

Rio Tinto and the Jadar Project

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“All decisions and all licenses have been annulled,” Brnabić told reporters after a government session. “As far as the project Jadar is concerned, this is an end.”¹

Ana Brnabić, prime minister of Serbia

On the afternoon of January 20, 2022, Jakob Stausholm, CEO of the Anglo-Australian mining giant Rio Tinto, received alarming news: the government of Serbia had officially revoked a key mining license for the company’s USD \$2.4 billion lithium project, following months of mass protests across the country. Prime Minister Brnabić accused Rio Tinto of failing to provide sufficient information to communities about the project, despite the company’s assertion that it “had always operated in compliance” with Serbian laws.

By May 2024, more than two years later, the licenses for the Jadar Project had not been reinstated, although the president of Serbia, Aleksandar Vučić, expressed interest in reopening dialogue. Since the annulment of the project licenses, the macroeconomic landscape had shifted: the spot price of battery-grade lithium had dropped to 70% from its peak, the growth of electric vehicles (EVs) was slowing, and commodity markets were broadly affected by an economic slowdown in China. Rio Tinto had projected a lithium price of \$15,600 per ton, but by May 2024, the spot price had fallen to \$10,757 per ton, reflecting an 81% decrease from its peak. Goldman Sachs forecasted a gradual recovery, projecting lithium carbonate prices to reach \$17,077 per ton by 2028, but significant price uncertainty persisted (see **Exhibit 1**).

What should the company do? What went wrong with the Jadar Project, and what actions, if any, could be taken to restore its reputation and rebuild its social license to operate in Serbia?

This case was prepared by Professor Fabrizio Ferraro, Alexander Palkovsky, EMBA 2024, and Yanina Kowszyk, external collaborator. September 2025.

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About Rio Tinto

Founded in 1873 in Britain, Rio Tinto began as a small operator of a copper mine in southern Spain. By 1925, a series of joint ventures and expansions had transformed the company from localized copper extraction to an international mining powerhouse². Its most significant evolution occurred in 1962, when Rio Tinto merged with the consolidated Zinc Corporation, based in Australia, becoming a truly global player. The newly merged company thrived on the discovery of copper in South Africa and Papua New Guinea, uranium in Namibia, iron ore in Australia, and gold in Indonesia. Further acquisitions and expansions propelled Rio Tinto to become the second-largest miner in the world.

As part of its conglomerate-age takeovers, Rio Tinto acquired Borax Holdings Ltd. in 1968, becoming the world's leading producer of borates and boron chemicals. Leveraging its cornerstone mineral asset in Boron, California, Rio Tinto invested heavily to expand the applications of borate minerals, including agriculture, batteries and capacitors, cleaners and detergents, wind turbines, solar panels, glass, textile fiberglass, and energy-efficient insulation³.

In 1995, Rio Tinto became a joint-listed company on the London Stock Exchange and the Australian Securities Exchange, with headquarters in London and Melbourne. Since the late 1990s, Rio Tinto's leadership has distinguished the company from its industry peers by adopting a progressive stance on environmental and social issues. For instance, it began applying a carbon price to investment decisions in 1998. In 2002, Chairman Robert Wilson, a strong supporter of climate policy, created a new senior role: "Group Climate Change Executive." In 2005, the company published its first "climate policy position statement," making Rio Tinto one of the earliest mining companies to publicly acknowledge the reality of climate change and support regulation. In 2018, it became the first major mining company to remove fossil fuels from its portfolio. Rio Tinto was also the first mining company to voluntarily disclose its tax payments to governments worldwide, and regarding Environmental, Social, and Governance (ESG) ratings, the company consistently ranked highly among its industry peers. Its primary sustainability goals included supplying low-intensity materials, becoming a responsible steward of resources, and supporting social and economic development⁴. Despite its ESG commitments, Rio Tinto had faced several reputational setbacks, such as the 2020 destruction of Aboriginal heritage sites in Australia.

In 2023, Rio Tinto recorded USD \$54 billion in revenue, \$23.9 billion in EBITDA, and net earnings of \$10.1 billion (see **Exhibit 2**). Operating in 35 countries with over 57,000 employees, the company had four primary divisions: iron ore, aluminum, copper, and minerals. Iron ore was, by far, the largest division, contributing 83.6% (\$20 billion) of EBITDA in 2023^{5, 6}.

History of mining in Europe

Mining in Europe has a rich history. During the 19th and 20th centuries, Europe's mining industry was vital, especially during the Industrial Revolution and the world wars, focusing on coal, iron ore, and metals to meet industrial and wartime demands. However, post-World War II, economic shifts, environmental concerns, and the rise of alternative energy led to a decline in traditional mining. By the late 20th century, European mining shifted toward sustainability and the extraction of materials crucial for modern technologies, such as rare earth metals for electronics and renewable energy⁷. Although mining continues to play an important role in many European countries today, its global significance has drastically diminished. Europe is the only continent where the mining of minerals and metals declined in the first two decades of the 21st century. European mineral production fell by a third, compared to a doubling in Asia and a 145%



increase in Australia⁸. This decline can be attributed to several factors. Environmental concerns and stricter regulations have made obtaining mining permits more challenging. Additionally, the depletion of easily accessible resources has necessitated ventures into more complex and costly extraction processes. Furthermore, geopolitical considerations have spurred efforts to reduce dependence on foreign sources, particularly China, for critical minerals⁹. The future of European mining hinges on its ability to navigate these challenges. Technological advancements that enable more efficient and environmentally friendly extraction methods are crucial. A renewed focus on domestic exploration and resource development, alongside strategic partnerships with other resource-rich nations, is likely to shape the industry's trajectory in the coming decades¹⁰.

Critical raw materials

In 2011, recognizing Europe's increasing reliance on third countries for raw materials essential to various sectors of its economy, the European Commission created a list of "critical raw materials" (CRMs) for the European Union (EU)¹¹. The first list of CRMs included 14 minerals, including antimony, beryllium, cobalt, fluor spar, and gallium, which were deemed critical based on several criteria¹²:

- Economic and strategic importance: CRMs are used in sectors such as consumer electronics, automotive, aerospace, defense, health, and green technologies.
- High supply risk: There is a significant supply risk due to high import dependence, concentration of materials in certain countries, and the low political-economic stability of suppliers, which could lead to supply disruptions.
- Lack of substitutes and/or low recyclability: CRMs have unique essential properties for current and future applications, with no viable substitutes, compounding supply risks.

The purpose of creating such lists was multifaceted: to increase awareness of potential raw material supply risks and related opportunities among European Union (EU) countries, companies, and investors; to negotiate trade agreements and challenge trade distortion measures; to foster efficient use and recycling of CRMs; to strengthen the competitiveness of European industry; and to stimulate CRM production by enhancing new and recycling activities in the EU¹³.

Since 2011, the European Commission has updated the CRM list every three years. The most recent update in 2023 analyzed 87 minerals, of which 34 were identified as critical. In the 2023 assessment, as part of the CRM Act, an additional 17 minerals were identified as strategic, including lithium and borates, due to their use in green, digital, defense, and space applications (see **Exhibit 3**)¹⁴.

The European CRM Act

In her 2022 State of the Union speech, EU President Ursula von der Leyen announced the CRM Act to reduce the EU's dependency on imported CRMs by diversifying and securing a domestic and sustainable supply. This speech was a response to the 2022 Versailles Declaration, adopted by the European Council, which underscored the strategic importance of CRMs in ensuring the EU's strategic autonomy and European sovereignty¹⁵. Presented alongside the EU's Net Zero Industry Act, the CRM Act aims to scale EU manufacturing of key carbon-neutral or "net-zero"