## Political Instability and Investor Reassurance: The Recent Attack in the DRC

written by InvestorNews | May 19, 2024 In the past 24 hours, the Democratic Republic of the Congo (DRC) has witnessed a significant incident described by some as an attempted coup. The situation has sparked widespread discussion and concern, particularly regarding its implications for investor stability in the region. Melissa "Mel" Sanderson, Director of the <u>Critical Minerals Institute</u> (CMI), provided key insights into the event and its broader impact.

Sanderson began by clarifying the nature of the incident, stating, "I think, frankly, the use of the term coup in the context of what appears to have actually happened is an overstatement of events." According to her, the attack was primarily targeted at the residence of Vital Kamerhe, a prominent Congolese politician and current contender for the position of Speaker of the Parliament. The attack, which resulted in the deaths of two of Kamerhe's police guards and one attacker, occurred early in the morning. There was also a related incident where a group raised the old Zaire flag at the presidential palace and made threats against the president, though no violence took place there.

Sanderson emphasized that investors should remain calm, as the situation does not necessarily indicate widespread instability. "Investors in general should be reassured because it's not clear that an actual attempted coup was what was taking place," she noted. She further elaborated on the geographical and political context, comparing the DRC's vastness to the United States east of the Mississippi. She explained, "When something happens in

Kinshasa, as is currently happening today, and people begin to get upset, they need to remember that it's as if there's a riot in Boston. It's not going to directly affect anyone in Miami."

This perspective is crucial for understanding the potential impact on the DRC's mining sector, which is concentrated in the eastern and southern regions of the country, far from the capital. The DRC is known for its exceptional mineral wealth, including high-grade deposits of lithium, rare earths, copper, cobalt, and nickel. Sanderson highlighted this, saying, "Almost every rock that you touch in the Congo is high grade, whether we're talking about lithium or rare earths or copper or cobalt or nickel."

The recent events in Kinshasa come at a time of heightened political tension, with parliamentary leadership elections being postponed and ongoing internal conflicts. Despite these challenges, the DRC remains a key player in the global minerals market. In 2022, Foreign Direct Investment (FDI) into the DRC remained stable at USD 1.8 billion, driven primarily by investments in offshore oil fields and mining. Companies like Ivanhoe Mines, Glencore, and Alphamin Resources continue to invest heavily in the region, underscoring its significance in the global supply chain for critical minerals.

As Sanderson pointed out, the incident should be viewed in the broader context of the DRC's complex political landscape. The alleged coup attempt appears to have been led by Christian Malanga, a 41-year-old man with a background in the Congolese diaspora and connections to previous assassination attempts on former President Joseph Kabila. This, coupled with the amateur tactics of the alleged plotters and their surprising access to secure sites, raises questions about the true nature of the incident and the motivations behind it. In conclusion, while the recent events in Kinshasa have undoubtedly caused concern, it is essential to maintain perspective on their broader implications. As Sanderson aptly summarized, the vast mineral wealth of the DRC and its strategic importance in the global market remain unchanged. Investors should keep this in mind and not overreact to isolated incidents that do not necessarily reflect the overall stability of the region.