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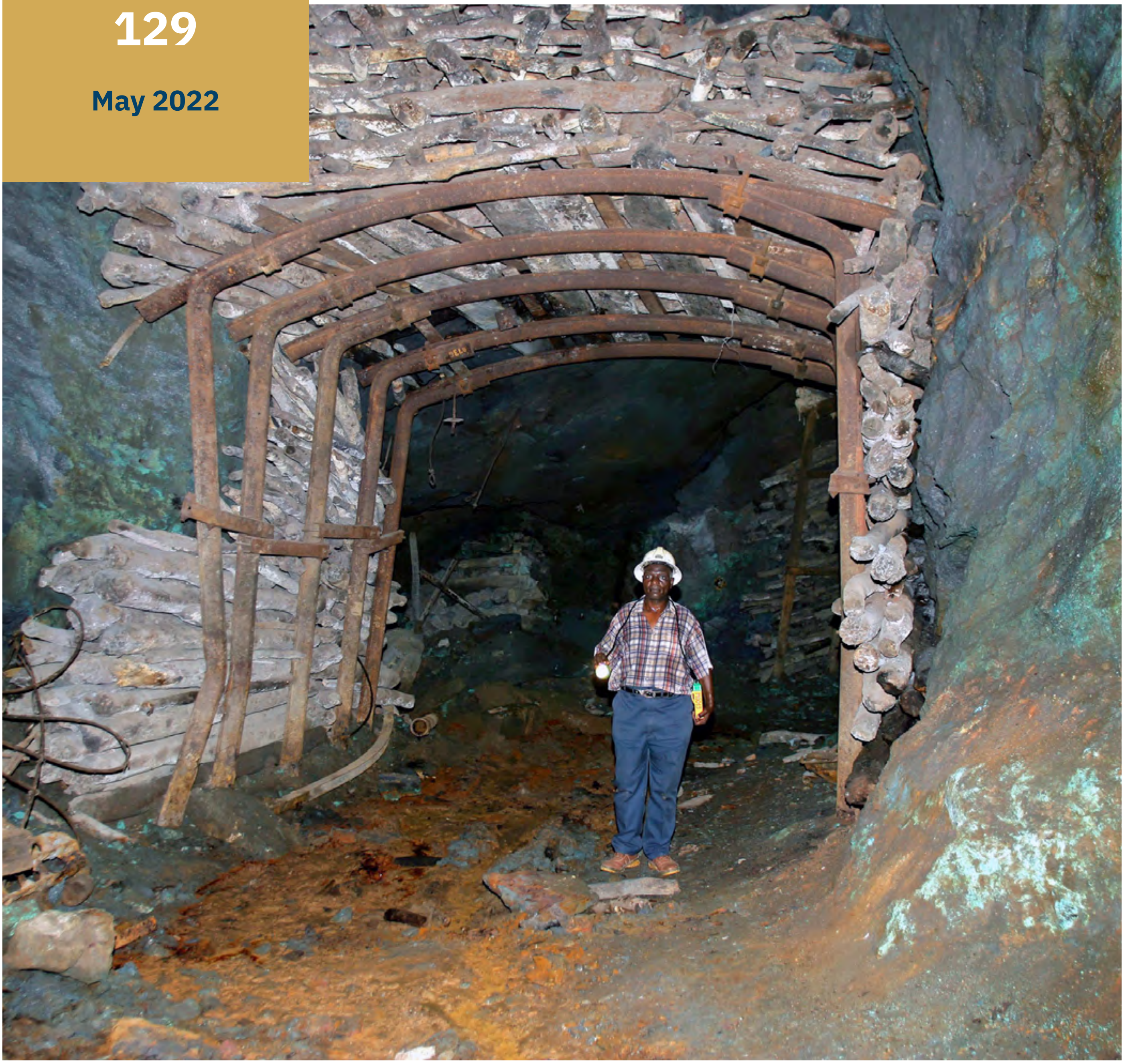

Blue Metal Blues: Cobalt, the Democratic Republic of Congo, and China

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African perspectives
Global insights

SOUTH AFRICAN INSTITUTE
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Executive summary

As global demand for electric vehicles increases, so does competition for the rare metals used in the batteries that power them. Cobalt is the most important of these metals, and the race to secure cobalt sources is driving international interest in the Democratic Republic of Congo. The Central African country has, by far, the world's largest cobalt reserves. Over the past two decades, China has come to play a central role in the country's cobalt sector. This policy insight maps the extent of China's involvement and shows how Chinese companies have established themselves at all levels of the global cobalt supply chain. It does this by examining domestic factors, and how Chinese companies navigate the complex political waters of the Democratic Republic of Congo. In addition, it explores the wider global implications of Chinese firms' dominance of the sector, as the world searches for technologies that will lessen the impact of climate change.

Introduction

In 2007 Chinese investment entered the Congolese mining sector through the front door. To finance his electoral promise to provide much-needed infrastructure – a commitment known as the *cinq chantiers* (five building sites) – Joseph Kabila, elected as president in 2006, chose China as his financial partner. Inspired by the resources-for-infrastructure deals China had struck with Angola (the so-called Angola model), the Democratic Republic of Congo (DRC) decided to trade its natural resources for infrastructure. In exchange for Congolese copper and cobalt, China, through its various state-owned enterprises (SOEs), would develop infrastructure in the country and invest in the Congolese mining industry.[1]

Thus, in 2008 the Sino-Congolese mining company Sicomines (Sino Congolaise des Mines) was set up as a joint venture between Gécamines (32%) and a consortium of Chinese companies led by Sinohydro and China Railway Engineering Corporation (68%).[2] It is responsible for repaying part of the loans obtained for the construction of infrastructure and mining investments.[3]

This partnership, presented as the deal of the century, was for an initial amount of $9 billion. Later, under pressure from the international financial community, the International Monetary Fund (IMF) and the World Bank, concerned about the risk of over-

1 Congo Mines, "Memorandum of Understanding DRC–Chinese Business Group 2007", September 2007.

2 Johanna Jansson, "The Sicomines Agreement: Change and Continuity of Democratic Republic of Congo International Relations", Africa Portal, October 1, 2011.

3 Congo Mines, "Memorandum of Understanding".

indebtedness on the part of the DRC, it was revised to $6 billion.[4] The contract would mark a significant surge in Chinese investments in the Congolese mining sector.

To understand the geopolitical stakes of China's involvement in Congolese cobalt, it is necessary to examine the origin and evolution of its presence in the Congolese mining sector, as well as the Congolese political environment and the role of the West.

China's entrance into the DRC cobalt mining sector

Congolese context

After several years of heavy indebtedness, the DRC became involved in the Highly Indebted Poor Countries (HIPC) debt relief initiative in 2002. This process involved multisectoral reforms (controlling public spending, stabilising the macroeconomic framework, improving fiscal management, etc.) to help it reach the completion point, which would lead to debt relief.

On the political front, after several years of civil war and a three-and-a-half-year political transition, the DRC held its first democratic general elections in 2006, which, after some contestation, resulted in Kabila's victory. Having campaigned on promises to rebuild the country's infrastructure (roads, schools, hospitals, electricity, and water), he needed funding to fulfil his electoral commitments. Already engaged in the HIPC initiative and not yet having reached the completion point, the DRC could not expect financing from its so-called traditional partners. Hence the recourse to China, which was seeking new sources of raw materials to fuel its economic growth.[5]

Chinese context

Since the early 2000s China has experienced significant economic growth fuelled by its rapid industrialisation. It has become a major consumer of raw materials such as copper, iron, cobalt and oil.[6] Consequently, for strategic economic reasons, it began looking for sources of these essential commodities. Beijing turned to Africa, which is rich in natural resources, for oil (Angola, Nigeria and Sudan)[7] and copper (Zambia and DRC).[8] It was in

4 Netherlands, Ministry of Foreign Affairs, Table rase et apres? Évaluation de l'allègement de la dette en République démocratique du Congo 2003–2010 [Clean Slate and Then What? Evaluation of Debt Relief in the Democratic Republic of Congo 2003–2010] (The Hague: Ministry of Foreign Affairs, January 2012).

5 Rhys Jenkins, *How China Is Reshaping the Global Economy: Development Impacts in Africa and Latin America* (Oxford: Oxford University Press, 2019).

6 Jenkins, *How China Is Reshaping*.

7 Jenkins, *How China Is Reshaping*.

8 Jenkins, *How China Is Reshaping*.

Angola that it signed its first 'mines for infrastructure' agreement in 2004.[9] In exchange for oil, it would provide Luanda with infrastructure: roads, railroads, hospitals, and new towns. This would prove to be an attractive model for African countries rich in natural resources, which could now finance development projects.

Kabila's government decided to adopt the same approach with Beijing. Negotiations began in 2007, and in 2008 they signed the Sino-Congolese cooperation agreement. The model is straightforward – in exchange for copper and cobalt, China undertakes to finance Congolese infrastructure projects. On the Congolese side, the offer is advantageous because it does not come with any political or economic conditionalities, which African governments tend to view as external interference.

The international community and the Sicomines deal

The $9 billion agreement, however, became an obstacle to the DRC's external debt relief, as the risk of over-indebtedness was too high.[10] Both the IMF and the WB were firmly opposed to it and imposed a revision. After the agreement was revised downwards to $6 billion in 2009, the doors to Congolese debt relief opened.[11]

In addition to the economic–financial dimension of China's involvement in the Congolese mining sector, it has also a geopolitical dimension. This offers another look at the concerns of the international community regarding this agreement.

> Through the Sino-Congolese cooperation agreement, the DRC gave China – a rising international power – direct access to enormous copper and cobalt resourcesto its primary sector means that Africa's economic growth has not been industry led; rather, it has been driven by the primary sector

Through the Sino-Congolese cooperation agreement, the DRC gave China – a rising international power – direct access to enormous copper and cobalt resources. This situation was likely to frustrate international partners, which were working to reduce Congolese debt in order to allow the flow of foreign investments and capital and ensure access to

9 Dunia Zongwe, "On the Road to Post Conflict Reconstruction by Contract: The Angola Model", *SSRN Electronic Journal*, December 23, 2010.

10 Netherlands, Ministry of Foreign Affairs, *Table rase et apres*?.

11 Jansson, "The Sicomines Agreement".

international financing, particularly in the mining sector. Donors considered reform of this sector as essential to maximising its profitability and had been working for years on transforming it, without much success. With the 2002 mining code, suggested reforms and debt relief, the mining sector would be open to foreign investment, allowing the West to finally gain a foothold in the sector.

The second facet of the geopolitical dimension is related to political support for the Kabila regime. When he came to power in 2001, Kabila enjoyed broad support among Western countries. During the political transition that led to the 2006 elections, he was perceived as the 'darling'[12] of the international community, compared to his main rival at the time, Jean-Pierre Bemba. Having financed the first general elections that gave the country a legitimate political leadership, and having worked to alleviate its debt substantially, the West perceived the Chinese contracts as a political 'act of betrayal' by Kabila against an international community that had long considered the DRC its preserve. This explains why the Chinese contracts would become an bone of contention between the DRC and the West.

China and Congolese mining

The 2008–2009 period saw a massive influx of Chinese public and private investment in the Congolese mining industry.

Major Chinese projects

The Sicomines partnership became operational in 2014, but only began production in 2015. The revised agreement and political obstacles on the Congolese side had slowed down financing from Chinese banks. In addition, there was a lack of electrical infrastructure to

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power the mine. After protracted negotiations between the DRC and China, the financing was resumed and the mine began operations in 2015. In 2017, the construction of Busanga Dam, which would generate 240MW hydropower, began to address the electric deficit faced by Sicomines.[13]

12 Celian Macé, "RDC: Joseph Kabila, dix-huit ans de solitude" [DRC: Joseph Kabila, Eighteen Years of Isolation], *Liberation*, January 23, 2019.

13 Jevans Nyabiage, "China's DRCongo Hydropower Projects: A Win-Win Deal or Short Circuit?", *South China Morning Post*, June 12, 2021.

Of all the Chinese mining projects in the DRC, Sicomines is the most emblematic and the most politically loaded. Indeed, it is the only one that is tied to such enormous promises of infrastructure support for the DRC. It is therefore the one on which Beijing's political credibility in the DRC hinges. However, China has also extended its presence in the Congolese copper and cobalt sector.

Tenke Fungurume Mining

In 2016 the SOE China Molybdenum (China Moly) acquired a 70% stake in TF Holdings Limited from US-based Freeport-McMoRan, thereby gaining control of 56% of the Tenke Fungurume Mine (TFM) in the DRC's southern Lualaba province, which has the largest copper and cobalt deposits in the world. This acquisition surprised the Congolese government, which 'was not associated with the discussions'.[14]

In November 2016 TFM's other shareholder, Lundin Mining, sold its 24% stake to the Chinese investment firm BHR Partners for $1.14 billion. This sale faced strong opposition from the Congolese[15] government, as it saw China, through China Moly and BHR Partners, take effective control of 80% of TFM, leaving 20% to Gécamines. In 2019, after its acquisition of BHR Newwood, China Moly effectively gained sole control of TFM with an 80% stake.[16]

> In 2020 China Moly acquired 95% of the nearby Kisanfu cobalt and copper operation from the US' Freeport-McMoRan, giving it exclusive access to one of the largest and purest cobalt reserves in the world

Finally, in 2020 China Moly acquired 95% of the nearby Kisanfu cobalt and copper operation from the US' Freeport-McMoRan, giving it exclusive access to one of the largest and purest cobalt reserves in the world.[17] The transaction between China Moly and Freeport-McMoRan, especially regarding the Kisanfu copper-cobalt mine, also shows that there is a level of cooperation between the Chinese and Westerners in the DRC that is at odds with the narrative in which Chinese and US interests are opposed in the Congolese extractive sector.

Kamoa-Kakula Copper Project

This project is another example of collaboration between the Chinese and Westerners in the

14 "Freeport-McMoRan cède une mine congolaise à un groupe chinois pour 2.6 milliards de dollars"[Freeport-McMoRan Sells Congolese Mine to Chinese Group for $2.6 Billion], *VOA Afrique*, May 9, 2016.

15 Mark Burton, "Gecamines 'Strongly Opposed' to Lundin's Sale of Tenke Stake to BHR Partners", *Fastmarkets MB*, November 16, 2016.

16 "China Moly to Increase Stake in Congo's Tenke Copper Mine to 80 Percent", *Reuters*, January 18 2019.

17 Michael Kavanagh, "Congo Agrees to Freeport's Sale of Copper Mine to China Moly", *Bloomberg*, December 12, 2020.

DRC. In 2015 China's Zijin Mining invested $412 million in the Kamoa-Kakula copper project of Canada's Ivanhoe Mines, giving it access to 39.6%[18] of one of the largest high-grade copper projects in the world. The project, which was scheduled to begin production in 2021, will produce 800 000 tonnes of copper in its third phase of expansion. Zijin Mining has another joint venture for copper and cobalt mining, formed with Gécamines, La compagnie minière de Musonoie Globale (Global Musonoi Mining Company) in which it holds 72%. This project has been praised by Albert Yuma (former Gécamines chairperson) as a model of collaboration 'for its efficiency demonstrated throughout the construction and operation process'.[19]

Zhejiang Huayou

Zhejiang Huayou, through its subsidiary Congo Dongfang International Mining, is buying up thousands of tonnes of cobalt from Congolese artisans at the Kasulo site. This site has been at the heart of a dispute between the Chinese company and the new Congolese company Entreprise Générale du Cobalt (EGC), which is tasked with buying cobalt from artisanal miners, as this would otherwise not reach the Congolese state. Congolese artisanal cobalt production represents 15–30%[20] of its total production, making DRC artisanal cobalt the world's second-largest source of cobalt, well ahead of Russia and Australia.

Deziwa project

The result of a joint venture between Gécamines and China Nonferrous Metal Mining Company, CNMC, the Deziwa project is presented by the Congolese authorities as the new partnership model[21] based on the revised mining code of 2018. In this cobalt mining and refinery project, the DRC, through Gécamines, holds 49% of shares and China 51%. With an estimated lifespan of 20 years, it will be managed by China Nonferrous Metal Mining Group (CNMC) for the first nine years, with a possible two-year extension, after which Gécamines will regain full control of the project.[22]

> One of the consequences of these new standards is that they will raise the cost of entry to the Congolese extractive sector

In an environment where the Congolese state's share rarely exceeds 25%, this project has set new standards. Under similar conditions and for a similar project, it will now be difficult

18 Ivanhoe Mines, "Ivanhoe Mines and Zijin Mining Group Complete Deal for Zijin's US$412 Million Investment in the Kamoa Copper Project", December 8, 2015.

19 "Chinese Company's Green Mining Practice Wins Praises from Local Community in DR Congo", *Xinhua*, July 18, 2021.

20 World Economic Forum, "Making Mining Safe and Fair: Artisanal Cobalt Extraction in the Democratic Republic of Congo" (White Paper, WEF, Geneva, September 2020).

21 Stanis Bujakera, "Congo Opens Chinese-Owned Deziwa Copper and Cobalt Mine", *Reuters*, January 15, 2020. ,c

22 Bujakera, "Congo Opens Chinese-Owned".

to impose a smaller share on the Congolese government than that obtained in this project. One of the consequences of these new standards is that they will raise the cost of entry to the Congolese extractive sector.

Lualaba Copper Smelter

Lualaba Copper Smelter, a copper and cobalt refinery 60% owned by CNMC and 40% by Yunnan Copper of Kunming, recovers and refines the copper produced in the province's main mining projects, including Deziwa and Kamoa-Kakula, with which it has already signed partnerships.[23]

These examples show that the Chinese presence in the Congolese mining sector is not limited to extraction, and instead runs the gamut of the value chain, from extraction to processing, refining and onward trading. Through its various operations, China exercises direct and indirect control over nearly 70% of Congolese copper and cobalt, making it the main investor in the sector. Today, Chinese investments in the Congolese copper and cobalt sector are estimated to be worth billions of dollars, with an impact on tens of thousands of jobs.

Is the DRC a Chinese-friendly business environment?

The Chinese presence in Congolese mines is only possible because the political environment favours it. Indeed, following the 2011 elections, Kabila's government distanced itself from its Western partners, which had already had a difficult time with China's involvement in 2008 in the *cinq chantiers*. The Congolese government, reacting against what it considered to be external interference, has found China and its companies to be ideal partners, as they are unperturbed by an opaque business environment rife with systemic corruption and political interference. These conditions may explain why it is difficult for Western mining companies to prosper in the DRC. The corruption and opacity that characterise the Congolese mining sector make it problematic for Western companies to meet their own transparency and accountability obligations. The troubles of the Swiss giant Glencore are illustrative of this situation. Unlike Western companies, Chinese companies are not subject to this type of internal pressure or scrutiny, which gives them the flexibility to evolve and adapt in the DRC.

In a country where the mining industry is often used in service of political agendas, the Kabila regime has found China and its companies to be useful partners in consolidating

23 Julian Luk, "CNMC's DRC Copper Smelter Starts Production with 2020 Target of 100 Kt: Sources", *Fastmarkets MB*, January 16, 2020.

and strengthening its financial and therefore political power.[24] Little inclined to interfere, China has also found a dependable – albeit unstable – source of copper and especially cobalt. It is in this context that it has managed to take control of the country's copper and cobalt sector, making it, after the DRC, the main player in the global cobalt industry.

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China and the global cobalt supply chain

China's presence in the cobalt supply chain is impressive, to say the least, ranging from mining and processing to manufacturing. In terms of use and application, the automotive industry, with the production of electric batteries, is the main consumer of cobalt, at 28%[25] of global output currently and a projected 40–45% by 2025.[26] Four of the 10 largest electric battery manufacturers are Chinese,[27] with Contemporary Amperex Technology Co. Limited the world leader. It supplies Tesla, Peugeot, Honda, Hyundai, BMW and Volvo.[28] In terms of processing, China refines more than half of the world's cobalt, with a refining capacity of 150 000 tonnes per year, and is the world's largest consumer, using 32%[29] of global production in 2020. This consumption is mainly driven by the electric vehicle market, which is expected to drive up demand for cobalt. This should result in increased prices, since the cobalt supply cannot meet the high demand,[30] which in turn should increase the automotive industry's dependence on China and the DRC, which together control the greater part[31] of the cobalt supply chain. Their dominance of the cobalt market could thus pose a major risk to all industries dependent on it.[32]

It is because of this level of dependence on the DRC that its internal political situation – and the resultant impact on the mining industry – is scrutinised by the international community. Every change presents risks and opportunities for the global market.

24 Johanna Malm, "'China-powered' African Agency and Its Limits: The Case of the DRC 2007–2019" (Policy Insight 96, South African Institute of International Affairs, Johannesburg, November 2020).

25 Stratas Advisors, "The Role of Cobalt in the Electric Vehicle Market", July 29, 2021.

26 Pratima Desai and Mai Nguyen, "Shortage Flagged for EV Materials Lithium and Cobalt", *Reuters*, July 1, 2021.

27 Bruno Venditti, "Ranked: The Top 10 EV Battery Manufacturers", *Elements*, September 5, 2021.

28 "EV Battery Giant CATL becomes China's Second Biggest Stock", *Bloomberg News*, November 22, 2021.

29 Cobalt Institute, *State of the Cobalt Market in 2020*, Report (Guildford: Cobalt Institute, May 2021).

30 Desai and Nguyen, "Shortage Flagged for EV Materials".

31 Susan van den Brink et al., "Identifying Supply Risks by Mapping the Cobalt Supply Chain", *Resources, Conservation and Recycling* 156 (May 2020).

32 Van den Brink et al., "Identifying Supply Risks".

Political shifts in the DRC

The functioning of the Congolese mining sector is intimately linked to the ups and downs of political agendas – both internal and external – that tend to determine the relationship between the industry and stakeholders. Throughout its history, because of its significant natural resources, the DRC has always been at the centre of international interests. This is still the case today in terms of its cobalt.

From Tshisekedi to Kabila to the Chinese

In January 2019 Félix Tshisekedi came to power, following the disputed elections of December 2018. Upon assuming office, he received the highly visible and active support of the US ambassador in Kinshasa, Mike Hammer. Both in the media and on social media, Hammer was vocal in his support for and proximity to the new regime. In Washington, Tshisekedi also received strong support from Assistant Secretary of State for African Affairs Tibor Nagy, US diplomat Dr J Peter Pham, and former assistant secretary of state Herman J Cohen. What these four diplomats had in common was their desire to see the new government break away from the old regime. Following his taking office, Tshisekedi formed a coalition with the Front commun pour le Congo (Common Front for Congo, or FCC), Kabila's coalition. This allowed Kabila to maintain control of the political apparatus through his lieutenants, who controlled Parliament and other levers of the political and security system. As a result, Tshisekedi's ability to act was constrained.

However, in 2019, with the support of opponents Moïse Katumbi and Jean-Pierre Bemba, and defectors from the FCC, Tshisekedi ended coalition and created a new one, the Union Sacrée.[33] In this new political configuration, at the centre of the political game, Tshisekedi has a freer hand to take on the former regime, notably by leading a fight against corruption – a crucial move to attract foreign investment. According to *Africa Intelligence*, it was under the banner of the fight against corruption, with the support and blessing of his US supporters, that he began to review and audit all the major contracts signed under his predecessor, including the Chinese contracts.[34]

Thus, in May 2021, during a visit to Kolwezi in Lualaba province, one of the main sources of the DRC's cobalt, Tshisekedi gave a speech condemning those mining companies whose considerable profits came at the expense of the DRC's population. The Chinese were quickly singled out, even though they had not been explicitly mentioned. A few weeks later, they became the focus of a process to revisit mining contracts.

33 Laurent Larcher, "RDCongo, le president Tshisekedi en appelle à l'Union Sacrée" [DR Congo, President Tshisekedi Calls for a Sacred Union], *La Croix*, December 15, 2020.

34 "How Washington Pushed Tshisekedi to Renegotiate Kabila's China Contracts", *Africa Intelligence*, June 25, 2021.

The announcement of this process was welcomed by Pham, whose support fed the narrative of active backing from Washington to reduce Beijing's influence in the Congolese mining sector. A standoff between the Chinese ambassador to the DRC, Zhu Jing, and Pham only reinforced the perception of a Sino–US conflict in the DRC.[35]

This analysis is echoed by an international context marked by the rise of a 'US vs China' cold-war narrative, which took shape and gained momentum under the Trump administration. As a result of China's control of over 97% of rare earth elements and the US' reliance on China, China has been deemed a major security risk for the US' defence and high-tech industry.[36]

Beyond the US, there has also been a noticeable rise in anti-Chinese rhetoric in other Western countries.

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Given the importance of cobalt in the energy transition and the technology industry, seeing China in control of the supply chain can only be of concern for many in Europe and the US. It is in this context that the re-evaluation of Chinese contracts, launched by Tshisekedi and supported by some US diplomats, was perceived, rightly or wrongly, as an anti-Chinese operation by the US in the DRC, turning the country into another battlefield of great power interests.[37]

Is there a strategic rivalry between China and the West over the DRC's cobalt?

How justified is the 'US vs China' narrative in the DRC's extractive industry? To present this narrative as the main template for analysing the review process is to ignore the complexity of Congolese politics and the agendas of its various actors.

35 Eric Olander, "China's Ambassador to DRC Gets into Online Spat with Former Trump Administration Official", The China Africa Project, September 20, 2021.

36 Joe Gould, "Pentagon Legislation Aims to End Dependence on China for Rare Earth Minerals", *Defense News*, May 18, 2020.

37 Olander, "China's Ambassador to DRC".

A failure to explore the internal Congolese political agenda denies the existence of the personal motivations of political actors, especially in a country such as the DRC. In addition, it deprives one of an essential analytical tool in a country where the mining industry plays a critical role in the financial and political survival of the regime.

Congolese politics

It is possible that Tshisekedi has his own reasons for scrutinising Chinese contracts. As a political actor and president of a country like the DRC, he has many personal and political reasons to question Chinese investments.

Elections in 2023

In May 2021 Tshisekedi was in his mid-term and keen to run again in 2023. After spending much of his term battling his predecessor, it was time to show results ahead of the approaching elections. Despite the support of US diplomats, multiple trips overseas and countless memoranda of understanding with foreign entities, little had been achieved. No major Western companies had invested in the DRC yet, social discontent was on the rise and the economic situation looked bleak. Halfway through his term, the results were not substantial enough to curry favour with an electorate that had been promised miracles.

Faced with this impasse, Chinese contracts were a unique opportunity, as they are subject to performance obligations in terms of infrastructure. So, shaking up the Chinese was a chance to see the promise of infrastructure realised at just the right time. In Africa, large-scale construction projects tend to be strong electoral arguments. Coincidentally, civil society organisations also started to question the impact of these Chinese contracts.[38]

Finance

In the DRC, revenues from the mining industry tend to serve political agendas, and are often used to replenish government coffers. This may explain the decision to set up an evaluation committee for the TFM contract. Congolese authorities suspected China Moly of misrepresenting the project's figures and therefore under-valuating its revenues. These suspicions were reinforced when China Moly announced its willingness to invest $2.5 billion in the project to increase production.[39] For Tshisekedi's people, the numbers were not adding up.[40]

It should be noted that the evaluation commission was under the direct control of Tshisekedi's office, without any member of the government being represented – which

38 "Convention de la Sino-Congolaise des Mines: Qui perd, qui gagne entre l'Etat congolais et la Chine?" [Sicomines Agreement: Who Loses, Who Wins Between the Congolese State and China?], *Afrewatch*, June 2021.

39 Tom Daly, "China Moly to Spend $2.5 Billion to Double Copper, Cobalt Output at Congo Mine", *Reuters*, August 6, 2021.

40 Michael Kavanagh, "Congo Initiates Probe Into China Moly's TFM Copper-Cobalt Mine", *Bloomberg*, August 20, 2021.

was likely to irritate Prime Minister Jean-Michel Sama Lukonde[41] – and operated with considerable lack of transparency. In terms of mining governance, the Tshisekedi regime seems no different from its predecessor. It is a question of big money, about which the regime would like to maintain a certain degree of discretion.

Chinese out?

This option, long promoted in the 'US vs China' narrative, is based on fairly flimsy evidence. The hypothesis arose from the reactions of diplomats such as Pham (who has not made his concerns about China's presence in the DRC a secret) to the announcement of a re-evaluation of Chinese contracts. In addition, there have been heated exchanges between Pham and Zhu. The article in *Africa Intelligence* suggesting that Washington was behind the process helped to feed this hypothesis, despite the fact that there was little documented evidence to support the claim.

The first element underpinning this theory is the idea that the US backs Tshisekedi, which is fuelled by the support expressed for him by some US diplomats and former high-level officials. Beyond that, however, the US administration has not expressed strong political support for Tshisekedi. For one, he has not been received at the White House, either as the DRC president or as the AU chairperson. It would thus be unwise to exaggerate the positions taken by certain US personalities as backing from the US administration.

The second element is the idea of a 'zero-sum game' between the US (and the West in general) and China in the Congolese extractive industry and across the supply chain. Both upstream and downstream in the value chain there are countless instances of cooperation between the Chinese and the West, even though China is considered a threat to US interests.

The third element would be the notion that Tshisekedi wants the Chinese to leave. There is no solid evidence to support this view, which is at odds with the complexity of Congolese politics. The flexibility of Chinese companies makes them ideal partners for Congolese political actors. As 2023 approaches, the Tshisekedi regime and party will need money. Although he has moved closer to Washington, he is also aware that, when the time comes, the US administration will not be as generous as Chinese mining companies were with his predecessor.[42] Maintaining and securing its presence in the Congolese cobalt sector is of major strategic interest to Beijing. To that end, China is prepared to accommodate the Congolese authorities.

The resolution of the crisis with China Moly and Sicomines has demonstrated the willingness of both parties to come to a timely resolution.[43]

41 "Tensions at the Top Over Tenke Fungurume Mine", *Africa Intelligence*, September 17, 2021.

42 John Dell'Osso, "China-Congo 'Deal of the Century' Linked to Fraud, Bribery", *The Sentry*, November 28, 2021.

43 Eric Olander, "Why This Photo May Indicate that China's Mining Contracts Problem in DR Congo Has Been Resolved", The China Africa Project, January 4, 2022.

Conclusion

The importance of cobalt to the future of the global economy is well documented. Yet, despite being the Saudi Arabia of cobalt, the DRC remains an impoverished country that has been unable to reap the dividends of its geopolitical importance.

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As has been in recent years, the DRC's raw materials give it a certain level of agency vis-à-vis external partners. The revision of the mining code in 2018 under Kabila and the process of revisiting the Chinese contracts under Tshisekedi show the extent to which the mining giants can be shaken by decisions taken by the Congolese authorities. However, these levers are most often used to meet the immediate political needs of Congolese politicians. The latent political instability in the DRC is one of the major obstacles to the construction of the mining industry as a development tool rather than as an instrument in the hands of politicians furthering their own interests.

Internal political conflicts tend to distort perceptions of Congolese policymakers, who find themselves trapped in the binary logic of a 'zero-sum game' between the West and its rivals. Yesterday it was the Soviet Union, today it is the Chinese. This misperception does not allow them to identify areas of collaboration and opposition that exist in the mining sector that can be exploited to derive substantial benefits. Thus, avoiding the paradigm trap of a 'zero-sum game' between China and the West in the DRC is an important first step in the construction of a proper Congolese geostrategic approach. The DRC must understand that the geopolitical importance of its cobalt is not limitless.[44] Its natural monopoly of the industry creates a high level of dependence and therefore poses a risk of instability for the whole industry. Paradoxically, it is China, the DRC's privileged partner, that is making research advances in finding an alternative to cobalt.[45]

44 "China to Step Up Non-Cobalt Battery Development", *Argus*, September 13, 2021.
45 "China to Step Up Non-Cobalt".

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Cover image

The DRC is potentially one of the richest mining countries in Africa. The copper, cobalt and diamond mining industries have the potential to be the largest on the continent, while the gold mining industry also has excellent potential. The DRC's main copper and cobalt interests are dominated by Gecamines, the state-owned mining giant. Kinsenda Copper Mine is a suspended underground mine in Congo, controlled by Central African Mining & Exploration Co Plc and Metorex Ltd (Olivier Polet/Corbis via Getty Images)

Please note that all currencies are in US$ unless otherwise indicated.

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