



## CRITICAL MINERALS IN NORTHERN MOZAMBIQUE

# Local processing of some of the Balama Graphite can help stabilize Cabo Delgado

- Countries like Mozambique have served, for a long time, as “privileged” actors for the export of raw materials for processing in semi-peripheral and central countries. This scenario has not contributed to socioeconomic development and opens up space for large multinational companies to settle in different provinces to exploit existing natural resources, such as gold, rubies, natural gas, graphite and heavy sands. Mozambique must become a central player in the transformation of resources such as graphite, through the assembly of battery factories for electric vehicles, contributing to the creation of jobs for young people and the development of communities.



Currently, the graphite market has an increasingly growing global demand, driven by the acceleration in the transition to electric mobility, mainly in developed countries. The global demand occurs in a context in which Mozambique has discovered the largest and best reserves of graphite in the world, exploited by different companies such as Suni Resources (sold all its infrastructure and the project to Tirupati Graphite), Syrah Resources (Twiggs Exploration & Mining), GK Ancuabe Graphite Mine SA and Triton Minerals (Grafex Lda). Graphite is exported raw, a situation that does not contribute to the development of local communities affected by the extraction of this resource.

The report on Global Graphite Mining by 2026, by GlobalData, announces that Mozambique currently represents 14% of global graphite production (being the second largest producer in the world), behind China (68%), and ahead of Brazil (5%), Madagascar (5%) and Canada (1%). Mozambique's graphite exports increased by 106% in 2022 compared to 2021, with most of it being exported to China. The expectation is that exports will continue to grow by up to 13% between 2022 and 2026<sup>1</sup>.

However, the entire chain of companies that exploit graphite in Cabo Delgado only contributed 7.9% to the public revenue of the Provincial Government of Cabo Delgado in 2022, according to the report presented at the 3rd Observatory for the Development of the Province, which took place on April 26, 2023, in Pemba.

The essential point is that graphite is a key raw material for the production of batteries for electric cars. And China, the country to which most Mozambican graphite is exported, is also the largest producer of these batteries.

Although there are greater efforts on the part of European countries and the United States of America (USA) to increase the domestic produc-

tion of batteries, the battery market for electric vehicles is still dominated by Asian companies, the continent where the 10 largest producers are located. In summary, Chinese companies currently hold around 56% of the EV battery market, followed by Korean and Japanese manufacturers with 26% and 10% respectively<sup>2</sup>.

The main buyers of batteries made based on graphite exported from Cabo Delgado are Tesla, owned by South African businessman Elon Musk, BMW and Toyota.

Recent data show that global revenues in the electric vehicle battery market grew by 7.1% year-on-year, from USD 23.74 billion in 2021 to USD 25.43 billion in 2022. In the long term, demand will grow by about 30%, reaching 4,500 gigawatt hours (GWh) per year by 2030, and the value chain will increase by up to 10 times between 2020 and 2030 to reach annual revenues in the order of 410 billion dollars<sup>3</sup>. This growth is driven by growing concerns about the phenomenon of climate change, the drop in the cost of electric vehicle batteries and government incentives and subsidies for electric vehicles.

It is in this scenario that Mozambique must position itself not only as an exporter of raw materials to supply an increasingly profitable industry but as a central player in the transformation of these raw materials, thus boosting its manufacturing industry and its socio-economic development.

The manufacturing industry is an important sector for its contribution to the country's GDP. The setting up of factories for the production of batteries for electric vehicles will create opportunities for the emergence and/or strengthening of small and medium-sized local companies and, consequently, the creation of jobs for local youth. Most importantly, it will mark a milestone for the country, the region and the continent in this market.

<sup>1</sup> <https://www.mining-technology.com/data-insights/graphite-in-mozambique/>

<sup>2</sup> <https://www.azocleantech.com/article.aspx?ArticleID=1652>



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