

## AFRICA RISK CONSULTING

### DRC Briefing March 2023

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#### DRC Summary 16 March 2023

*United Nations (UN) says on 7 March that the M23 rebel group clashed with the national armed forces, Forces Armées de la République démocratique du Congo (FARDC), breaking a ceasefire that was supposed to go into effect that day. French President Emmanuel Macron (2017-present) arrives in the DRC on 3 March as part of a four-country visit to shore up French relations in Central African countries. Macron pledges €34m (\$36.2m) in humanitarian aid for the conflict-hit country and confirms France's "unfailing support" to the DRC in its fight against the M23 rebel group in the eastern region. The European Union (EU) approves a humanitarian air bridge in Goma (North Kivu) that will provide humanitarian support "in the form of medical and nutritional supplies along with a range of other emergency items". President Felix Tshisekedi (2019-present) tells a UN Human Rights Council (UNHRC) session on 27 February that the conflict with the M23 rebels in eastern DRC could disrupt preparations for general elections scheduled for 20 December. An increasingly expanding pile of cobalt and copper valued at approximately \$1.5 billion is stranded in the DRC amidst a standoff over Tenke Fungurume mine, one of the world's largest battery-metal mines.*

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#### M23 rebels break ceasefire hours after agreeing to it...

The **United Nations (UN)** confirmed on 7 March that the **M23** rebel group clashed with the national armed forces, **Forces Armées de la République démocratique du Congo (FARDC)**, breaking a ceasefire that was supposed to go into effect that day.<sup>1</sup> M23 had agreed to an immediate ceasefire on 7 March as part of efforts by **East African Community (EAC)** leaders to end the conflict that is threatening to ignite a war between the DRC and neighbouring **Rwanda**.<sup>2</sup>

However, the ceasefire did not hold as fighting resumed in certain villages in the **Masisi** territory (**North Kivu**) barely a few hours after the rebel group issued a press release announcing an "effective ceasefire" which **Angola's** President **Joao Lourenco** (2017-present) brokered.<sup>3</sup> Lourenco and former **Kenyan** president **Uhuru Kenyatta** (2013-present) are spearheading peace talks while troops from the EAC have been deployed to help curb the violence.<sup>4</sup> This is the latest failed ceasefire commitment by the M23 after a previous deal agreed on 25 November also failed within days.

In a statement published on 7 March, the rebel group said that it still reserved "the full right to defend itself" if attacked by the FARDC or any other armed groups.<sup>5</sup> The rebel group has long been calling for direct talks with the government and noted in its statement that the ceasefire was also meant to "pave way for direct dialogue with the government in **Kinshasa**".<sup>6</sup> However, the government has thus far rejected such a request. While EAC leaders have long called for

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<sup>1</sup> United Nations, 7 Mar 2023

<sup>2</sup> Bloomberg, 7 Mar 2023

<sup>3</sup> M23, 7 Mar 2023; The East African, 8 Mar 2023

<sup>4</sup> Bloomberg, 7 Mar 2023

<sup>5</sup> Forces Armées de la République démocratique du Congo, 7 Mar 2023

<sup>6</sup> M23, 7 Mar 2023

both a ceasefire and the withdrawal of rebels from all captured regions, the M23 statement did not mention any planned withdrawal from occupied areas.<sup>7</sup>

**Farhan Haq**, the deputy spokesman for the UN secretary-general **Antonio Guterres**, said on 7 March that Guterres “reiterates his call” on the rebel group to abide by the ceasefire to create conditions necessary for its full withdrawal of occupied areas:

*“He condemns all violence against civilians and renews his call on all Congolese and foreign armed groups to lay down their weapons and disarm unconditionally.”<sup>8</sup>*

Conflict has ravaged the eastern DRC since the 1990s when violence in the aftermath of the 1994 Rwandan genocide spread across the border, and recent hostilities have raised the possibility of renewed fighting between the two. Tensions reached an all-time high in June after a resurgence of violence that led DRC to accuse Rwanda of supporting the M23 rebel group.<sup>9</sup> Rwanda denied the accusations and instead accused the DRC of supporting armed groups that aim to topple its government (*see ARC Briefing DRC Jun, Jul, Aug, Oct, Nov & Dec 2022*). However, DRC and UN experts claim that Rwanda has been fighting alongside and equipping the rebel group.<sup>10</sup>

The Rwandan government has also accused the DRC of using an ethnic **Hutu**-dominated rebel group with links to the genocide, the **Forces Démocratiques de Libération du Rwanda (FDLR)**, to fight the M23. The M23’s leadership is mainly made up of members of the DRC’s **Tutsi** community, who claim to be defending the people of Rwandan heritage in the country and fighting ethnic Hutu rebel groups accused of the 1994 genocide. Rwanda accuses the DRC of using the conflict for political purposes to delay the December elections and of “fabricating” a November massacre of at least 131 civilians, but an UN investigation blamed the deaths on M23 rebels.<sup>11</sup>

President **Felix Tshisekedi** (2019-present) has been campaigning for sanctions against Rwanda and French President **Emmanuel Macron** (2017-present) said during a visit to the DRC on 4 March that “those who would not respect the ceasefire would face sanctions” (see below).<sup>12</sup>

After repeatedly breaking ceasefire pacts, M23 has proved to be an unreliable partner in efforts to end the conflict and is only interested in continuing the conflict. The EAC and international partners may ultimately have to issue sanctions as Macron promised. However, it remains to be seen if they will be bold enough to sanction Rwanda, a move they have historically been reluctant to do.

### **Macron arrives in DRC as EU approves humanitarian air bridge...**

Macron arrived in the DRC late on 3 March as part of a four-country to shore up French relations in **Central African** countries including **Angola, Gabon, Republic of Congo** and the DRC.<sup>13</sup> Macron held a news conference in **Kinshasa** with Tshisekedi on 4 March where he pledged €34m (\$36.2m) in humanitarian aid for the conflict-hit country.<sup>14</sup> Macron also

<sup>7</sup> The East African, 8 Mar 2023

<sup>8</sup> United Nations, 7 Mar 2023

<sup>9</sup> Reuters, 27 May 2022

<sup>10</sup> Bloomberg, 26 Oct 2022

<sup>11</sup> Al Jazeera, 10 Jan 2023

<sup>12</sup> Bloomberg, 7 Mar 2023; The East African, 8 Mar 2023

<sup>13</sup> Middle East Monitor, 2 Mar 2023

<sup>14</sup> Anadolu Agency, 6 Mar 2023

confirmed France's "*unfailing support*" to the DRC in its fight against M23, saying that the country "*must not be a war booty*" and that the "*the open-air plundering of DRC must stop*".<sup>15</sup>

The French president also acknowledged his support for the **European Union (EU)**'s decision on 4 March to build a humanitarian air bridge in **Goma** (North Kivu).<sup>16</sup> The contribution made by France will be added to the €47m (\$49.82m) contributed by the EU and announced on the same day.<sup>17</sup> The EU said it launched the air bridge and made the financial contribution due to the drastically deteriorating situation in North Kivu.<sup>18</sup> The EU also stressed that the humanitarian community is facing a worsening situation and is overwhelmed by the needs of thousands of displaced people.<sup>19</sup> In a statement released on 4 March, the **European Commission** said that their operation will provide humanitarian support "*in the form of medical and nutritional supplies along with a range of other emergency items*".<sup>20</sup>

Tshisekedi also called on Macron to pursue international sanctions against Rwanda for its alleged financial and military support to the M23 rebels.<sup>21</sup> But the French president said he is awaiting the conclusion of several peace talks before considering such a drastic step, however, he said France would be "*faithful to its role as an unwavering ally of [DRC] to defend its integrity and sovereignty*".<sup>22</sup>

Tshisekedi, while speaking to a **UN Human Rights Council (UNHRC)** session on 27 February, asserted that the conflict with the M23 rebels in the eastern region of the country could disrupt preparations for general elections scheduled for 20 December.<sup>23</sup> Tshisekedi told UN Officials:

*"The persistence of the war in the east of our country risks jeopardising the electoral process, which is already underway, due to a massive displacement of people from combat zones, the insecurity and the inaccessibility of these areas".<sup>24</sup>*

Tshisekedi reiterated this point to Macron during their 4 March press conference in Kinshasa and Macron responded that violators of the peace process risk sanctions.<sup>25</sup> While revealing that voter enrolment began on 17 February in the rest of the country, Tshisekedi pushed Macron and the EU to back a peace plan and process for displaced residents to return home and register for the polls, "*if not, we risk a considerable delay that could impact the planned date*".<sup>26</sup>

It remains a challenge to register voters in North Kivu as parts of the province are presently occupied by M23 rebels. The government has already delayed the deadline for voter registration twice in more than a dozen western provinces due to technical problems.<sup>27</sup> At this stage, it is not possible to concretely predict whether the election will be delayed, however, Rwanda accuses the Congolese of using the conflict for political purposes to delay it.

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<sup>15</sup> Anadolu Agency, 6 Mar 2023

<sup>16</sup> Anadolu Agency, 6 Mar 2023

<sup>17</sup> European Commission, 4 Mar 2023

<sup>18</sup> European Commission, 4 Mar 2023

<sup>19</sup> European Commission, 4 Mar 2023

<sup>20</sup> European Commission, 4 Mar 2023

<sup>21</sup> Al Jazeera, 4 Mar 2023

<sup>22</sup> Al Jazeera, 4 Mar 2023

<sup>23</sup> The East Africa, 28 Feb 2023

<sup>24</sup> The East Africa, 28 Feb 2023; Reuters, 27 Feb 2023

<sup>25</sup> RFI, 4 Mar 2023; Bloomberg, 4 Mar 2023

<sup>26</sup> Bloomberg, 4 Mar 2023

<sup>27</sup> The East Africa, 28 Feb 2023

During his visit, Macron also highlighted the significance of the **Congo Basin**, the world's second-largest tropical rainforest, in the fight against climate change.<sup>28</sup> Tshisekedi and Macron discussed the protection of Congolese forests as well as the trade and mining of critical minerals. The DRC is the world's largest producer of cobalt, a key metal in the global energy transition and the two discussed the support of the French geological survey, **BRGM**, in mapping the country's strategic mineral deposits.<sup>29</sup>

The timing of Macron's announcement can be interpreted as an expression of feeling among the French elite that the European country is gradually losing its influence in Africa. Anti-French sentiment has emerged in several African countries followed by their expanding trade and business ties with **China** and **Russia**.<sup>30</sup> French authorities have identified Russian disinformation campaigns and resentment linked to France's colonisation of countries as an explanation for recent demonstrations in Kinshasa and several African countries, including the **Central Africa Republic** and **Mali**.<sup>31</sup> It is one of the reasons why Tshisekedi and Macron also discussed the checkered post-colonial history of the European country in Africa and called for a change in their relationship.<sup>32</sup>

### **A \$1.5 billion stockpile of cobalt and copper stuck in Congo...**

An increasingly growing pile of cobalt and copper valued at approximately \$1.5 billion remains stranded in the DRC amid a standoff over the **Tenke Fungurume** mine, one of the world's largest battery-metal mines.<sup>33</sup> The large hoard of critical metals, and mine, is owned by China's **CMOC Group Limited**, previously known as **China Molybdenum Company Limited** or **China Moly**, which is locked in a bitter dispute with its Congolese state-owned partner, **Gecamines**, over royalty payments.<sup>34</sup> Gecamines, owns 20% in the Tenke Fungurume mine while China Molybdenum owns 80%.<sup>35</sup>

At the centre of the dispute is Gecamines claim that CMOC has been untruthful about its mineral reserves and owes its partner \$7.6 billion in royalties and interest.<sup>36</sup> Gecamines has also demanded a renegotiation of the contract with CMOC. Despite its exports being blocked in mid-July by Congolese authorities due to the dispute, the mine has continued operating close to full capacity assuming a resolution would be reached and stocking the extra metal until it can resume shipments.<sup>37</sup> However, a deal is still elusive more than eight months later and the logjam at the Tenke Fungurume mine raises the possibility of more sharp swings in prices of these minerals in the near future.<sup>38</sup>

**United States (US)** based media house **Bloomberg** estimates that there are 120,000 tonnes of copper and 12,500 tonnes of cobalt in the stockpile.<sup>39</sup> Copper accounts for the bulk of the stockpile's value - \$1.1 billion at spot prices. It only represents 7% of total global monthly

<sup>28</sup> Al Jazeera, 4 Mar 2023; Bloomberg, 4 Mar 2023

<sup>29</sup> Bloomberg, 4 Mar 2023

<sup>30</sup> Bloomberg, 27 Feb 2023

<sup>31</sup> Bloomberg, 27 Feb 2023

<sup>32</sup> Al Jazeera, 4 Mar 2023; Bloomberg, 4 Mar 2023

<sup>33</sup> Bloomberg, 27 Feb 2023; Engineering News, 27 Feb 2023

<sup>34</sup> Engineering News, 27 Feb 2023

<sup>35</sup> Bloomberg, 17 Jun 2022

<sup>36</sup> China Global South Project, 19 Jan 2023; Bloomberg, 27 Feb 2023

<sup>37</sup> Bloomberg, 27 Feb 2023

<sup>38</sup> Engineering News, 27 Feb 2023

<sup>39</sup> Bloomberg, 27 Feb 2023

production and is unlikely to seriously impact global prices when it does enter the market.<sup>40</sup> However, the implication for cobalt could be “*seismic*” as the Tenke Fungurume mine accounts for around 15% of the global cobalt supply.<sup>41</sup>

Surprisingly, global markets have thus far managed relatively well without Tenke Fungurume’s cobalt as demand for electronics has declined and output elsewhere is increasing.<sup>42</sup> However, CMO’s stockpile is eventually released, it could drive cobalt prices even lower. According to the **London Metal Exchange (LME)** global prices of cobalt as of 16 March were \$34,180 per tonne.<sup>43</sup> There is also an expected scramble for trucks in the region, which will push up freight costs and add to the “*chronic logistical logjams*” at the DRC border.<sup>44</sup>

The stockpile at Tenke Fungurume is a glaring reminder of the vulnerabilities of supply chains for critical minerals which are mined from a small number of mines in a handful of countries. This usually results in volatile prices for battery metals as producers struggle to match output to demand, creating major frustrations for automakers.<sup>45</sup> However, Congolese mining expert **Christian Geraud Neema Byamungu**, says that a renegotiation of CMO’s contract with Gecamines for the Tenke Fungurume mine is unlikely to happen:

*“The Chinese companies don’t have real incentives to sign new deals with the DRC government, given that they already directly or indirectly control much of the DRC’s massive cobalt sector.”<sup>46</sup>*

The government is not able to efficiently enforce such demands and will ultimately reach a compromise with the Chinese, who are deeply entrenched in the Congolese mining sector and know how to play the system to their advantage.

## Planner

April 2023 **Kinshasa (DRC)** Fourth review mission under the **International Monetary Fund (IMF)**’s **Extended Credit Facility (ECF)** arrangement;

Dec 2023 **(DRC)** Scheduled presidential and parliamentary elections;

20 Dec 2024 **Kinshasa (DRC)** End date of peacekeeping mission **Mission de l’Organisation des Nations Unies pour la stabilisation en République démocratique du Congo (MONUSCO)**;

## Chronology

14 Mar 2023 **Kinshasa (DRC)** *The East African*. International envoys as well as the DRC government say they want to give a chance to peace efforts for ending the insurgency by **M23** rebels in **North Kivu** province, but the government rules out negotiations with the M23;

<sup>40</sup> Engineering News, 27 Feb 2023; Bloomberg, 27 Feb 2023

<sup>41</sup> Bloomberg, 27 Feb 2023

<sup>42</sup> Engineering News, 27 Feb 2023; Bloomberg, 27 Feb 2023

<sup>43</sup> London Metal Exchange, 16 Mar 2023

<sup>44</sup> Bloomberg, 27 Feb 2023

<sup>45</sup> Engineering News, 27 Feb 2023

<sup>46</sup> China Global South Project, 19 Jan 2023;

13 Mar 2023 **Kinshasa (DRC)** *La Prosperite*. **Commission Electorale Nationale Indépendante (CENI)** president **Denis Kadima Kazadi** meets with a delegation from **Germany**-based **Interparliamentary Friendship Group for Central Africa**, led by its president, **Jürgen Cobe**, who are interested in technically supporting the electoral process in the DRC;

13 Mar 2023 **Goma (DRC)** *All Africa*. Residents in the city of **Goma (North Kivu)** are on high alert after a local **Nyamulagira** volcano showed signs of erupting;

11 Mar 2023 **Kinshasa (DRC)** *Reuters*. The **European Union (EU)** sends humanitarian aid to conflict-hit eastern DRC, the first delivery under an EU scheme to support some of the millions of people displaced by war in the country;

9 Mar 2023 **Kinshasa (DRC)** *France24*. A delegation of the **United Nations Security Council (UNSC)** arrives ahead of a visit to the conflict hit **Goma (North Kivu)** to assess the security situation in the DRC and the implementation of the **Mission de l'Organisation des Nations Unies pour la stabilisation en République démocratique du Congo (MONUSCO)** mandate;

8 Mar 2023 **North Kivu (DRC)** *Aljazeera*. Suspected members of **Ugandan** armed group **Allied Democratic Forces**, based in eastern DRC, kill at least 36 people in two villages in **North Kivu**;

6 Mar 2023 **Kinshasa (DRC)** *Bloomberg*. The **United Nations (UN)** secretary-general **Antonio Guterres** calls on the **M23** rebel group to begin withdrawing from the areas it occupies in eastern DRC;

4 Mar 2023 **Bujumbura (Burundi)** *AFP*. **Burundi** deploys 100 soldiers to the volatile eastern DRC as part of a regional force;

1 Mar 2023 **Kampala (Uganda)** *Bloomberg*. **Ugandan** President **Yoweri Museveni** says regional cooperation can resolve the crisis in the eastern DRC that has displaced nearly seven million people;

28 Feb 2023 **Kinshasa (DRC)** *The East African*. The **East African Community (EAC)** has set this year as the deadline for partner states to sign and ratify a regional agreement on double taxation, seeking to reduce double charges on exports and imports;

27 Feb 2023 **Kinshasa (DRC)** *Bloomberg*. **Swiss** multinational commodity trading and mining company **Glencore** is told to pay almost \$30m in restitution to the founders of a company, **Crusader Health**, that provided healthcare-related services in the DRC and was forced to shut down after the commodities giant's global bribery scheme;

22 Feb 2023 **Kinshasa (DRC)** *The East African*. **Rwandan** President **Paul Kagame** says that a "red line was crossed" in the DRC crisis when **Kinshasa** enabled anti-Rwanda forces based in the country to shell the country and kill innocent citizens;

17 Feb 2023 **Kinshasa (DRC)** *Bloomberg*. Government watchdog calls for a major overhaul of the country's \$6.2 billion minerals-for-infrastructure deal with **China** after its investigations found significant breaches of the 2008 agreement.

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