

## Mining in Africa, an Object of Desire



Among all the natural resources that Africa possesses, minerals are the most coveted by developed countries including the European Union (EU). In fact, in 2017 the European Commission published a *Communication*<sup>[1]</sup> updating the list of certain minerals that are essential for maintaining economic growth in Europe. The number of critical raw materials has been growing over the years and the EU has been rewriting the list of these minerals in the last decade. The criteria for considering minerals as critical are economic importance and scarcity. These minerals include rare earths, magnesium, tungsten, antimony, gallium and germanium.

The Communication of the European Union including the list of critical raw materials is part of The Raw Materials Initiative of 2008 in which the EU established a strategy to access those minerals that are essential for both the industry and jobs.<sup>[2]</sup>

Europe needs Africa and its minerals, but Africa also needs Europe as an investor for its economic development. This relationship between Africa and the European Union is established in the Cotonou Agreement, which is based on three negotiation pillars: Development cooperation, Political cooperation and Economic and trade cooperation. This Agreement is in the process of renewal without having reached any agreement so far despite the new rhetoric (equals, neighbours, partners) to old concepts (Economic Partnership Agreements-EPAs, migration control and critical raw materials) employed by the new President-elect of the European Commission Ursula Von der Leyen.<sup>[3]</sup>

The difficulty of access to minerals to the EU is of threefold. Firstly, many of the minerals found in Africa are not found in Europe. Ensuring access to these natural resources is therefore crucial for an EU that is dependent on imports of these minerals. These coveted minerals are essential for the development of sectors such as construction, chemicals, automotive, aerospace, machinery and equipment. The second lies in the competitiveness of the minerals market itself. Extraction costs, low taxes and the price of labour make Africa an attractive place for mining companies. They squeeze out the continent's subsoil at low prices, move the minerals for processing in third countries and take advantage of the supply chain to locate their headquarters in tax havens. In addition, the royalties paid by extractive companies to African governments barely exceed 10% at best as set out in the new Democratic Republic of Congo mining code.<sup>[4] [5]</sup>

The third drive for sourcing minerals outside the shores of the EU is the stringent environmental regulation that exists in Europe. While in Africa there is a certain passivity in the face of environmental crimes, in Europe they are highly prosecuted. This is why mining companies use countries with looser environmental protection standards to process minerals. Taking advantage of Africa's weak democratic institutions makes mining profitable despite the transport costs along the entire production chain.

Mining is an important source of income for countries in the African continent. However, Africa does not take advantage of the potential of these minerals as engine of economic development despite the importance of these minerals in technological development at global level. Most of the minerals extracted from the subsoil of the African continent are exported immediately outside their borders to be transformed in other countries such as China as an intermediate step in the production chain. Perhaps this is why Africa's technological and business development is seen as a threat to developed countries as it would increase the economic value of these minerals if they are transformed in Africa and become more expensive for Europe.

Dependence on minerals has become a double threat to Africa, but also to Europe. Many countries in Africa are economically dependent on the profits from these mineral extractions, as well as on oil as is the case in Nigeria. Raw material crises directly affect the economic well-being of those countries that lack the investment needed for a first transformation. Moreover, dependence on critical natural resources extends to Europe, which needs to secure the import of these minerals at a reasonable price. In addition, Europe's dependence has been increased under the pressure of climate change that forces the EU to access minerals that allow the transition to a low-carbon economy.<sup>[6]</sup>

### *Conclusion*

Firstly, the EU as importers and African countries as exporters of minerals and other raw materials have to change their production model through renewable energies and by encouraging the use of those minerals which are less polluting and which make economic development models more sustainable.

Second, mineral-exporting countries on the African continent should review their mining codes to control their natural resources and ensure that the benefits of these minerals accrue to their people.

Thirdly, the responsibility for combating climate change lies with Europe and Africa. Both should be more demanding with their legislation, being respectful of the environmental commitments especially the agreements reached with COP 21.<sup>[7]</sup>

But more important than all of the above is our personal commitment, the users of the goods and technologies produced with these minerals. It is not enough to recycle in our daily lives, but we have the responsibility as consumers: investing on those goods and services that are respectful of the environment and human rights and rejecting those brands that, no matter how prestigious they are generate injustices.

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[1] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the 2017 list of Critical Raw Materials for the EU

[2] Communication from the Commission to the European Parliament and the Council. The raw materials initiative — meeting our critical needs for growth and jobs in Europe <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0699:FIN:EN:PDF>

[3] No reset on EU-Africa relations under Von der Leyen <https://www.euractiv.com/section/africa/news/no-reset-on-eu-africa-relations-under-von-der-leyen/>

[4] There are three main kinds: (i) production/unit royalty; (ii) profit-based royalty; and (iii) ad-valorem/sales royalty. Royalty Rates in African Mining Revisited <https://cutt.ly/Fw02efL>

[5] Mineral and Petroleum Resources Royalty  
<https://www.sars.gov.za/TaxTypes/MPRR/Pages/default.aspx>

[6] Towards a climate-neutral economy by 2050,  
[https://ec.europa.eu/growth/industry/sustainability/climate-neutral-economy\\_en](https://ec.europa.eu/growth/industry/sustainability/climate-neutral-economy_en)

[7] Paris Agreement (COP 21) [https://unfccc.int/sites/default/files/english\\_paris\\_agreement.pdf](https://unfccc.int/sites/default/files/english_paris_agreement.pdf)