

CONGO BRAZZAVILLE

By Gavin Bowyer

President Denis Sassou Nguesso is the head of government. He and his supporters won the 1997 civil war after Angola intervened on their side and the opposition leader Bernard Kolelas fled into exile. The country is moving gradually back to stability. In December 1999, a peace accord was signed in Pointe-Noire between the government and the rebel militias. In August 2000, the President set out a timetable for normalisation. A new draft constitution was approved by the transitional parliament in September 2001, to be followed by a referendum on its adoption this year, 2002 and then presidential elections. Three opposition leaders, Andre Milongo (ADP), Come Mankassa (UCR) and Martin Mberi (UPADS) have declared themselves as presidential candidates. The militias remain a potential problem and one group the Ninjas, are not participating in the demobilisation.

The economy is slowly improving. The IMF and World Bank have offered funding dependent on various reforms including greater disclosure and transparency by the government on the uses and distribution of revenue from the oil industry, which provides the majority of the revenue of Congo Brazzaville. In 2001, real GDP grew by an estimated 3.4% and consumer price inflation dropped to 1.5% owing to restoration of cheaper local food supplies.

Crude oil production, mostly from offshore wells, accounted for 60% of the GDP in 2001. The country's proven recoverable reserves of oil are estimated at some 140 Mt and are expected to rise. The oilfields are mainly offshore. Crude oil production levels average 270,000 bbl/d but these are declining and are expected to fall to some 255,000 bbl/d in 2002. Production is not expected to rise back up until the Moho and Bilondo fields come into production. A decision is expected soon by

Chevron and Total Fina Elf on the development of these fields, which could produce at some 50,000 bbl/d, by 2004 to 2005.

The Elf Aquitaine Group, Elf, is the major company in the sector responsible for some 65% of total production, with Agip responsible for much of the remaining 35%. Production is mainly from the N'Kossa field, which averages some 55,000 bbl/d, about half its planned production level. Elf is also the company, which is planning to bring the Moho Marine 1 field, discovered in 1995, into production. Exxon, Elf and Agip have announced new exploration projects. Agip is going to develop the recently discovered Kitira field. In 2001, the government continued in talks with the Angolan Government on establishing closer commercial relations in the oil sector, including joint exploration in the border area.

In the mineral sector, the major project is the planned production of magnesium by Magnesium Alloy Corp. (MAC) of Canada. The company plans to solution mine the extensive carnallite deposits of the coastal region. The solution mining technology, which will be used, has been developed by Kavern Bau-und Betriebs-GmbH. Magnesium will be recovered by an electrolytic process developed by the Russian National Aluminium-Magnesium Institute and the Ukrainian Titanium Magnesium Institute. The project has been the subject of a feasibility study by Salzgitter Anlagenbau GmbH. It is expected to be to a low-cost producer at a cash operating cost of US\$0.55 cents/lb at an initial annual production of 60,000 t. The capital cost is estimated at some US\$525 million and a further US\$200 million for a power project.

The electrolytic process consumes large amounts of electricity and MAC has an option to develop a hydro electric project in the

Sounda Gorge on the Koilou River. Initially it may take power from the Inga Dam in the Democratic Republic of the Congo, with back up from a gas-fired plant at Pointe Noire. In 2001, MAC reached an agreement with the Amphora Group of Luxembourg to form a joint venture, with Amphora arranging the funding. In the short term, an initial US\$30 million is sought. Also, MAC has an agreement with Siemens, who would participate in the project as a technical but not an equity partner.

Escom, a Portuguese company, has been granted a large diamond-mining concession in the north close to the border with the Central African Republic. SEMI, an Italian company is operating a gold mine in the Sangha region. There is a possibility of a ferro-silicon smelter being built by Purity Metals, an Anglo American subsidiary from South Africa.

Most other projects are on hold. Afriore Ltd of Canada holds two adjoining exploration

permits for base metals, the Yanga Koubanza and the Boko Songho, a total of some 2,700 km². At Yanga Koubanza, Afriore has estimated an indicated mineral resource of 5.52 Mt at 8% Pb, 7% Zn and 1.9% Cu above a cut-off of 14% lead equivalent. At Boko Songho, earlier investigations by Hansa GeoMin Consult GmbH of Germany outlined a drill indicated mineral resource of some 2 Mt at 4.5% Cu. No field work has been conducted during the recent time due to the civil war and rebel militia activity.

Prior to the civil war, other companies were actively exploring for gold, including Samax Gold in the Dimonika, Kakamoeka and Ngongo districts in the Mayombe gold belt, near Yangadou in Sangha Province and Panorama Resources on its Moussendjo concession in the Mayoko and Zanaga greenstone belts.