

WORKSHOP

ON

**“ NEEDS AND FINANCING MECHANISMS OF THE SPECIAL ECONOMIC ZONE (SEZ) FOR BATTERY
ELECTRIC VEHICLES (BEVS) IN THE REPUBLIC OF ZAMBIA ”**

OPENING REMARKS

BY

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Salutations

Thank you, Programme Director.

Allow me to recognize –

Honourable Chipoka Mulenga - The Minister of Commerce, Trade and Industry

Mr. John Mulongoti - The Permanent Secretary in the Ministries of Commerce, Trade & Industry; responsible for Industrialization and Investment,

The Permanent Secretary in the Ministry of Finance and National Planning, responsible for *****

The Director for Industry in the Ministry of Commerce, Trade and Industry, Mr. Sichizuwe Musokotwane ...

Other Permanent Secretaries and Senior Government Officials

Representatives of finance institutions and other development banks/partners, including our colleagues from the UN Family in Zambia

Representatives of the private sector and civil society

Invited guests and experts

Distinguished participants; Members of the Media

Ladies and Gentlemen.

A good morning to you all.

I am honoured to welcome you all on behalf of UNECA and on my own behalf, to this stakeholder consultative workshop where will intend to look into the **'Needs and Financing Mechanisms for the Special Economic Zone for Batteries for Electric Vehicles in the Republic of Zambia'** jointly organized by ECA and Afreximbank, as technical partners to this initiative with the Ministry of Commerce, Trade, and Industry.

As you may already know, this meeting seeks to accomplish inter-related objectives:

- 1) to provide the Zambian stakeholders with the opportunity to discuss and identify the opportunities for the active participation on specific nodes of the battery value chain;
- 2) Enhance knowledge and understanding of the objectives of the initiative and what it means for Zambia and Zambians;
- 3) Enhance appreciation of the opportunities along the EBV value chain and a formal commitment of the private sector, business associations and Zambian

financiers to be part of the EBV initiative through investment and other strategic positioning;

- 4) Commitment of the regulatory authorities, in particular those in charge of subcontracting, with a view to promoting local content in the EB value chain in Zambia; and
- 5) Agreement on a roadmap to promote local content in the EB initiative

Honourable Minister, Distinguished Ladies And Gentlemen

Overview of the initiative

Allow me to briefly outline the progress achieved thus far in our journey, highlighting four significant steps which underscore the political will and commitment to advance this initiative;

First, the DRC-Africa Forum that brought together the President of Zambia, H.E. Hakainde Hichilema, representatives of the Heads of States of Gabon and Morocco, as well as the President of the African Development Bank Group, Akinwumi Adesina, to reaffirm the ambition of a pan-African value chain for batteries and electric vehicles.

Second, was the signing of the Cooperation and framework agreements between Zambia and DRC in May 2022 and March 2023, respectively. The signing ceremonies, marked a significant milestones in Africa's journey to develop a battery and electric vehicle value chain – building on the resolutions of the DRC-Africa Business Forum which was held in Kinshasa in November 2021.

Third, the establishment of battery councils in both DRC and Zambia to oversee and accelerate implementation of this transformative initiative.

Glad to see that the Battery Councils have already started working through , **consultative committees**, comprising representatives from partner institutions, including the ECA¹, the African Development Bank, the African Legal Support Facility,

¹ ECA is one of the technical partners supporting the initial stages of the development of the value chain for electric vehicle batteries through SEZs in the DRC and Zambia.

the Africa Finance Corporation, and the Arab Bank for Economic Development in Africa.

Honourable Minister, Colleagues, Ladies and Gentlemen

Opportunities along the EVB value Chain

I am aware that I am in a room full of experts on this subject but allow me to speak briefly on the opportunities from the battery value chain which can never be overemphasized enough:

- I. **The energy transition and Mineral based transformation:** sitting at an important inflection point at this point in global and continental history – Africa is well positioned to benefit from its mineral resources as the world transitions to net zero. This is a huge opportunity for minerals-based transformation in Africa. It is estimated that the electric battery vehicle market will grow to a value of US\$8.8 trillion by 2025, and US\$46 trillion by 2052 – an almost six-fold increase in market value over the next 25 years.³ The growth in demand for rechargeable batteries is forecast to increase exponentially as global demand for storage of renewable energy grows. This is an immense and Zambia and the continent – holding the promise for Africa to make **Quantum Leaps** in development anchored on the clean energy transition.

- II. **The investment costs for Battery facilities are in Africa's favor:** you may recall that according to the Bloomberg report⁴ - it would cost only **one third** to build a 10,000-ton precursor facility in the DRC rather than in the United States, and roughly half as much as in China. Moreover, situating the facility in DRC would be a much greener option than in other options, given the proximity to raw mineral resources with access to hydroelectric power.

- III. Counting the costs (all costs) through **prefeasibility studies of the SEZ(s)**: which were launched in May 2023 in both countries and are currently underway with

² ECA, 2021

³ Increase in global demand for Lithium-ion battery (LIB) in electric mobility by 19 times by 2030.

⁴ Bloomberg NEF, 2021: Future of Mining in Africa

support from ARISE. The results of these pre-feasibility studies expected by the end of the year

The case for the development of Battery SEZ in DRC and Zambia is made, including :

- a. To attract investments, add value to mineral products and generate **jobs** and contribute to **economic transformation**, while significantly expanding the government's fiscal space for **socio-economic development** and the much needed **structural transformation** for economic resilience.
- b. To contribute to global carbon reduction – a goal that we must pursue and contribute to, with Africa bearing the brunt of climate change effects.

For Zambia and DRC the opportunities are vast:

Large endowments in critical minerals: they are amongst the top critical minerals producers and have potential to provide active materials for lithium-ion battery manufacturing with substantial deposits of nickel, manganese, cobalt, graphite and lithium.

- o *DRC is the world's top cobalt producer – houses over 70% of the global production and has the largest lithium reserves. DRC has 4 million tons of cobalt reserves*
- o *Zambia is endowed with nickel, cobalt and manganese – all critical minerals for battery precursors. Zambia has potential to contribute about 80% of global manganese demand by 2030.*

Leveraging on green minerals: Indeed, Zambia & DRC can leverage their abundant green mineral resources and hydroelectric power to become a low-cost and low-emissions producer of lithium-ion battery cathode precursor materials.

Leveraging the AfCFTA: and riding on the growing demand for electric vehicles and rapid urbanization, the region can strategically position itself to be a global hub for the producing electric vehicles batteries as part of the global energy transition agenda.

This sector is not without challenges: Allow me to briefly touch on a few that are pulling back progress:

- 1) **Financing (infrastructure):** Logistics play an important role as multiple minerals are involved as main raw material. There is need for financial resources for infrastructure, power, rail and road networks. Finding innovative financial solutions for the various nodes of the battery value chain will be crucial.
- 2) **Investment climate:** It is also pertinent to create a conducive and internationally competitive environment to attract investments on high-tech products and to facilitate the entry of local entrepreneurs into the value chain.
- 3) **Skills development:** There is need for skills enhancement to support domestic midstream in Electric Vehicle Battery processing through, inter alia adequate capacitation of the University of Lubumbashi Centre of Excellence to anchor research and development.

What are some of the key issues going forward:

- i. **Defining the reserve base:** Further mineral exploration to define the extent of the resource base to provide investors with information on the size of the reserve base is important for investment attractiveness
- ii. **Infrastructure development:** as outlined above.
- iii. **Skills enhancements and R&D:** which remains a huge need for Africa.
- iv. **Attracting investors** and creating opportunities for local entrepreneurs through the creation of enabling environments to attract capital.

Distinguished ladies and gentlemen:

As I conclude, allow me to commend our efforts so far. And we should be proud.

The success of this initiative will largely depend on: i) whether Zambia and Zambians buy into it; and ii) whether the country take practical steps to respond to the challenges and therefore the opportunities that exist. It is my hope that we leave this consultative workshop with a greater appreciation of the opportunities along the EVB value chain and a commitment by all national stakeholders present to take advantage of these through investment and other strategic positioning.

As one of the technical partners in this initiative, ECA will continue to play its supporting role in the course of implementation, complemented by the assistance of our other development partners in this cross boarder SEZ endeavour.

As stakeholders, we need to move with speed, the window is challenged by innovations and research into substitute materials and we need to grab the opportunities at the crest of the mineral price cycle

I am confident that with the expertise assembled in this room, we will proffer recommendations to accelerate the maturity of this initiative so that Zambian stakeholders can benefit from the energy transition;

I Thank you and wish participants fruitful deliberations.