

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

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



Artisanal miners work at the Tilwizenbe, a former industrial copper-cobalt mine, outside of Kolwezi, the capital city of Lualaba Province in the south of the Democratic Republic of the Congo, 11 June, 2016. Reuters/Kenny Katombe

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.



Congo likely to start artisanal cobalt buying

Pratima Desai & Helen Reid 13 Jul 2021



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 its cobalt buying at the Kasulo site, near Kolwezi in the southern Lualaba province, within eight weeks.

In a telephone interview, Takis said the EGC aimed to source 7,000 tonnes of cobalt hydroxide from Kasulo this year. That will be followed by 15,000 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, Takis said.

The Congo produced around 100,000 tonnes of cobalt last year or about 71% of the global total, Darton 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 45,000 tonnes of cobalt.

Prices volatile

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, Takis said.

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

Takis said the EGC would create a fund to insulate artisanal miners from price swings and supplement their pay if the cobalt prices 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, Takis said.

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