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IEA PRESS CONFERENCE

**Lithium Mining Lease Agreement between the Government of the
Republic of Ghana and Barari DV Ghana Limited**

The Institute of Economic Affairs (IEA) has since 2022, been very mindful and supportive of the call of President Akufo-Addo for a Ghana Beyond Aid and preference for national self-reliance. Thus, our views and positions have, **inter alia**, been in line with all patriots (including Government) that Ghana's 17th IMF entry will **NOT** be the last unless we rethink the fundamentals of our economic choices and arrangements.

Guided by the above, the Institute of Economic Affairs (IEA) has noted with concern the Lithium Mining Agreement signed on the 20th day of October, 2023 between the Government of the Republic of Ghana and Barari DV Ghana Limited, leasing a certain piece of land at Ewoyaa, in the Mfantseman Municipality (described in Schedule 1 of the agreement) and granting rights to mine Lithium and 'other associated minerals', for a term of 15 years from the date of the agreement. The Institute has certain grave concerns about this agreement which it hereby brings to the attention of Parliament and the Ghanaian public, in order to have them addressed, as a matter of urgency in the interest of the country.

1. The IEA believes that, being a contract to exploit Ghana's natural resource, the Agreement, as per Article 268 of the 1992 Constitution, requires ratification by Parliament in order to be legally effective. The IEA is pleased to note a statement issued by the Minority in Parliament on 24th October, 2023, that the Agreement "requires prior approval of Parliament." The Minority, rightly, stated that they expect the Agreement to be laid before the House for appropriate scrutiny. This is the right thing to do and the IEA expects the Minister of Lands and Natural Resources to comply with the Constitution. As far as we are aware, the exemptions in 268.2 and 269.2 of the Constitution do not apply to Lithium in this instance.

2. The IEA firmly believes that the terms of the Agreement, which the Minister of Lands and Natural Resources and the Chief Executive Officer of the Minerals Commission, have touted as favourable to Ghana and surpassing those of other lithium leases around the world, is not different in principle and substance from any Ghana's previous colonial-type agreements, which over the years, have yielded very little to the overall benefit of the average Ghanaian.
3. In modern best-practice, the exploitation or extraction of mineral resources is covered by either a joint-venture agreement - whereby the host country takes an agreed ownership in the mining company - or a service contract - whereby the host country contracts the mining company, selected through a transparent and competitive bidding process, to mine the mineral and be reimbursed for its cost of production plus a profit margin.
4. The IEA is even aware of an emerging and more improved transactional model that has been adopted by major Lithium producers, such as Mexico, Bolivia, Chile and Argentina. Drawing on this model, the Institute proposes, in place of the demonstrably unfavourable formulation contained in the aforesaid Lease, the following elements for Ghana's Lithium exploitation:
 - i. The Republic of Ghana should set up a Ghana Lithium Company (GLC).
 - ii. The GLC should be commissioned to develop the entire value chain from mining raw Lithium to manufacture of batteries and other products in Ghana. Per current international best practice, a local refinery must be established even before excavation commences.
 - iii. Based on the projection by Barari DV of an annual production of 160,000 metric tonnes of raw lithium, which converts by a multiple of 5.323 into lithium carbonate, whose world market price is USD29,000 per metric tonne (Ref: www.chemanalyst.com, September 2023), the IEA projects a total annual value of approximately, **USD24 billion** ($160,000 \times 5.323 \times 29,000 = \text{USD}24,698,720,000$). For the entire 12-year mining period under the Lease, the projected value of the final product, lithium carbonate, is Approximately, **USD296 billion**: ($160,000 \times 5.323 \times 12 \times 29,000 = \text{USD}296,384,640,000$).
 - iv. Thus, given the projected annual estimate of about USD24 billion of lithium carbonate that can be generated from the Ewoyaa lithium deposit, the GLC can contract an international company with the necessary expertise, through competitive bidding to develop and process Ghana's lithium into its final products, such as batteries and others.

- v. This is the modern way of developing natural resources in smart countries.
 - vi. Adopting this model will create job opportunities, wealth, community development and technical development for Ghanaians throughout the entire lithium value chain, in addition to affording Ghana a full control over this national asset.
5. The IEA wants to draw attention to the fact that the above proposals are in line with the UN Charter of Economic Rights and Duties of States (GA res. 3281(xxix), UN GAOR, 29th Sess., Supp. No. 31 (1974) 50 and squarely within the spirit and intent of Article 257(6).

The IEA wishes to advise Parliament to exercise caution and patience to secure a modern, best-practice based arrangement that will guarantee maximum benefit for the People of the Republic Ghana, instead of the usual colonial-type lease that benefits foreign companies, masquerading as investors, and their local cohorts.

Conclusion

The IEA has for a long time been an advocate of favourable mining fiscal regimes for Ghana to enable the country maximise its benefits from its natural resource wealth. In particular, the IEA has frowned on the colonial-type contracts skewed in favour of foreign companies. The IEA recognises Ghana's natural resources as the low hanging fruits that can be leveraged to accelerate the development of the country and eradicate poverty within a generation. It is inexcusable that we continue to sell our birthright cheaply only to descend on western capitals to seek reparation for the slave trade, or beg for aid. **President Paul Kagame could not have put it more eloquently when he said: "If the Owners of Natural Resources Go Around Begging, Then You Should Know There's Something Wrong with Their Minds."**

Yes, Ghana is rich, let us finally take full and meaningful control of the management of our wealth.