia in their canola export markets to China.

Economic coercion is no longer unique to authoritarian nations: the United States has used its economic power to push countries into buying its LNG in return for lower tariffs. It also assumed power over Venezuelan oil exports, including putting sales revenue into offshore accounts which the Executive branch controlled, following its capture and detention of President Nicolás Maduro.



## 4 ECONOMIC COERCION

For as long as there have been nations, there has been economic coercion. It is used for advantage, deterrence, or punishment, as manifested in trading blocs, cartels, tariffs, sanctions, confiscations, and other mechanisms.

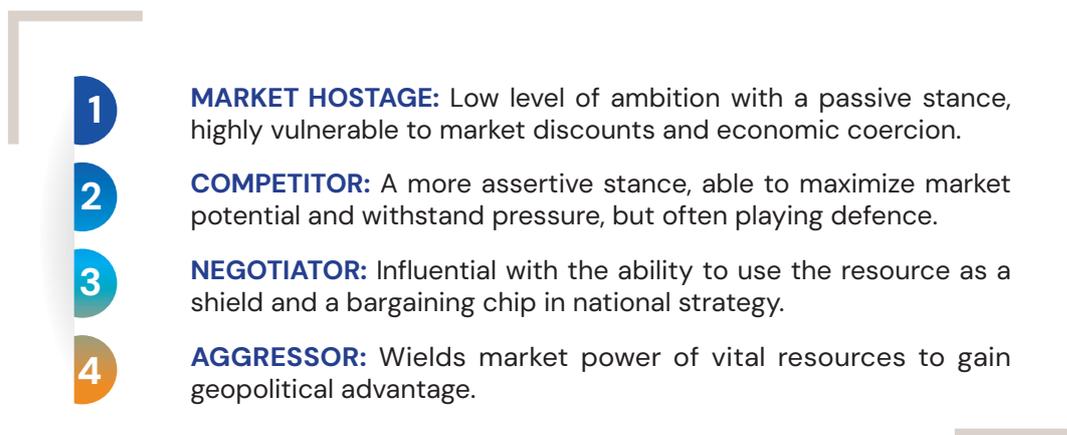
Canada and Australia, alongside the US, Japan, New Zealand, and the United Kingdom, identified concerns with trade-related economic coercion and non-market-oriented policies and practices in June 2023. They defined economic coercion as:

‘measures affecting trade and investment in an abusive, arbitrary, or pretextual manner to pressure, induce or influence a foreign government into taking, or not taking, a decision or action in order to achieve a strategic political or policy objective, or prevent or interfere with the foreign government’s exercise of its legitimate sovereign rights or choices’;<sup>4</sup>

and non-market practices as:

‘industrial policies and practices that promote excess capacity; pervasive subsidization; discriminatory and anti-competitive activities of state owned or controlled enterprises; the arbitrary or unjustifiable application of regulations; forced technology transfer; state-sponsored theft of trade secrets; government interference with or direction of commercial decision-making; and insufficient regulatory and market transparency’.<sup>5</sup>

In addition to market manipulation, normal market forces can grant economic power to commodities producers, depending on their market share and trading behaviour. Canadian energy economist Peter Tertzakian divides this market power into four levels<sup>6</sup>:



Australia and Canada must seek to defend themselves against economic coercion from larger powers, while maximizing what economic leverage is available to them within the bounds of international trade law to advance their own interests and values. One of their best strategies to achieve this is through their energy, resource, and agricultural endowments.

**By acting together, they can move up more rungs in the market power ladder than by acting alone.**



## 5 CUTTING THROUGH THE GOVERNANCE MAZE

A governance labyrinth of overlapping, competing, and duplicating international resource governance mechanisms has emerged to counteract supply chain concentration and economic coercion. In critical minerals, bilateral partnerships co-exist with plurilateral ones; Biden-era initiatives such as the Mineral Security Partnership (now rebaptised as the Forum on Resource Geostrategic Engagement (FORGE)) operate alongside new Trump-administration projects such as a planned Agreement on Trade and Critical Minerals<sup>7</sup>; and varying formats and constellations, from the G7 to the International Energy Agency, compete in agenda-setting.

**An AUS-CAN resource alliance should cut through rather than add to the governance maze. The focus must lie in developing joint capabilities and frameworks that allow our already agile resource industries to thrive together.**

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That is all the more important because the liberal, market-based order committed to fair and sustainable competition, which underpins Australia's and Canada's economic model, is under pressure from multiple fronts. China's state-directed efforts threaten to further concentrate supplies including through strategic state-backed investments abroad. Meanwhile, the US, through a mixture of aggressive reshoring, protectionism, and mineral-access agreements with third states, is focused on establishing its own security of supply.

That Canada and Australia are different can be our greatest competitive advantage. As benign resource superpowers committed to liberal markets, rules-based trade, and sustainable resource management, we can offer a trusted alternative to global customers.





## 6 RESOURCE SUPERPOWERS

While Canada and Australia are middle powers, they are globally significant producers of many commodities. Importantly, they export most of what they produce, in a number of commodity categories, given their relatively small populations (Canada ~ 42 million, Australia ~ 28 million) and industrial base. This is an advantage and a weakness: they are dependent on international markets for investment and consumption but also have a surplus of product which they can then trade with partners to obtain revenues and wield soft power.

Canada and Australia are both very large producers and exporters; combined, they would rank in the top 5 of almost every major commodity.

Table 1: **Australia, Canada global ranking in the production of key commodities**

Commodity	Canada production rank	Australia production rank	Combined rank
Crude oil	4	31	4
Natural gas	5	7	3
Gold	4	3	1
Copper	11	8	5
Iron	8	1	1
Uranium	2	4	2
Nickel	4	6	3
Coal	14	4	4
Potash	1	-	1
Lithium	7	1	1
Rare earths	-	3	3
Primary aluminum	4	7	2
Wheat	6	7	5
Canola	1	4	1

Source: Table generated from a combination of public sources including [Natural Resources Canada](#), [Geoscience Australia](#), World Population Review, U.S Dept. of Agriculture, Investing News Network, World Gold Council

In addition to their significant production, Australia and Canada have leverage in the financing of mining, especially at the higher risk and early stages (i.e. pre-production and feasibility stages). Whereas exchanges in London and New York tend to prefer mature producers with cash-flow-positive businesses, the Toronto Stock Exchange (TSX) and Australian Stock Exchange (ASX) are global hubs for mining finance and have professional ecosystems to move viable projects to production. This is very different from how oil and gas and agricultural commodities are financed and offers a strategic posture for expected shifts in commodity markets and the inevitable acceleration (and intensification) of capital expenditure. Furthermore, both nations are home to a large and diverse 'junior' resources sector which have a concentration of entrepreneurial, geological, project management, and execution expertise.

Finally, both states are leading in sustainable resource and supply chain practices. The 'Towards Sustainable Mining' framework developed by the Mining Association of Canada has been adopted across the world including by the Minerals Council of Australia. Both jurisdictions also collaborate on broader sustainability standards, are committed to enhancing Indigenous participation in resource governance, and work towards enhanced supply chain transparency including through anti-modern slavery legislation.



## 7 FROM THINKING ABOUT, TO EXERTING LEVERAGE

There are many reasons why an AUS–CAN resource alliance makes sense. We are like-minded and resource rich, and in this evolving geopolitical era, energy, minerals, and food are increasingly strategic. But what would such an alliance do?

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The objective for Australia and Canada would not be to coerce trade partners and manipulate pricing. It would be to constrain such behaviours from others.

An AUS–CAN resource alliance would not be about replicating OPEC for critical minerals and restricting supply. It would be about adding more stability, transparency, and reliability into commodities markets wherever they can, through a variety of mechanisms. Australia and Canada already have adequate market power to prevent or mitigate supply shocks, resource coercion, market fragmentation, and panic buying for some resources. The more they coordinate, the more commodities they can do this for.

As liberal democracies and middle powers, Australia and Canada benefit from and seek stability and transparency, as do their allies. For those that support a liberal world order, such intentions are benign. But their motivations are not altruistic, and that is how others can trust them.

A functioning resource alliance could serve Australia and Canada's core national interests by strengthening their alliances, imparting soft power, and reducing their own exposure to coercion and volatility.

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It could also contribute to their brand as reliable energy, resource, and food suppliers, thus growing markets; whilst reducing revenue risks as well as insurance and political risk premiums.

## 8 MECHANISMS

What mechanisms would an AUS–CAN resource alliance actually use to accomplish these lofty goals?

Bilateral efforts could start with operationalising the Joint Declaration of Intent on Critical Minerals Cooperation, be it for a financing mechanism, joint offtake agreement, and/or specific critical mineral supply chain. Similarly, a forum and tools to manage disruptions and shocks to the canola trade could be a good place to start. This need not require a top-down approach. There are already deep interconnections, and existing major resource companies are significant actors in both nations, which can be amplified through joint governmental action.

These could include:

- Joint surveys to assess where Canada and Australia jointly or individually possess leverage in commodity markets and to quantify thresholds for meaningful market presence; the objective would not be to 'corner the market' but to act as reliable market anchors and stabilisers;
- Joint supply chain monitoring and information sharing to identify chokepoints and critical nodes at risk of disruption;
- Shared benchmarks (reference prices) for more commodities, similar to the use of Brent for crude, Henry Hub for natural gas, or Newcastle FOB for coal, adding transparency to pricing;



- Joint supply side interventions to counteract volatility and deter price manipulations including through buffer stock (e.g. stockpiling, redundancy premia) and risk mitigation (e.g. contracts-for-difference) that preserve surge capacity and establish supply security;
- Joint demand side interventions including building out interconnected vertical supply chains (connecting ‘upstream–midstream–downstream’) including through Buyer’s Clubs such as the G7 Critical Minerals Production Alliance;
- Coordinated export finance to catalyze investment in each other’s markets as well as abroad;
- Coordinate trade and investment measures to create standards-based markets building on the G7 Action Plan.

Any policy mechanisms of such an alliance will reflect the unique character of Canadian and Australian energy and resource development: it is led by private enterprises whose main motivation is profit maximization, rather than state owned enterprises which may have politically motivated objectives. As such it is not desirable for their governments to be interventionist, but rather to play a coordinating role which the private sector is ill equipped or unable to do. Such a role includes regulatory coordination, trade diplomacy, and crisis stabilization.

As the Australian Strategic Policy Institute recently put it: ‘A strategic convergence between Australia and Canada is already in place. What’s missing is coordinated action. We don’t need more memorandums of understanding. We need an operational alliance, one that supports joint ventures, secures supply chains, promotes shared standards, funds capacity building, and positions both countries as the leaders in the rules-based resources order.’<sup>8</sup> That is our task.

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## ENDNOTES

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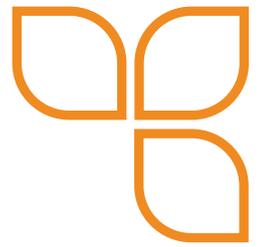
Andrew Pickford oversees the Perth USAsia Centre's work on resources and the growing influence of geopolitics on the sector.

He has a diverse background, drawing on expertise from senior roles in the private sector in both mining and private businesses. Andrew has spent time as a security and policy analyst on energy, resources, geopolitics, and economic trends. He advised various government, academic, and private organisations on investment and security risks as well as country entry strategies.

Andrew is passionate about the economic history and development of Western Australia and the statesmen and entrepreneurs who worked to unlock its natural resources.

He is an Honorary Research Fellow at the University of Western Australia Business School and is currently completing a PhD at the same university. This is titled Corridors of Power: An Energy History of the Creation and Development of Western Australia's Town Gas, Natural Gas and Liquefied Natural Gas Industries, 1886-2009.

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