

Apple in Talks to Buy Cobalt Directly From Miners

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- iPhone maker is one of the largest end users of the metal
- Cobalt is a key ingredient in mobile phone batteries

[Apple Inc.](#) is in talks to buy long-term supplies of cobalt directly from miners for the first time, according to people familiar with the matter, seeking to ensure it will have enough of the key battery ingredient amid industry fears of a shortage driven by the electric vehicle boom.

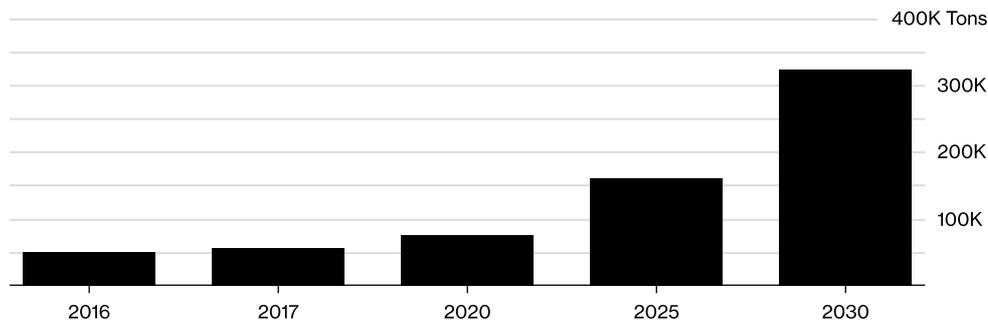
The iPhone maker is one of the world's largest end users of cobalt for the batteries in its gadgets, but until now it has left the business of buying the metal to the companies that make its batteries.

The talks show that the tech giant is keen to ensure that cobalt supplies for its iPhone and iPad batteries are sufficient, with the rapid growth in battery demand for electric vehicles threatening to create a shortage of the raw material. About a quarter of global cobalt production is used in smartphones.

Bigger Demand

Cobalt use in batteries is set to jump in the coming years

Cobalt use in electric vehicles and other lithium-ion battery applications



Source: Darton Commodities

Apple is seeking contracts to secure several thousand metric tons of cobalt a year for five years or longer, according to one of the people, declining to be named as the discussions are confidential. Its first discussions on cobalt deals with miners were more than a year ago, and it may end up deciding not to go ahead with any deal, another person said.

An Apple spokesman declined to comment. [Glencore Plc](#) Chief Executive Officer Ivan Glasenberg late last year [named](#) Apple among several companies the miner was talking to about cobalt, without giving further details.

Securing Supplies

The move means Apple will find itself in competition with carmakers and battery producers to lock up cobalt supplies. Companies from [BMW AG](#) and [Volkswagen AG](#) to [Samsung SDI Co.](#) are racing [to sign](https://www.bloomberg.com/graphics/2018-cobalt-batteries/) [multiyear cobalt contracts](https://www.bloomberg.com/news/articles/2018-02-12/samsung-sdi-turns-to-used-phones-for-cobalt-as-prices-surge) to ensure they have sufficient supplies of the metal to meet ambitious targets for electric vehicle production.

Australian Mines Ltd., developing the Sconi mine in Queensland state, this week agreed a cobalt and nickel supply deal with SK Innovation Co., South Korea's top oil refiner, that's worth about A\$5 billion (\$3.9 billion) at current prices, the Perth-based company said Wednesday in a presentation.

SK Innovation, which plans to use the raw materials at an EV battery manufacturing plant in Hungary, agreed to buy all of the project's planned output for up to 13 years, according to the filing.

BMW is also close to securing a 10-year supply deal, the carmaker's head of procurement told German daily FAZ in early February.

Cobalt is an essential ingredient in lithium-ion batteries for smartphones. While those devices use about eight grams of refined cobalt, the battery for an electric car requires over 1,000 times more. Apple has around 1.3 billion existing devices, while Apple Chief Executive Officer Tim Cook has been bullish <https://www.bloomberg.com/news/articles/2017-06-13/cook-says-apple-is-focusing-on-making-an-autonomous-car-system> about the prospects for electric vehicles.

The price of cobalt has more than tripled in the past 18 months to trade above \$80,000 a metric ton. Two-thirds of supplies come from the Democratic Republic of Congo <https://www.bloomberg.com/news/articles/2017-10-26/battery-boom-relies-on-one-african-nation-avoiding-chaos-of-past>, where there has never been a peaceful transition of power and child labor is still used in parts of the mining industry.



In recent years, Apple has stepped up its engagement with cobalt suppliers after the origin of the metal in its supply chain came under scrutiny from human rights groups. In a report in early 2016, Amnesty International alleged <https://www.bloomberg.com/news/articles/2016-01-19/apple-may-be-using-congo-cobalt-mined-by-children-amnesty-says> that Apple and Samsung Electronics Co.'s Chinese suppliers were buying cobalt from mines that rely on child labor.

Last year, Apple published a list of the companies that supply the cobalt used in its batteries for the first time, and said it would not let cobalt from small-scale mines in Congo into its supply chain until it could verify that the "appropriate protections" were in place.

For more on Apple, check out the *Decrypted* podcast:

— *With assistance by David Stringer*

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