

Cobalt prices soar, but Congo's small miners see little of the gain

KOLWEZI - In global markets the price of cobalt, a mineral used in batteries for high-tech products from iPhones to Tesla electric cars, has nearly tripled to \$81,500 a tonne in two years.



Photo: *Phys.org*

But in the Democratic Republic of Congo, which produced two-thirds of the global supply of the coveted metal last year, artisanal diggers called "creuseurs" sell their best-quality ore for about \$7,000 a tonne, blissfully unaware of how much the global price has rocketed.

In Kolwezi, a mining town in southeastern DRC, Chinese entrepreneurs dominate the middle section of the market, purchasing the raw cobalt from miners and selling it on for refining.

Transactions in the buying houses depend on the purity of the ore. There are approximately 30 major kinds of cobalt-bearing rock and over 100 more where the metal is present in smaller quantities.

Handwritten signs at the buying houses in Kolwezi show the varying prices offered for a tonne: "3 percent = \$500" and "15 percent = \$7,000". The cobalt component is determined by a machine called "Metorex" which is used by the buyer.

"The buyers have increased prices since the start of the year by five percent," said a miner called David, who was unaware

that cobalt prices on the world market have reached such stratospheric heights.

The middlemen -- predominantly Chinese and some Indians -- then sell the raw material to operators for semi-processing.

The big names in this part of the process are foreign-owned: China Molybdenum, Randgold, the Swiss firm Glencore and MMG, an Australian-Chinese venture, and the Indian-controlled Chemical of Africa.

Only an initial treatment of the ore is possible in DRC at present. It results in an intermediary product composed mainly of hydroxide with a cobalt content of between 20 and 40 percent.

"The DRC does not export finished products that are ready to be used by Apple, Samsung and the other big battery users in the world," said economist and activist Florent Musha.

"It exports a mineral product which is in the process of being treated."

Eighty percent of the country's production heads to China from the ports of Dar es Salaam in Tanzania and Cape Town in South Africa. In China, the metal is refined, by about a dozen companies.

The largest producers include Jinchuan Nonferrous Metals Corp., Huayou Cobalt, Jiangsu Cobalt Nickel Metal and Shenzhen Green Eco-manufacture Hi-tech which each have annual refined cobalt production capacities of over 7,000 metric tonnes.

"The production of refined cobalt in China has grown 20 percent. At 62,000 tonnes, it accounts for 60 percent of global output," Darton Commodities said.

But how much do the people of Congo benefit from the boom?

"Today the world's biggest seller of cobalt is China," said Congolese economist Musha. "The product clearly does not benefit the Congolese economy."

The cobalt sector has attracted widespread criticism from NGOs for use of child labour, hazardous working conditions, corruption and theft.

Artisanal miners accounted for between 14 to 16 percent of the 80,800 tonnes of cobalt mined in the country last year, according to the London-based Darton Commodities, a specialist firm dealing in the metal.

The DRC would like to refine its minerals but has run into problems, notably infrastructural glitches like erratic power supplies.

There is some prospect of change.

The government last year signalled its intention to reform its 2002 mining code, which was seen as favouring foreign investors at the expense of the local economy.

It wants to ensure the repatriation of at least 40 percent of the revenue of minerals sold for export, and increase the fiscal take from "strategic minerals."

At present, the state levies a tax of two percent on non-ferrous metals -- copper and cobalt -- which is based on the value of sales, from which some costs are deducted.

The current draft of the revised plan -- now in the hands of President Joseph Kabila -- sees this rising to 10 percent.

Shareholders in big mining corporations with interests in DRC have written to Kabila to express their concern, hoping that this version of the law will be revised, according to industry sources in Kinshasa.

Source: *AFP*

For more, visit: <https://www.bizcommunity.com>