

CONGO (BRAZZAVILLE)

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President Denis Sassou Nguesso remains 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, the Cocoye and the Ninja. In his Independence Day address on August 14, 2000, the President set out a timetable for normalisation. He announced a period of consultation on a draft constitution between September and December 2000, to be followed by a referendum this year, 2001 and elections in 2002. Subsequently, in March 2001, it was reported that a consensus had been reached on a new constitution and a presidential election has been promised for 2002. The militias remain a potential problem and their leaders consider this process as too drawn-out. However, their members are being encouraged to hand in their guns with a cash incentive of US\$20 per gun.

The economy is also progressing. In mid-2000 a meeting of experts took place to draw up a new investment code. An agreement with the IMF and World Bank for funding is on the table. However, it is conditional on 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 2000, real GDP grew an estimated 4% and inflation averaged 3.5%.

Crude oil production, mostly from offshore wells, accounted for 51% of the GDP in 1999. The country's proven recoverable reserves of oil are estimated at some 140 Mt and are expected to rise. The oilfields are mainly offshore. The crude oil production levels averaging 270,000 bbl/d but these are

declining and are expected to fall to some 240,000 bbl/d in 2001. Production is not expected to rise back up until the Moho and Bilondo fields come into production at some 50,000 bbl/d, in 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%. The 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 that 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.

At the end of the first quarter of 2000, the refinery of Congolais de raffinage (Coraf) re-opened at Pointe Noir. It is running at some 66% of capacity producing some 657,000 t/y. Also, in 2000, the government was in talks with the Angolan Government on establishing closer commercial relations in the oil sector, including a new refinery in Angola.

In the mineral sector, the major project is the planned production of magnesium by the Magnesium Alloy Corp. of Canada. The company plans to solution-mine the extensive carnallite deposits of the coastal region. The solution mining technology to 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/lb at an initial annual production of 60,000 t. Construction is planned to start this year, 2001, and production to commence by

2004. The capital cost is estimated at some US\$500 million. The electrolytic process consumes large amounts of electricity. The company has an option to develop a hydro electric project in the Sounda Gorge on the Koilou River some 90 km north-east of Pointe Noire.

Other activity includes an unnamed Italian company operating a goldmine in the Sangha region and a possibility of a ferro-silicon smelter to be 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 5.525 Mt at 8% Pb, 7% Zn and 1.9% Cu

above 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% copper. No fieldwork has been conducted during the recent time due to the civil war and rebel militia activity. Afriore is understood to be considering resumption of its activities as the country becomes more stable again, but at the same time it wishes to reduce its stake in these projects.

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, Semi near Yangadou in Sangha province and Panorama Resources on its Moussendjo concession in the Mayoko and Zanaga greenstone belts.