

Congo electric vehicle range

Written by Thomas Wilson. This article first appeared in Bloomberg News.

The cars of the future will depend increasingly upon supplies of an obscure metal from a country in the African tropics where there has never been a peaceful transition of power and child labor is still used in parts of the mining industry.

Most major automakers are pledging to build millions of electric vehicles as the world's governments crack down on climate-damaging emissions from traditional-fuel engines. As a result, demand is surging for lithium-ion batteries and the materials needed to make them—including cobalt, a relatively rare substance found mostly in the Democratic Republic of Congo.

The country formerly known as Zaire—which hosted boxers Muhammad Ali and George Foreman for their 1974 heavyweight title bout dubbed the "Rumble in the Jungle"—supplies 63 percent of the world's cobalt. Congo's market share may jump to 73 percent by 2025 as producers like Glencore Plc expand mines, according to Wood Mackenzie Ltd. By 2030, global demand could be 47 times more than it was last year, Bloomberg New Energy Finance estimates.

"There are lot of grand plans being put in place by automotive manufacturers, but not many of them seem to have considered the cobalt-supply chain," Gavin Montgomery, director of cross-commodity analytics at Wood Mackenzie in London, said in an interview.

Few commodity markets are so dominated by one supplier, and that presents a problem for the world's automakers.

Cobalt is a byproduct of copper and nickel mining. Until recently, there were often surplus supplies as it was used mostly to harden steel. But the bluish-gray metal's ability to efficiently conduct electricity has made it essential for high-end rechargeable batteries. A typical power unit in an electric car contains about 15 kilograms (33 pounds) of cobalt, though some varieties use less than 5 kilograms.

Over the next two decades, the global fleet of electric vehicles may reach 282 million, or about 16 percent of all cars on the road, BNEF analysts estimate.

Tesla Inc. has more than doubled vehicle unit sales since 2014, and is targeting 500,000 for next year. Volkswagen AG plans to invest 20 billion euros (\$24 billion) by 2030 to roll out electric vehicles, with another 50 billion euros earmarked for batteries. Volvo Car AB says it will have five electric models in its lineup by 2021, while Daimler AG, the owner of Mercedes-Benz, is investing \$1 billion to ramp up electric-vehicle production in the U.S.

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With demand growing, mining companies including Glencore, Eurasian Natural Resources Corp. and China Molybdenum Co. are pouring more money into the Democratic Republic of Congo, which has by far the most proven reserves.

President Joseph Kabila — who's father seized control of the country after overthrowing Mobutu Sese Seko in 1997 only to be assassinated four years later — refused to give up power after his term expired last year. Since taking over in 2001, the 46-year-old Kabila and his family have built a vast business network that reaches every corner of the economy, including mining interests. Most of the country's export income comes from mining.

"The cobalt-supply dependency on the Congo is a risky situation," said Andries Gerbens, an analyst at cobalt trader Darton Commodities Ltd., based in Guildford, U.K.

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