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**UNITED NATIONS
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ECONOMIC COMMISSION FOR AFRICA

**REPORT OF THE AD HOC EXPERT GROUP MEETING ON
THE AFRICAN COPPER INDUSTRY**

Durban, South Africa, 20 November, 1997

BACKGROUND

1. Africa contains over 17.6 per cent of the world's copper reserves and in some countries, notably the Democratic Republic of Congo and Zambia, the copper mining industry has a long history. Despite this, there has been no major intra-African trade in copper products. The products are exported mostly to developed market economies as intermediate products or refined copper metal. This situation attracted the attention of the Regional Conference of Ministers Responsible for the Development and Utilization of Mineral Resources in Africa which debated the issue at both the second (1985) and third (1988) sessions. The Ministers recommended that a study be undertaken to identify factors which would contribute to increased production and intra-African trade in copper-based products.

2. The study was subsequently undertaken in 1994 by ECA and UNIDO with the collaboration of Mintek of South Africa. A major recommendation of the study was that a meeting should be held between the core countries, comprising copper producers and fabricators, and the significant African consumers, to discuss the findings of the report. The first Regional Conference of African Ministers Responsible for the Development and Utilization of Minerals and Energy Resources, held in Ghana, in 1995 noted the recommendation and urged that the meeting be held as soon as possible.

3. The meeting could not be convened in 1996. Therefore, ECA programmed the ad hoc meeting in its 1997 work programme. However, due to financial constraints and a venue, the meeting was subsequently held during the Durban Regional Conference of African Ministers Responsible for the Development and Utilization of Mineral and Energy Resources held during the period 17 - 22 November, 1997, on the 20th of November 1997.

ATTENDANCE AND ORGANIZATION OF WORK

4. The meeting was attended by experts from the following African member States: Burkina Faso, the Democratic Republic of Congo, Mauritania, Namibia, South Africa, Zambia and Zimbabwe. Thus all the major copper producing and fabricating countries attended the meeting.

5. The meeting was also attended by the following intergovernmental, international, public and private sector organizations: Commission de l'Union Economique and Monétaire Ouest Africaine (UEMOA), Copper Development Association, Minerals Bureau, Mintek, Société Nationale d'Electricité de la République Démocratique du Congo and UNIDO. A full list of participants is given at the end of the report.

6. The meeting was chaired by Zambia. It was organized around a panel of experts who comprised: ECA, UNIDO, Copper Development Association and Mintek. The panel of experts generally guided the meeting with opinions on specific issues raised by the meeting.

AGENDA

7. The following agenda was adopted:
 1. Introductory remarks by ECA;
 2. Presentation of the report on the Prospects for the Increased Production of and Intra-African Trade in Copper Metal and Copper-Based Products, ECA/UNIDO/AFRICOP/TP/2/94;
 3. Discussion of the recommendations of the report on Prospects for the Increased Production of and Intra-African Trade in Copper Metal and Copper-Based Products, ECA/UNIDO/AFRICOP/TP/2/94;
 4. Recommendations of the meeting and mechanisms for implementation.
 5. Any other business

PROCEEDINGS OF THE MEETING

Introductory remarks by ECA (Agenda item 1)

8. A representative of ECA gave the background to the meeting. He explained that the study on the "Prospects for the Increased Production of and Intra-African Trade in Copper Metal and Copper-Based Products" had undertaken an extensive review of many African countries from the viewpoint of copper production, fabrication, consumption as well as the influence of current developments on these factors. He outlined the major objective of the meeting as to review the recommendations made by the study and determine the feasibility of their implementation. Thus, he explained the main outcome of the meeting as consisting of recommended actions with clearly spelled procedures for their follow-up.

Presentation of the report on Prospects for the Increased Production of and Intra-African Trade in Copper Metal and Copper-Based Products, ECA/UNIDO/AFRICOP/TP/2/94 (Agenda item 2)

9. A representative of Mintek presented the report ECA/UNIDO/AFRICOP/TP/2/94 on the Prospects for the Increased Production of and Intra-African Trade in Copper Metal and Copper-Based Products.

10. The report reviewed the global aspects of copper production. He indicated that world mine production of copper was about 9.1 million tons while that including non-primary sources was about 10.8 million tons. Africa contributed some 10.6 per cent and 6.4 per cent, respectively to these

figures. The bulk of this, comprising 93 per cent came from South Africa, the Democratic Republic of Congo and Zambia. Other than the three countries, producing mines were located in Botswana, Morocco, Namibia and Zimbabwe. Mine production had been declining from a peak of 1.52 million tons in 1974 to about 750,000 in 1993. This had largely been due to management problems and shortages of foreign exchange in the State-dominated copper industries of the Democratic Republic of Congo and Zambia.

11. The report further outlined that production of refined primary copper was only undertaken in the SADC countries of the Democratic Republic of Congo, Namibia, South Africa, Zambia and Zimbabwe. The major fabrication facilities were located in South Africa, Egypt, Zambia and Zimbabwe. Fabrication facilities for the domestic market could also be found in Algeria, Cameroon, Kenya, Nigeria, Morocco, Tanzania and the Democratic Republic of Congo. Generally, fabrication facilities were constrained by limited finance and foundry skills.

12. Turning to consumption, the report said that the major areas of consumption by end-use were electrical and electronic applications, the building and construction sector, industrial machinery, consumer products and transport equipment, in that order. The average annual copper consumption in Africa was 92.7 Kt, with 63.9 Kt consumed in South Africa alone. This represented an African consumption per capita of some 0.3 kg, excluding South Africa, while developed economies exhibited a high consumption rate of 8.7 kg per person.

13. By and large, per capita consumption had been rising in both the developed and developing world although the intensity of use, defined as consumption per unit of GDP, had continued to decline in developed countries as a result of substitution, miniaturization and other factors. While the price of primary copper was at times volatile, that of higher value-added manufactured products fluctuated much less and often kept pace with inflation.

14. Intra-African trade in copper products was small, although some copper metal and semi-manufactures were traded especially in eastern, southern and northern Africa. Some of the factors which limited consumption and trade were poor sea transportation, slow rail transportation, expensive road transportation and tariff barriers. However, infrastructural growth, including electrification schemes, interconnection of electrical grids, increased construction of permanent housing and strong donor support for energy projects could all enhance the consumption of copper in Africa. Other equally important factors included the improvement of policy incentives to encourage increased privatization bearing in mind the need to achieve this at minimum social and economic hardships.

15. The report pointed out that the base metal smelters in the SADC region emitted a total of 1 million tons of sulphur dioxide to the atmosphere annually and contributed to a significant increase in acidity levels of water and soils. These gases could be converted into sulfuric acid for use but shortages of foreign currency to procure equipment hampered this. In respect of small scale mining, the report pointed out that copper mining, processing and fabrication was amenable to small scale

methods. This could broaden the range of products and inter-African trade in copper products.

16. Taking into account the limited distribution of copper production facilities in Africa, the looming deficits in Egypt and South Africa and the wide distribution of copper consumption centers in Africa, the potential for increasing inter-African trade in copper products was high. This potential could be improved by product standardization, improving transport links, removal of trade barriers and increased cross-border investment. Furthermore, there were a number of African countries with a high growth potential in terms of high populations, vigorous building and electrification programmes and infrastructural expansion. These countries, which included Algeria, Cote d'Ivoire, Ethiopia, Kenya and Morocco added to potential consumption.

17. The report concluded that an African Copper Development Association, comprising copper producers and fabricators, major consumers, policy makers and the private sector, should be formed to promote the production and use of copper in Africa. Where possible, national and (sub)regional associations, especially in the Democratic Republic of Congo and Zambia, the two largest producers, should be considered. The copper development associations could be driven by professional associations, including chambers of mines, through the existing intergovernmental machinery. The report further concluded that a meeting of core countries, including Morocco, Nigeria, South Africa, the Democratic Republic of Congo, Zambia and Zimbabwe should be held to review the findings of the study. The meeting should consist of representatives of governments, the public and private sector and other interested parties.

Discussion of the recommendations of the report on Prospects for the Increased Production of and Intra-African Trade in Copper Metal and Copper-Based Products, ECA/UNIDO/AFRICOP/TP/2/94 (Agenda item 3)

18. The meeting devoted much time to discussing the major recommendation that an African Copper Development Association should be formed. Aspects of the discussions included:

- (a) whether a copper development association was required in the light of other existing international organizations such as CIPEC which served the interests of the member states;
- (b) the use the association would specifically serve and the mechanisms for establishing and funding it.

19. The meeting noted, however, that a regional association could precipitate growth in the copper industry as for example had happened in Chile where a similar association had been established. The meeting noted that generally such associations supported industry research, created consumer awareness and promoted trade. However, they did not automatically lead to increased consumption, which was a product of broad growth of the national economy.

20. The meeting discussed the funding mechanism for the proposed regional copper association. It noted that the World Copper Development Association obtained a levy from copper producers world wide and there was a possibility of the regional association obtaining funding from the world body. Generally such associations were not funded by Governments but by industries they served.

Recommendations of the meeting and mechanisms for implementation (Agenda item 4)

21. The meeting made the following recommendations:

- (a) the formation of a copper development association should be discussed at the intergovernmental machinery level through existing non-governmental organizations such as chambers of mines, confederation of industries and associations of manufacturers;
- (b) SADC should be used as a model to form a subregional copper development association due to the favourable conditions existing in the subregion. These include: the South African Copper development Association which is currently considering membership from Zimbabwean companies; the presence of chambers of mines and other subregional private sector organizations; the presence of large copper production and fabricating facilities; the availability of infrastructure;
- (c) membership of the proposed association should be open to any African organization;
- (d) ECA should contact the World Copper Development Association, the International Wrought Copper Council and CIPEC to investigate modalities for establishing the subregional association and what support may be forth coming from them;
- (e) ECA, UNIDO, SADC and the Copper Development Association should hold a meeting to implement these recommendations.

Any Other Business (Agenda item 5)

22. There was no other business discussed by the meeting

LIST OF PARTICIPANTS TO THE COPPER MEETING

Democratic Republic of Congo

1. Mr. Ilunga Makanya, Délégué de la République Démocratique du Congo, Ministère des Mines, B.P. 5306, Kinshasa, République Démocratique du Congo
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Mauritania

3. Mr. Wane Ibrahima Lamime, Chef du Service Mines, B.P. 199 Ministère des Mines et de l'Industrie, Nouakchott, Mauritanie, Tel. 002222532 25

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Zambia

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Zimbabwe

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Commission de l'Union Economique et Monétaire Ouest Africaine

10. Mr. Thiam Ibrahima, Directeur de l'Energie, Commission de l'Union Economique et Monétaire Ouest Africaine 01 BP. 543, Ouagadougou 01, Burkina Faso, Tel. (226) 318873-76/ (226) 318872

Copper Development Association

11. Mr. Alistair Peterkin, Copper Development Association, South Africa

Mintek

12. Dr. M.A. Ford, MINTEK, Tel. 011 709 4111/2, South Africa
13. Mr. John Stanko, MINTEK, 48A 11 Ave. Flat N. NAB, Tel 721 01 7094668, South Africa

Société Nationale d'électricité

14. Mr. Kikubi Malekani Sembe, Professeur-Docteur, Ingénieur d'études, Manager, Société Nationale d'électricité, 23811 Avenue de la Justice, B.P. 500 Kinshasa-Gome, République Démocratique du Congo, Tel. 243 33667 - 33669, Fax. 243 12 33 667

ECA- Secretariat

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