



Congo's cobalt monopoly to set price floor for artisanal miners



The Democratic Republic of Congo state cobalt buyer will put in place a price floor of \$30,000 a tonne for the cobalt it buys from artisanal miners, Encreprise Generale du Cobalt (EGC) director-general Jean-Dominique Taki said Tuesday.

Cobalt, which is trading at around \$50,000 a tonne, is used in the batteries that power electric vehicles, sales of which are expected to soar over coming years as the world strives to cut carbon emissions.

The world's top cobalt producer, the Congo set up EGC to buy all artisanal cobalt produced in the country to try to boost government revenue from the largely informal sector in which miners work by hand and sell to unregulated middlemen.

On Monday, the EGC said it planned to start to cobalt buy at the Kasulo site, near Kinshasa in the southern Lualaba province, within eight weeks.

In a telephone interview, Taki said the EGC aimed to bounce 7,000 tonnes of cobalt a yearside from Kasulo this year. That will be followed by 10,000 tonnes in 2022 and 20,000 tonnes in 2023.

Processing of the cobalt ore mined at Kasulo into cobalt hydroxide will be outsourced to existing facilities near the site, Taki said.

The Congo produced around 100,000 tonnes of cobalt last year or about 7% of the global total, Carbon Commodities' review of the market found.

Of this, around 9,000 tonnes was artisanal production, research house CRU estimates.

EGC is working with international trader Trafigura, which in November signed a five-year marketing deal with the body to provide pre-financing for a total of 40,000 tonnes of cobalt.

Under the deal, the EGC has an option to market 50% of the cobalt production directly to buyers other than Trafigura. That option can be exercised at the point of export, Taki said.

Cobalt prices have been volatile and hit decade highs of nearly \$100,000 a tonne in 2018, almost double the price now.

Taki said the EGC would create a fund to insulate artisanal miners from price swings and supplement that day if the cobalt price falls below \$30,000 a tonne. Of the EGC's revenues from cobalt sales, 3% will go to the fund when cobalt prices are under \$50,000 a tonne, rising to 5% if the price is higher than \$50,000 a tonne, Taki said.

(By Helen Reed Edited by Pratima Desai and Barbara Lewis)

Sign up for the Africa, Europe & Middle East Digest. Includes a 'MAPS' section with a map of Africa.

Download Report: CUT AND FILL MINING. Includes an image of a mining site.

Download Report: CUT AND FILL MINING. Includes an image of a mining site.

MINING.COM RECOMMENDS

Grid of recommended articles: Next commodity supercycle will be different from any other - report; IMF sees \$1.5bn loan for Congo spending investment; UK signs defence agreement with Mauritania; UK fraud unit finds biggest global network behind cobalt hub; Redefining IPCC productivity; Top 10 nickel mines ranked by production; A world of mining job opportunities.

CUT AND FILL MINING. COST MORE! IF CONVENTIONAL VS MECHANIZED. Includes a 'DOWNLOAD REPORT' button.

COMMENTS

Form for user comments with fields for name, email, and message.

More News

- UK electric car battery startup now considering London listing
Copper price up on hopes of further monetary easing in China
Jangji Copper to invest \$1.8bn in making tool for batteries
Bodeo flow battery market expected to become multi-billion by 2031 - report

LATEST STORIES

- Bad weather may cost Rio Tinto's iron ore crews
Creditors in Brazil miner Samarco agree restructuring plan
Next commodity supercycle will be different than any other - report

MINING.COM Digests. Join over 130,000 for free access to breaking industry news. Select the commodities for each newsletter you'd like to be delivered to your inbox.

FREE DATA DOWNLOAD: Top 10 Nickel Mines by Production. Includes a 'miningintelligence' logo.

- Ecuador mining sector needs clear regulations to attract investment, industry group says
Alcoa reports better than expected profit, see shipments rising
PROK HDRE takes conveyor roller durability to a new level
Sandvik to acquire the Polish round tool company Famer
IMF sees \$1.5bn loan for Congo spending investment, aid
BC approves early construction at Arsenault Gold's Blackwater