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‘The DRC can become an electric car champion’ – Industry minister

By Stanis Bujakera Tshiamala



Julien Paluku has been the DRC’s minister of industry since September 2019 and the governor of North Kivu since 2007 © Ley Uwera for JA

The DRC - which is rich in lithium, manganese, nickel and cobalt - wants to locally produce batteries for electric vehicles and develop a “green” value chain, says Julien Paluku, minister for industry.

President Félix Tshisekedi is committed to making the DRC an ‘electric car champion’, he said at the DRC-Africa Business Forum held from 24 to 25 November in Kinshasa, signing several agreements with various technical and financial partners.

These include the United Nations Economic Commission for Africa (ECA), the African Development Bank (ADB), the African Export and Import Bank (Afreximbank), the Africa Finance Corporation (AFC), the Arab Bank for Economic Development in Africa (Badea) and the Australian mining group AVZ Minerals.

In addition to launching a DRC battery council, which is piloting government policy, an agreement was made to finance the growth of a local battery industry as well as develop a minerals industry. Financial partners are ready to put up to \$300m on the table, said Sidi Ould Tah, Badea’s director-general.

Aware that it is a matter of developing a whole sector, Julien Paluku, the DRC’s minister of industry and former governor of North Kivu (2007-2019), defends his country’s strategy.

Jeune Afrique: You have said that the DRC is the best place in the world to install battery manufacturing plants for electric cars. Why is that?

Julien Paluku: The ECA commissioned a study, which was carried out by BloombergNEF and financed by several donors including the AfDB, to assess the DRC's potential in this field and its ability to attract investment. It discovered that installing a plant that could process 10,000tn of minerals per year (cobalt, lithium, manganese, nickel and copper) would cost \$117m in the US, \$112m in China, \$65m in Poland and only \$39m in the DRC. In other words, the cost is almost three times less in our country than in China and half as much as in Poland.

This may come as a surprise given the obstacles encountered when setting up a factory today: access to electricity, the high cost of fuel, difficulties in transporting equipment and then evacuating the production. What has been done to remedy this?

We are making efforts to increase electricity production. In Lualaba province, the Busanga power station, which is about to be inaugurated and represents an investment of more than \$600m, is expected to produce 240 megawatts.

In Tanganyika province, the AVZ group plans to invest more than \$1bn to create a special economic zone around the lithium industry in Manono, including constructing the Mpiana Mwanga power station, the Manono-Kalemie road and a railway. If we hope to succeed in our bid for electric cars, we need to guarantee investors that all related projects, especially in the area of infrastructure, are up to standard and are completed.

On the continent, not enough countries manage to build a value chain. How does the DRC intend to do it?

Our country has the means to do so because its territory contains all the raw materials needed to create electric batteries. This is obviously the case for cobalt, as we produce around 100,000tn per year and have estimated reserves of 25m tn, but also for copper, nickel (located in the Kasai provinces near Kananga), chromium and lithium.

Although it was believed that the world's largest lithium deposit was in Australia, at the Greenbushes mine, recent studies by AVZ Minerals have shown that it may actually be in the DRC, at Manono. The studies, which so far cover 20% of the area concerned, have already identified almost 400m tn of ore.

In addition to our national wealth, it is worth remembering that eight of the 15 countries that have the minerals required to manufacture electric batteries are in Africa. Therefore, we are advocating a regional value chain strategy, with the DRC at the heart of the system. It is not in any country's interest to simply export its raw minerals outside the continent, as is mainly the case today.

We need to encourage local processing and transformation, particularly in our factories and future factories, in order to export higher value-added products. In this way, not only are export costs reduced, but intra-African trade is also enhanced.

In concrete terms, how can such a project be financed?

Convinced of the project's viability, Afreximbank has taken the lead in financial structuring and will bring together other banks and investors.

The *Fédération des Entreprises du Congo* (FEC) deplors the tax complications that compromise the DRC's business climate. Are you planning to introduce specific measures to encourage investment in the sector?

The FEC is right to point this out. That being said, in July, the Council of Ministers adopted a roadmap that aims to improve the business climate. After that, the prime minister handed out assignments to each minister related to their sector. An evaluation will be made every three months to measure progress. I believe that this is the first time that the DRC's government will be subject to such an evaluation, which should result in rapid and concrete progress.

At present, the country is struggling to set up *zones économiques spéciales* (ZES). Will companies in the electric battery industry benefit from tax incentives?

ZESs are a vast undertaking that will not be completed in a few months. We have started with the Maluku ZES, of which 80% of the lots have already been allocated. A second area is in Katanga, where the Kishwishi ZES is going to be developed by the company Geniland, in partnership with Tafu City's Kenyan ZES. A third zone is emerging in South Ubangi: the company Miluna, which has been established in the zone since the 1960s, is in charge. A fourth zone will be developed in North Kivu, in Musienene, to revive the region, thanks in particular to a tax incentive.

Doesn't the security situation in the area risk compromising the project?

The recruitment currently underway to strengthen the ranks of the *Forces Armées de la République Démocratique du Congo* (FARDC) will make it possible to address the recurring issue of low military strength and the ageing of our security forces.