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From the Desert to the Mines: The GCC's Role in Africa's Mineral Development

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Member states of the Gulf Cooperation Council have each devised plans for shifting their economies away from oil reliance. This includes plans to prioritise clean and green energy as part of their restructuring efforts. Saudi Arabia's Vision 2030, for example, strives to bolster its renewable energy production, including ramping up electric vehicle production to 500,000 units. Similarly, the UAE prioritizes using its oil-borne wealth to gain minerals essential for power transmission lines, electric cars, and renewable energy.[1]

As GCC member states work to increase the production of electric vehicle batteries, there is a new impetus for materials essential to battery production, such as copper, cobalt, and lithium. African countries, notably the Democratic Republic of the Congo (DRC), Zambia, and Guinea, are leading sources for such materials and therefore present opportunities for strategic partnerships that support Gulf ambitions.

The GCC states have thus been expanding their investment in mineral-rich African countries. In 2023 alone, the UAE's International Resources Holding acquired a majority stake in the Mopani Cooper Mines in Zambia for 1 billion USD and invested 1.9 billion USD in Sakima, a state-owned mining company in Congo, to develop mineral mines. In tandem, Saudi Arabia is making concerted efforts to enter the mineral market in Africa. In January 2024, the Kingdom hosted the third edition of the Future Minerals Forum in Riyadh, with a focus on "establishing long-term partnerships with key mining stakeholders." Notably, the Forum was attended by 25 African ministers. On the heels of the Forum, Saudi Arabia announced its desire to purchase 15 billion USD in global mining stakes and secure minerals from, among others, Namibia, Guinea, and the DRC.[2]

Consequently, the Kingdom secured a memorandum of understanding with Congo for mining investments. Furthermore, Ma'aden and the Public Investment Fund established Manara Minerals, a joint venture that will further support mineral acquisition ambitions, and who bid for a 30% stake in Zambia's copper mines owned by Canadian-based First Quantum Minerals.[3] This all underscores the race for influence and access to African minerals both among the GCC countries and between the GCC states and other countries.

Mineral-rich African countries such as Guinea, Zambia, Zimbabwe, the DRC, and Zambia are interested in growing the mining sector. However, they must develop adjacent industries to support

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[1] Dempsey, Harry, and Chloe Cornish. 2024. "How Gulf States Are Putting Their Money into Mining." Financial Times. April 1, 2024.

[2] Baskaran, Gracelin. 2023. "Saudi Arabia Has a Strategic Advantage in Sourcing Critical Minerals from Africa." *CSIS*.

[3] Bakr, Said. 2024. "Saudi Arabia's and the UAE's Quest for African Critical Minerals." Arab Gulf States Institute in Washington. June 20, 2024.

this endeavor, such as railroad infrastructure, to lower the costs and achieve economies of scale in transporting minerals. For instance, despite Congo's mineral wealth, the railroad networks are dilapidated and inadequate to transport the tons of mineral products domestically produced. The Africa Finance Corporation estimates that African economies require 150 billion USD in infrastructure. As such, several governments have devised goals to improve logistics infrastructure to facilitate mining.

The GCC has been a formidable partner on this front. In 2023, Gulf states announced 73 foreign direct investments in Africa, netting over 53 billion USD.[4] UAE's DP World has developed several trading ports across the continent and plans to invest 3 billion USD in new port and logistics infrastructure over the next five years.[5] Such investments will tackle the high logistics costs and rising demand for mineral products. Saudi Arabia buttressed its economic and strategic partnerships with African countries at the Saudi Africa Summit held in December 2023 with Crown Prince Mohamed bin Salman committing 25 billion USD for future investments and 5 billion USD to finance development initiatives.

Africa's mineral wealth attracts diverse international investors, which has ignited competition for access. China owns 8% of Africa's mining sector and has cemented its ties within the continent through its Belt and Road Initiative, entrapping several African economies in debt—a process dubbed "debt-trap diplomacy."[6] Through this process, private and public sector Chinese entities offer loans to high-risk economies, anticipating the borrower will default on the loan and thus cede a portion of its national assets to China. This has already occurred in Congo, Ghana, and other countries, necessitating a higher degree of caution when African governments consider loans. Additionally, other exogenous factors have stymied the breadth of China's investments on the continent, opening possibilities for new partnerships to emerge with Africa.

China is keen to develop its electrical vehicle market share and depends on cobalt, lithium, and copper for battery production. Similarly, as the United States inches closer to a green economy, it is focused on the same targets as the Chinese. However, the U.S. has a parallel mission to counter

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[4] Chido Munyati and World Economic Forum. 2024. "Africa and the Gulf States: A New Economic Partnership." World Economic Forum. April 28, 2024.

[5] Zabasajja, Jennifer and Paul Burkhardt. 2024. "DP World Plans $3 Billion African Ports Investment by 2029." Bloomberg.com. June 13, 2024.

[6] Egyin, Desmond. 2024. "Addressing China's Monopoly over Africa's Renewable Energy Minerals | Wilson Center." www.wilsoncenter.org. May 2, 2024.

China's rise as a superpower. As such, it aspires to partner with GCC members to invest in Africa's mining industry as a counter-effort to China's influence.[7]

African governments are making conscious efforts to improve the control of their natural resources and increase mineral contributions to the economy. The DRC aspires to process minerals domestically to add value to the battery supply chain, whereas Zimbabwe has banned exports of raw lithium to encourage local production. Developing the available talent in the local workforce is essential to achieving these development aims.[8] In this regard, Saudi Arabia has made a significant commitment to training workers in South Africa, and such initiatives can be repeated in other African economies, ensuring the sustainability of the mining industry.

Undoubtedly, African mineral wealth presents a significant advantage for the Gulf's transition into renewable energy and electric vehicle production. However, underlying challenges to developing mining in Africa include infrastructure, access to reliable energy, and know-how, which Gulf members have tackled through various investment initiatives. As the world inches closer to a green economy, gaining access to copper, cobalt, and lithium is an uphill battle-- one that China is leading up to this stage. Competition between China and the United States--which maintains partnerships with Gulf monarchies to counterbalance China's advancements in African mines--and overlapping interests among GCC states bring into question which power will prevail in the quest for minerals.

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[7] Kalin, Stephen, Summer Said, and Julie Steinberg. 2023. "WSJ News Exclusive | U.S., Saudi Arabia in Talks to Secure Metals for EVs." *WSJ*, September 10, 2023.

[8] Rao, Prashant. 2024. "Saudis Bet on African Minerals for Green Transition | Semafor." Semafor.com. March 14, 2024.