

## CONGO BRAZZAVILLE

*By Gavin Bowyer*

**P**resident Denis Sassou Nguesso and his supporters won the 1997 civil war after Angola intervened on their side and the opposition leader Bernard Kolelas fled into exile. Since then, the country has been moving gradually back to stability. In December 1999, a peace accord was signed in Pointe-Noire between the government and the rebel militias, and in August 2000, the President set out a timetable for normalisation. A new draft constitution was approved by the transitional parliament in September 2001, followed by a referendum on its adoption, and subsequent two-stage elections in May and June 2002. The Parti Congolais du Travail, the party of President Denis Sassou-Nguesso, won 53 seats, the Forces Démocratiques Unies 30 seats, with the remainder spread amongst the minor parties and independent candidates.

These elections were disrupted by an attack on the capital and the southern Pool region by the Ninjas, one of the rebel militias. However, in March 2003, the Rev Frederic Bitsangou, alias Pasteur Ntoumi, agreed to end hostilities and disarm his fighters, enabling the restoration of state authority in Pool. At the same time, Minister of State Isidore Mvouba said the government would guarantee an amnesty offered to the rebels. He said ex-combatants would be reintegrated into the national army and included in a special committee to be formed to establish peace in Pool. The ceasefire has held generally but serious incidents did occur in the capital in December 2003.

The next legislative elections are in 2007 and the next presidential election in 2009. The Minister of Energy and Mines is Philippe Mvouo and the Oil Minister is Jean-Baptiste-Loutard.

The country's 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 a move towards this, state-owned Societe National des Petroles du Congo (SNPC) is to re-organise into seven subsidiaries, with different operational functions, which it is hoped will be more transparent.

In 2001, real GDP grew by an estimated 3.4% and consumer price inflation dropped to 1.5% owing to the restoration of cheaper local food supplies. But real GDP is estimated to have declined to 2.9% in 2002 and to 1.2% in 2003 following a slight decline in projected oil output. It is expected to rise to 2.8% in 2004 and to 3.5% in 2005.

Crude oil production, mostly from offshore wells, accounts for 60% of GDP. 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 is declining and fell to some 242,000 bbl/d in 2002, and to 235,000 bbl/d in 2003. It may fall further in 2004, to 227,000 bbl/d before recovering in 2005 when production begins from the Nkossa and the Moho/Bilondo fields. Chevron and TotalFinaElf estimate that these fields could produce some 50,000 bbl/d by 2005. The ElfAquitaine group 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 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 November 2002, the governments of Congo Brazzaville and of Angola signed an agreement to set up an interstate body for the development of the 14K and A-IMI oilfield in Angolan waters, and the A-IMI field on the Congolese side. Oil reserves in the field are estimated at some 0.7-1.0 billion barrels. In December 2002, the two governments, plus the companies working in the oil field, signed a binding agreement, thereby completing the creation of this joint extraction zone. The main operator will be Chevron-Texaco.

Currently, the authorities are concluding the licensing of several offshore oilfields. Two of them, Marine VI and VIII, have been explored with some success by Agip. Marine XI and XII contain discoveries by Occidental, which then relinquished them. Marine XI is attracting attention from Premier Oil of UK and Odex, a UK-Libyan firm.

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

The electrolytic process consumes large amounts of electricity and MAC has an option to develop a hydroelectric 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.

In 2002, MAC continued to secure finance and to negotiate other agreements. These include an agreement in principle with Stinnes Metall GmbH, Stinnes, whereby Stinnes will purchase and market up to 100% of the high-purity magnesium and magnesium alloys produced. Also, MAC has signed a Memorandum of Understanding with Eskom Enterprises (Pty) Ltd of South Africa, jointly to establish a long-term power contract, with regional impacts, for the delivery of low-cost electrical energy. This power delivery will be developed in co-operation with the authorities and electricity commissions in the Democratic Republic of Congo and the Republic of Congo.

In March 2004, MAC announced a Memorandum of Understanding with Ferrostaal AG of Germany regarding the development of the project. Ferrostaal's role would encompass project engineering, procurement, and construction, and would act as MAC's principal contractor for the Kouilou project. MAC has also established a wholly-owned subsidiary, MagEnergy, to accelerate energy solutions for the development of the project. In addition to facilitating the power requirements for Kouilou, MagEnergy intends to be active in upstream and downstream petroleum production and distribution in Africa. It will also be responsible for further development of the previously announced MoU with Eskom Enterprises for the joint development of energy solutions for the Kouilou Magnesium Project, including the rehabilitation and development of the Inga hydroelectric plant and the transmission of power to Pointe-Noire. In addition, MagEnergy has entered into an MoU for the construction of a new electrical transmission line to connect Inga to the Kouilou site.

Elsewhere, a Portuguese company has reportedly 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.

Most other mineral projects are on hold or suspended because of the civil war and subsequent rebel activity. These projects include AfriOre Ltd's base metals project in Yanga Koubanza where there is an indicated mineral resource estimated at 5.52 Mt averaging 8% Pb, 7% Zn and 1.9% Cu, based on a cut-off of 14% lead equivalent. At Boko Songho, investigations by Hansa GeoMin Consult GmbH of Germany outlined a drill indicated mineral resource of some 2 Mt at 4.5% Cu. In the past there has been exploration for gold by Samax Gold in the Dimonika, Kakamoeka and Ngongo districts in the Mayombe gold belt, and by Panorama Resources NL on its Moussendjo concession in the Mayoko and Zanaga greenstone belts.