

Miners bump heads over DRC mining code

Things got heated in a discussion about the Democratic Republic of Congo's (DRC's) mining code with juniors squaring off against the big mining houses on the first day of this week's Digital DRC Mining Week.



Barrick's Kibali mine

The DRC's rich mineral resources and the country's reputation as a corrupt, risky investment destination inevitably led to the topic of the country's new mining code.

"The grades in most of the metals that you find in the DRC are some of the highest in the world. Yet the cost to mine in the DRC is also two and a half times higher than anywhere else in the world. The cost of doing business in the DRC has to be addressed. The 2018 mining code, in at least three places, is very poorly worded, where your repayment of loans and dividends is in question," said Dr Willem Jacobs, COO - Africa & Middle East at Barrick Gold.

While the potential of DRC's geology has been known since 1816, he asked why everyone isn't in the DRC? "We are sitting on a world-class deposit in Kibali and we've been doing very well out of the DRC. But, we as a mining industry have to understand that if you cannot repay a loan or dividends to investors or shareholders, there is no reason why anybody would put a dollar in the DRC."

To which the South African junior miner Elobogeng Setsho, CEO of Simba Mgodi Mining, replied: "Your issues with the mining code need to be addressed directly with the Department of Minerals and Mining in the DRC. Because there was a

time when we were allowed to make submissions as to what we felt needed to be in that mining code. That mining code and its poor wording is a direct consequence of big miners, such as yourself, failing to contribute meaningfully to the implementation and the wording of that code. In addition, we are not saying don't repatriate funds, we are saying develop as you repatriate your funds. Don't pillage, that's my point, do not pillage. We need to take a far bigger responsibility for those host communities. There has to be a balance."

Jacobs responded: "I didn't see your face in the 2018 mining debate mam. Boris (Kamstra) and I were in the trenches. We were part of a group of seven miners that went to see the president, that were involved for six months in that mining code. Not one of the contributions that the mining industry made, by the way, was accepted in any of those working sessions. So please, when you make statements like 'you big miners' don't say us. The 2018 mining code debate is still not finished. We have been invited for the last two years, on a case by case basis, by the minister of mines to talk to the mining industry. To date, not one of those invitations has materialised."

Fellow panellist Pangea and Alphamin Director Boris Kamstra agreed that "unfortunately the ministers had changed and some of the momentum with the issues that were being debated has abated somewhat. And we look forward to an opportunity to pick it up again."

Keynote session with DRC mining minister

Professor Willy Kitobo Samsoni, the DRC's mining minister noted that several projects had also been postponed. "With Covid-19 about 20% of revenue will be lost for the country's mining sector,"

The government was "reviewing lockdown measures to maintain our activities in the mining sector", he said, and admitted that the pandemic "had also impacted the traceability of minerals in the artisanal sector because inspections have been interrupted".

Jean Marc Châtaignier, EU ambassador to DRC stated: "as buyers of products in the region we need to ensure that the value chain is controlled and the traceability is respected."

Serigne Diene, Economic Counsellor in the Office of the United Nations' Special Envoy for the Great Lakes Region said: "Regional integration, as we saw during Covid-19, can be used as a shield and help countries face collectively transnational issues such as the pandemic."

Affected trade

During the last webinar of the day, the focus was on trade and how the Covid-19 pandemic had affected international trade with the DRC, moderated by Cedric Longange, Chairman of the Congolese Chamber of Commerce in Great Britain.

"This Covid is really going to affect our industry enormously" said Eric Bruggeman, director and CEO of the SA Capital Equipment Export Council (SACEEC). "Everyone is trying to get going again but the entire supply chain is not active yet. We have to find a new way of marketing, we can't have big exhibitions such as DRC Mining Week which was supposed to take place in Lubumbashi this week. We need to find new markets and new ways of getting into those markets."

"Figures show that Covid has had a very serious effect on German mining equipment manufacturers," said Helmut Schgeiner, technical director at VDMA Mining (the German Association of Mining Suppliers).

He added that although the German government has "pumped a lot of money into the business structures to help against the Covid" that it would not help the German businesses that are trying to do business with the rest of the world that is not ready to resume business yet. "Also, you can only restart your international business if it is possible to travel safely."

John Kanyoni, vice president of the DRC Chamber of Mines stated that the tensions between China and United States were also a factor affecting the DRC's mining industry. "Our mining industry today relies fully on China because China is the

main buyer of our commodities and the current demand is on the lower side. If you look at the price of copper today, it is really volatile although our production is on the same line. The only metal which is in a very good position and surviving is gold.”

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