

Zimbabwe to double royalty rate on platinum group metals

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Zimbabwe will double the royalty rate it charges mining companies on the platinum group metals (PGMs) they produce to 5% from January 2023 in a bid to increase government revenues, finance minister Mthuli Ncube announced on Thursday, 28 July.



A worker attends to machinery at a smelter plant at Anglo American Platinum's Unki mine in Shurugwi, Zimbabwe. 2019. Reuters/Philimon Bulawayo

The southern African country is the third largest producer of platinum, after South Africa and Russia, with major miners Anglo American Platinum, Impala Platinum and Sibanye Stillwater operating there.

Presenting a mid-term budget in parliament on Thursday, Ncube said government income from the mining industry was low due to what he called "a generous royalty regime on some major minerals".

"A royalty rate of 5%, which is in line with other platinum-producing countries in Africa, is proposed effective 1 January 2023," Ncube said.

South Africa, the world's leading PGM producer, uses a formula to calculate the royalties it charges mining companies based on earnings. The royalty rate is capped at 5% for refined minerals and at 7% for unrefined minerals.



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Royalty rate for lithium

Ncube also proposed a 5% royalty rate for lithium, a mineral that is drawing investor interest in Zimbabwe, which holds some of the largest hard-rock lithium deposits in the world, as demand for battery minerals grows.

Mineral exports from Zimbabwe, mainly gold and PGMs, reached \$5bn in 2021, accounting for 80% of the country's total export value.

Ncube expects total export earnings to increase 16% to \$7.3bn this year, buoyed by commodities.

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