African Dreams on the Rocks

written by Melissa (Mel) Sanderson | December 23, 2024

For decades, Western companies have flirted with prosperity in various African countries. Some have flourished for a while, others have lingered in marginal conditions, and some have lost all. But what has remained constant, both for foreign companies and African countries, is the fixed ideal of the continent as the land of possibilities. Today, however, even as the West pivots more strongly to Africa to tap the possibilities for critical minerals, Africa is suffering a variety of troubling political afflictions which once again could stymy progress and prosperity.

In West Africa, for instance, three of the poorest countries in the world, Mali, Burkina Faso, and Niger, overtaken by terrorism and military juntas, are now threatening to withdraw from the regional cooperative body, Economic Community of West African States (ECOWAS). Doing so would end the open borders provisions which had made easier the transport of mining products from the land-locked areas to ports, and also would end the easy movement of human capital that had facilitated project developments. While still subject to negotiation, this withdrawal would disrupt regional trade and services flows that are worth nearly $150 billion a year and potentially export instability to other ECOWAS nations such as Nigeria, Ghana, and Ivory Coast.

Not coincidentally, Russian influence and presence in the three junta States has risen sharply and underpins decisions being made by national leaders that are fundamentally detrimental to Western mining interests. Mali's 2023 mining law, for instance, granted the government an additional 10% free-carried interest in gold mining projects, up to a maximum stake of 35%. Recently, Mali has claimed that Barrick Gold Corporation (NYSE: GOLD |

TSX: ABX) owes the government C$500 million in unpaid taxes and dividends. Barrick disputes the claim, which it says is based on a retroactive revision of the tax code. However, following the arrest of 4 senior local employees, the company did make a payment of about C$17 million, it claimed in order to avert possible export bans. Mali upped the stakes earlier this month, issuing an arrest warrant for Barrick CEO Mark Bristow on charges of "money laundering and violating financial regulations." In neighboring Niger the government has revoked mining permits and Burkina Faso is planning to do likewise.

Meanwhile, as the legitimate economies of these large gold producing countries folded, the "gray" economies expanded. A 2022 study by Swissaid, an organization focused on development aid and advocacy, found that 435 tonnes of gold mined artisanally and worth more than $30 billion, was smuggled out of Africa, mostly to the UAE.

And then there is the Democratic Republic of the Congo (DRC), which this month filed criminal charges against Apple subsidiaries in France and Belgium, accusing them of using "blood minerals" by sourcing tin, tantalum, and tungsten (the 3T minerals) from mines in the conflict zone in Eastern Congo. Lawyers for the DRC claim that Apple "must know" it is fueling a cycle of violence and conflict. An Apple spokesman told the BBC that the company asked its suppliers to "suspend sourcing tin, tantalum and tungsten from the DRC and Rwanda earlier this year."

Violence, instability, and predation have characterized the economy of Eastern Congo for decades, with repeated allegations of active involvement by Rwanda, whose government is alleged to be profiting from the smuggling of critical minerals and gold from the uncontrolled region. Over twenty years ago, the violence surrounding the illegal exploitation and smuggling of

coltan from the region led end-users and governments to establish a verification system for smelters, who are required to disclose the source of their raw product and use chemical identification methods to verify the origins. Apple and others have relied on this system to ensure that the materials used in their products are certified as 'conflict-free.'

These and other critical developments have been largely overshadowed by Western concerns about Chinese market penetration and control of African resources. While not minimizing these very real concerns (Chinese companies also fuel illegal sourcing and transport of various materials) it is the underlying factors such as those mentioned above which could derail the current dreams of Western governments and companies who have been hoping to source a variety of critical minerals quickly and relatively cheaply from Africa. Particularly for the US, the reality is that building more mines more quickly within its national borders is the only really secure way to source the vital minerals needed for national security and economic development while safe-guarding human rights and environmental standards.

The upcoming **CMI Summit IV**, themed *The War for Critical Minerals and Capital Resources*, is scheduled to take place in Toronto, Ontario, on May 13-14, 2025. The CMI Summit aims to foster strategic partnerships and develop actionable solutions that support the growing demand for critical minerals, crucial for the advancement of clean energy, technology, and national security.

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