

CENTRAL AFRICAN REPUBLIC

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Only 500,000 carats of gem quality diamonds were exported officially from the Central African Republic in 2000, but Antwerp's diamond exchange alone records imports of 900,000 ct from the landlocked country in the turbulent heart of Africa. Even dealers in the capital Bangui admit that the 'conflict diamonds' business is booming. Since the UN embargo on the trade, the number of diamond-buying bureaux in Bangui has trebled and dealers, undeterred by local upheavals, work in fortified villas. The government has proposed new rules in which the criteria for awarding licences would be clarified and there are plans to establish a certificate of origin system. President Ange-Felix Patasse currently hands out licences to mine or trade in diamonds, but it is a slow system. The government would much prefer formal mines instead of the country's traditional unlicensed prospectors and is adopting new labour and investment codes, but investors have been hampered by such excitements as last year's coup attempt.

The CAR has certainly had its share of problems lately and is one of the world's least developed countries. With just over three million people, it has one of the lowest population densities in Africa and an oversized bureaucracy as well as a limited resource based economy, with a declining annual per capita income of about US\$310. Mainly agrarian, most of its people are involved in subsistence farming with 55% of GDP from agriculture, while timber accounts for about 16% of export earnings. Reported sales of largely uncut diamonds make up nearly 60% of export earnings.

Much of the country's limited electrical supply is provided by hydroelectric plants based in Boali. Fuel supplies must be barged in via the Ubangui River or trucked overland through Cameroon, resulting in frequent shortages of

gasoline, diesel, and jet fuel. The transportation and communication systems are very limited and the country has a considerable debt burden. As of January 2001, many civil servants were owed as much as 30 months pay, leading them to go on strike and further damaging the economy.

The World Bank and IMF are now encouraging the government to concentrate exclusively on implementing much-needed economic reforms to jump-start the economy and defining its fundamental priorities with the aim of alleviating poverty. As a result, many of the state-owned business entities have been privatised and limited efforts have been made to standardise and simplify labour and investment codes and to address problems of corruption. The World Bank approved a US\$10 million loan in early 2001 and the government has set targets of 3.5% GDP growth in 2001 and 2002.

The security situation remains uncertain both in Bangui and border areas. The UN Security Council has expressed concern over the mounting problems affecting the political and economic situation and UN Secretary-General Kofi Annan has criticised the country's human rights record in a new report. Last year four people were killed in two separate incidents after armed men led by a Chadian rebel launched cross-border attacks from the CAR into southern Chad. These were the first border incidents since the governments of Chad and CAR agreed at the end of December to ease tension between their countries following the flight of former CAR army chief General Francois Bozize to southern Chad. Bozize, accused of participating in a bid to topple the CAR Government, recently had all charges against him dropped. Kofi Annan has been encouraged by President Ange-Felix Patasse's efforts to promote national

reconciliation and congratulated him on the “welcome initiative” of granting a general amnesty to Bozize and his supporters.

On the gold scene two outcropping greenstone belts, the Bandas and the Bogoin-Boali, attract most artisanal activity, which produces only about a tonne a year. Drilling by Canada’s Asquith Resources and AXMIN Ltd has intersected gold mineralisation at the former’s Roandji property after a joint venture agreed upon in June 1999. The 2,000 km² Roandji permit covers a 90 km strike length of virtually unexplored Archean greenstone belt that has produced 1.75 t of alluvial gold over a 20-year period. Last spring, Asquith and AXMIN announced the identification of more than four new substantial gold-in-soil anomalies worthy of follow-up drilling on the Ao prospect. This is located within 15 km of the gold mineralisation outlined previously at the Main Zone and French Camp prospects in the Passendro area of the Bambari Permit.

These discoveries conclude the first phase of regional exploration with more than 14 new drill targets identified, including those reported in February 2001, which together indicates that the 1,700 km² of the Bandas Greenstone Belt lying within the permit could emerge as a

significant new gold province. The joint venture partners intended to identify targets from this phase of exploration to enable a systematic reconnaissance-drilling programme scheduled for the third quarter of 2001. The companies are encouraged by the highly prospective ground and the prospect of a new Mining Code in the CAR which could create a window of opportunity despite some of the unrest.

Their Topa iron ore discovery was made on the northern part of the Bambari property and might attract a bigger partner for other ventures. The Bambari permit was amended to include the exclusive rights to explore for both ferrous and base metals. Grab samples returned an average iron content of 66.7% along with the values of up to 0.6% of phosphorus, potassium, silicon, aluminium and manganese.

Other mineral possibilities in the CAR include salt deposits, copper, tin, limestone and dolomite, manganese, uranium, kaolin, (at Bimbo near Bangui, exploited to make bricks, and Bombabia), kyanite, graphite, lignite, monazite, ilmenite and rutile, nickel and chrome anomalies, and the small-scale mining of quartz crystals.