

# BURUNDI

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On August 28, 19 parties which had been involved for three years in peace talks, aimed at solving the ethnic conflict that has affected the country's economy during the past eight years, signed an agreement in the northwestern Tanzanian town of Arusha. An impressive number of heads of state, amongst them President Clinton of the US and the South African President Tabo Mbeki, attended the ceremony. The signing came as a result of intensive pressure from President Mandela, mediator in the Burundi conflict, on the so-called Tutsi parties. These parties had been reluctant to sign an agreement that did not address such crucial issues as the genocidal ideology in the region, the presence of Rwandan interahamwe militiamen amongst the Burundian rebels, and the cessation of violence. As many observers had predicted, the agreement has had no effect whatsoever on the security situation in Burundi nor to some extent in the Great Lakes region as a whole, since the leaders of the three main Hutu rebel groups did not bother to join the peace talks.

Despite the Arusha accord, scepticism prevailed amongst international companies involved in mineral projects in Burundi, particularly Andover Resources NL (now a wholly-owned subsidiary of Argosy Minerals Inc.), with its mining convention covering the Musongati lateritic nickel deposit. During 2000, a new law was introduced designed to boost the output of artisanally-mined minerals (mainly gold, cassiterite and columbite-tantalite). The implementation of the law coincided with the dramatic rise in the price of tantalum oxide on the international market that sparked off an unprecedented rush into the mining business.

The exploration and artisanal mining of minerals as well as the trading of such minerals were previously regulated by the 1976 "Mining Code of The Republic of Burundi". The new law was aimed at boosting such activities by providing substantial incentives as illustrated in the table below.

In addition to the tax changes, under the 1976 code the holder of an exploration/exploitation permit or a trading licence for gold was subject to the payment of licence fee of US\$50,000/y and a once-only bank bond of US\$60,000 to ensure repatriation of sales proceeds in hard currency. Under the provisions of the new law, the licence fee has been reduced to US\$10,000/y and the bank bond is no longer required.

<b>Burundi Taxation</b>				
<b>Commodity</b>	<b>Ad Valorem Tax (%)</b>		<b>Export tax (%)</b>	
	1976	2000	1976	2000
Gold	0.75	0.3	1.5	0.2
Cassiterite	7	3	1	3
TaNb <sub>2</sub> O <sub>5</sub>	7	3	5	2
Wolframite	7	3	5	1

Soon after the ratification of the new law, no less than 24 trading licences were granted for colombite-tantalite and two for gold. Artisanal mining of gold, cassiterite and colombite-tantalite was initiated back in the 1930s by Belgian companies operating already in the eastern Kivu province of their colony known as Belgian Congo. Those minerals occur in granitic pegmatite of the Precambrian Burundian Formation. The rush into the colombite-tantalite business was also caused by the dramatic rise in the price paid to local miners for Ta<sub>2</sub>O<sub>5</sub>, from an average US\$20/kg to as much as US\$100/kg.

Andover Resources NL, holding a three-year exploration licence over the 180 Mt of lateritic nickel resources at Musongati, has maintained *force majeure* on any activity. The exploration licence had been granted in 1998 as a result of the mining convention signed between the company and the State of Burundi. Under the terms of the convention, Andover had committed to the completion of

a US\$12-15 million feasibility study for the production of 45,000 t/y Ni, 2,500 t/y Co and 7,500 t/y Cu. In March 2000, after barely seven months of activity, Andover declared *force majeure* on security grounds, to the surprise and disappointment of the government. Since then, the government has repeatedly attempted, unsuccessfully, to convince Andover to resume activities.