Move Over China, as Saudi Arabia Enters the Critical Minerals Stage in the Congo

written by InvestorNews | September 11, 2023

The Democratic Republic of Congo (DRC) is rapidly emerging as a focal point for global entities eager to obtain crucial metals pivotal for green technologies. This surge in interest has placed both the United States and the mining giant, Glencore PLC (LSE: GLEN | OTC: GLCNF | HK: 805), at the forefront of news, particularly regarding their expanding interests in the DRC.

Recent reports from Reuters reveal advanced talks between the United States and Saudi Arabia to secure metals from Africa for their green energy transitions. Concurrently, the UAE has penned a $1.5 billion agreement with the DRC to mine and process critical materials. This raises significant queries: Is Saudi Arabia charting a similar trajectory? How will these accords impact the region's fragile power infrastructure? Moreover, given the proposed framework allowing U.S. companies to purchase a part of Saudi's yield, what might be the potential cost for U.S. entities? This arrangement, echoing the prevalent market control where U.S. miners and manufacturers are tethered to China's market hegemony, prompts the contemplation: Is the U.S. merely substituting China with Saudi Arabia?

In a parallel move, the Financial Times has shed light on Glencore's ambitions in the DRC. The corporation's strategy is to fortify its stance in the electric vehicle battery domain by bolstering its investments in the African country. Their alliance with the Toronto-listed Tantalex Lithium Resources Corp. (CSE: TTX | OTCQB: TTLXF) for a lithium mining project epitomizes this vision. Nevertheless, Glencore's African endeavors have not been without their share of scandals. In the previous year, they acknowledged bribery practices across the continent, culminating in a sizable $180 million settlement with the DRC. Probes into their DRC activities persist.

Critical Minerals Institute (CMI) Director and DRC expert Melissa "Mel" Sanderson's discernment provides a deeper layer of scrutiny to these advancements. She underscores the ethical paradox in the U.S.'s methodology – a predisposition for mining in regions with more lenient ESG standards, while overlooking potential ventures domestically under more rigorous norms. She perceives this as a manifestation of an "out of sight, out of mind" philosophy.

Enriching the discourse, CMI Co-Chair Jack Lifton remarked, "I am deeply acquainted with this scenario. The American public remains oblivious to the fact that the lithium will be claimed by the highest bidder, not necessarily the most ethical. The Chinese had collaborated with an Australian firm that forfeited the concession due to alleged "corruption." It's plausible that they will, if not already, synergize with Glencore concerning expenses. Being Swiss, Glencore isn't bound by loyalty to the EU or the USA. It's widely recollected that an African leader observed, 'While Americans offer promises, the Chinese construct airports.' The U.S. and its industries are channeling funds into 'domestic' ventures from finite or economically precarious sources, providing fertile ground for unscrupulous practices."

In today's interconnected age, cultivating global alliances is undeniably pivotal. Yet, the overarching strategic, ethical, and environmental repercussions of these engagements demand unwavering attention. As the global compass aligns with sustainability, it becomes imperative for entities like the U.S. government and Glencore to holistically evaluate the broader socio-political and environmental consequences inherent in their decisions. Reflecting upon this might hint that ethical, sustainable, and dependable alternatives may be more accessible than they presume. For more information on the CMI, click here