

UGANDA

By a Special Contributor

For Uganda, one of the more significant events during 2002 was the death in Saudi Arabia of Idi Amin. The exiled former leader had seized power in a military coup in 1971 and for the next seven years he was responsible for the deaths of hundreds of thousands of Ugandans opposed to his dictatorship. The country's current leader, President Yoweri Museveni, is also a military man. However, frustrated at government corruption, he and his followers seized power in 1986, and set about rehabilitating and stabilising the economy. With widespread international support, he implemented currency reform, raised producer prices on export crops and improved civil servants' pay. His government has also implemented one of Africa's most successful AIDs education programmes. He has governed without any official opposition, claiming that his Movement is not a political party but a mass movement that has the loyalty of all Ugandans. However, more recently, Uganda's involvement in the civil war in neighbouring Democratic Republic of Congo, some evidence of corruption within government and a slowing pace of reforms, have meant that he has lost some of his popularity.

Uganda covers an area of some 236,000 km² and has a population of around 25 million. The country lies astride part of the East African Rift System and its associated lakes, although much of the country is either plateau or mountainous. The climate ranges from equatorial - tropical and wet - as typified by the country's capital Kampala on the shores of Lake Victoria, to semi-arid near the northern border with Sudan. With fertile soils and ample rainfall, agriculture provides employment for about 80% of the workforce coffee is the principal export.

In 2002, GDP is estimated to have grown by 5.5% and to have had a purchasing power parity of some US\$31 billion or US\$1,260 per capita. By sector, agriculture contributes about US\$43 of GDP, services 38% and industry (chiefly sugar, brewing, cotton, tobacco, textiles and cement) 19%. Virtually all electricity requirements are provided by hydropower and all petroleum has to be imported. Last year, Uganda's total import bill was about US\$1.14 billion versus export revenues of US\$476 million. External debt is running close to US\$2.8 billion.

Uganda's mineral resources are not insubstantial, and include base and precious metals, but apart from industrial minerals and cement, the minerals sector requires major investment if the full potential is to be realised.

The Kilembe copper mine, situated in western Uganda in the foothills of the Ruwenzori Mountains, has been the only substantial base metals mine in the country and the operation has had a chequered history. Mining began in 1956 and continued into the 1970s. The operation was nationalised by Idi Amin in 1975, at which time Falconbridge was the major shareholder, and production

eventually halted in 1977 when annual production was just 7,000 t. Concentrates were conveyed by pipeline some 14 km to the railhead at Kasese for onward despatch to a smelter at Jinja. Exports were almost entirely to Japan. Some of the richer ore at Kilembe ran as high as 6% Cu. Kilembe was on care-and-maintenance throughout the 1980s and although various plans were drawn up to rehabilitate the copper-mining operation none came to fruition. However, cobalt extraction has long been regarded as an attractive proposition. Over the life of the mine, in excess of 1.0 Mt of tailings of pyrite and pyrrhotite were stockpiled (cobalt is intergrown with the pyrite and pyrrhotite) and the tailings have an average estimated grade of 1.3% Co.

Since 1970, various plans were mooted to construct a cobalt extraction plant at Kasese to treat the tailings and in the late 1980s definitive plans were implemented. In 1993, a pilot plant was commissioned as part of a US\$48 million project to extract cobalt through a joint venture involving BRGM of France, Barclays Metals of the UK and Kilembe Mines Ltd. A commercial plant was then constructed with a design capacity of 1,000 t/y. Subsequently, both Barclays and BRGM withdrew from the project and the Canadian company Banff Resources Ltd became the majority shareholder in Kasese Cobalt Co. Ltd. In 2001, Banff sold its 50% shareholding, Newmont Australia took a 75% controlling interest (acquired during its takeover of Normandy) but this was subsequently relinquished. In July 2002, MSC Bancorp of Canada acquired the 75% interest.

Less than three months later, MSC Bancorp announced that the facility was being placed on care-and-maintenance. The plant used a combination of bio-leaching and solvent extraction/electrowinning, and by the end of 2001 output had stabilised at around 50 t/mth, far short of its design capacity of 83 t/mth (1,000 t/y). The remaining 25% of Kasese Cobalt Co. is held by Kilembe Mines Ltd, controlled by the Government of Uganda.

Small deposits of placer tin occur in southern Uganda, for example at Mbabane, and there is some sporadic, small-scale artisanal output producing a few tonnes annually but no commercial production.

In southwest Uganda, tungsten mineralisation is found in two main zones, as wolframite and ferberite in quartz veins associated with graphitic shales, and as wolframite in beryl-bearing apatites. Resources have not been quantified in recent years, and production is confined to small-scale artisanal operations and exported unofficially.

The beryl-bearing pegmatites are also associated with the production of columbo-tantalite (coltan) as a product of beryl mining by small operators but output is uncertain and subject to the vagaries of the markets. Uganda also has a large columbium-tantalum resource associated with the country's carbonatite intrusions, notably at Sukulu in eastern Uganda where pyrochlore occurs in eluvial soils. The Sukulu soils have long been exploited for their apatite content, used as the basis for the manufacture of phosphate fertilisers at Tororo.

Gold is mined by artisans and on a semi-commercial basis at a variety of locations but production is difficult to quantify.

The government is keen to encourage small-scale mining operations and has implemented a policy also designed to stimulate investors and encourage private-sector participation. There is believed to be good mineral potential in the southern part of the country, particularly for gold and base metals, but the political/economic situations in neighbouring Democratic Republic of Congo (DRC) and Rwanda have not been conducive to a high level of the required foreign investment in mineral exploration and development.

During 2002, Uganda was one of several countries named in a controversial United Nations report alleging that it had been involved in the illicit trading of minerals from the DRC. In a UN Security Council debate following the report, the representatives from Uganda strongly denied that their government or the country's armed forces had been involved in stripping the DRC of its mineral resources. The DRC Government, for its part, said it was seeking reparations from Uganda over its alleged exploitation of Congolese resources at the International Court of Justice in The Hague. At the end of 2002, the signing of a peace agreement in DRC between that country's protagonists, including the Uganda-backed Movement for the Liberation of the Congo (MLC), was expected to bring an end to the four-year civil war there, and was welcome news.