



OCCASIONAL PAPER NO 98

China in Africa Project

November 2011

To Bélinga or not to Bélinga? China's Evolving Engagement in Gabon's Mining Sector

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South African Institute of International Affairs

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SAIIA gratefully acknowledges the generous support of the main funders of the project: The United Kingdom Department for International Development and the Swedish International Development Cooperation Agency.

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ABSTRACT

Gabon's recent ambition to reduce its dependency on oil revenue by diversifying its economy coincides with China's growing investment in resource-rich African countries. Within the wide range of Sino-Gabonese co-operation, the mining sector – and above all the Bélinga iron ore project – is central to both parties' interests.

Omar Bongo's regime promoted this large-scale project as the flagship of the national economy. However, despite the promise of infrastructure development and employment opportunities, Gabon's attempt at diversification seems limited and is not leading towards any major structural change. A number of issues have challenged the realisation of the Bélinga project and introduced new risks and costs for the Chinese. These include commodity price volatility, the death of President Bongo in 2009 and increasing dissent among civil society. The paper reviews development opportunities linked to the the Bélinga project and analyses China's evolving approach towards the project.

A version of this paper was published by OpenEdition, Dittgen R, 'New development cycle through long-term investment? China and the Bélinga project in Gabon', *EchoGéo*, 17, August 2011, available at <http://echogeo.revues.org/12547>.

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ABBREVIATIONS AND ACRONYMS

CICMG	Compagnie Industrielle et Commerciale des Mines du Gabon (Gabon Industrial and Commercial Mining Company)
CMEC	China National Machinery & Equipment Import & Export Corporation
Comibel	Compagnie Minière de Bélinga (Bélinga Mining Company)
Comilog	Compagnie Minière de l'Ogooué (Ogooué Mining Company)
CVRD	Companhia Vale do Rio Doce (Vale do Rio Doce Company)
FDI	foreign direct investment
NGO	non-governmental organisation
SOMIFER	Société des Mines de Fer de Mékambo (Mékambo Iron Mining Company)
XAF	Central African franc

INTRODUCTION

'If you want to be rich, you must first build roads.'

Chinese proverb

Throughout the last decade, China's foreign direct investment (FDI) and economic exchanges with Africa have risen consistently and significantly. Although the spectrum of China's activities in Africa is large – ranging from retail to agricultural projects – most of these are concentrated in the extractive sector. Increasing global concern about diminishing resources and both real or potential competition has coincided with the arrival of new actors (such as India, Brazil and especially China)¹, and has placed the substratum-rich African continent at the centre of global stakes. Petroleum is key in the scramble for resources; with other natural resources, including mineral ore or copper, also playing an important role.

The Bélinga iron ore project in Gabon reflects not only the current Chinese involvement in Africa but also the changing nature of the extractive business on the continent.² On the one hand, the growing use of FDI and the role played by multinational firms leads to the increasing internationalisation of capital.³ On the other, recent Chinese interest in Gabonese iron ore illustrates the evolving strategic value of different natural resources⁴ in a certain economic context.

Gabon is a sparsely populated state with a population of 1.5 million⁵ and a very low density of inhabitants per square kilometre. Historically one of the major pillars of the 'Françafrique',⁶ its economy is largely dependent on petroleum-based revenues.⁷ The country's interest in mineral ore reflects a recent shift in its economy, which has been based successively on timber, petroleum and manganese.⁸

The paper highlights the role of politics in implementing a project of this scale and underlines the interrelations between political and economic factors in large project management. Given the large sums invested, the number of preliminary construction works and the outlook for jobs, the Bélinga project has been promoted from the start as a flagship project for Gabon's national economy. China's initial commitment to rapid exploitation and its desire to have access to natural resources, converges with Gabon's aim to diversify its economy. It also reflects a shared necessity in the need for Chinese firms to acquire international experience and to become more competitive, and the challenge of developing basic infrastructure in Gabon.⁹ Although China's African policy stresses the importance of 'mutual benefit' through its investments, whether and how this will be the case in practice remains to be seen. In the short term, the project might affect the country's spatial organisation in terms of infrastructure and is expected to stimulate development dynamics. However, it is also important to consider the project's long-term implications.

The death of former President Omar Bongo in June 2009 and global commodity price volatility, have challenged the realisation of the project. The changing domestic political context has introduced new risks and costs for the Chinese, and there have been significant delays since the signing of the contract in 2006. Furthermore, the actual launching of the project requires the ratification from the Gabonese authorities; a measure that has not taken place yet. Chinese operators are traditionally portrayed as less profit-orientated and less sensitive than Western operators towards the realities of the host society. However, recent developments show a different picture in terms of China's involvement in Gabon.

Two major patterns are apparent in research on the extractive sector. The first is the establishment of a direct link, at varying degrees, between resource-rich countries and the negative impact on their domestic economies.¹⁰ The second is a more probabilistic view about the concepts of trajectories and bifurcations¹¹, as opposed to the natural resource curse.¹² In focusing on the evolving strategies around the Bélinga project and potential development opportunities, the paper adheres to the second pattern.

Recently analyses and scientific literature about China's involvement in Africa's extractive sector have become increasingly abundant and diversified.¹³ However, the Gabonese case has been mostly ignored.¹⁴ Repeated postponement of the Bélinga project might explain partly why, so far, few scholars have taken an interest in this example.¹⁵ Most analyses on Sino–Gabonese relations address the Bélinga project by focusing on the potential rivalry between traditional partners and China, as well as economic diversification challenges at a national level. This study reviews the development opportunities linked to the project and discusses how China's initial strategic approach in Gabon has evolved. The early stages of the project provide interesting insight into firm behaviour¹⁶ and how different parties involved act and react at the beginning of an extractive cycle.¹⁷ The paper examines three hypotheses:

- Preferential political ties and financial support from the Chinese government facilitate the rapid enforcement of the Bélinga project.
- Long-term investment in the Bélinga project creates indirect development opportunities at a local level.
- By focusing only on the mining sector Gabon's attempt at diversification is not leading to any major structural change in its economy, despite infrastructure development at a regional and national scale.

To analyse the evolving nature of the project, it is necessary to identify the actors involved and to consider the circumstances under which the project has been developed. The paper highlights the entanglement of politics and economic interests regarding China's presence in Gabon. It then analyses the extractive sector, which is at the heart of Sino–Gabonese relations, and past and present dynamics of the Bélinga project. Finally, it assesses the impact, stakes and challenges linked to this long-term investment.¹⁸

NEW ACTOR, OLD HABITS? A STRONG POLITICAL INITIATIVE FOR INTENSIFYING ECONOMIC RELATIONS

Although China's increased involvement in Gabon is a recent development, diplomatic links between the two countries were first established in 1974. This followed Gabon's wish to expand its political ties and the coming into power of Omar Bongo in 1967.¹⁹ Bongo's first state visit to China and meeting with Deng Xiaoping and Mao Zedong that same year took place at the height of the Cold War. Bongo attributed this growing connection with China and diversification of partnerships to his desire to accelerate the country's development. Since this visit, which founded co-operation between the two countries, relations have strengthened over the years. During his 41 years in power, Bongo returned to China on many occasions.²⁰ Although regarded as a symbol and pillar of the

'Françafrique',²¹ Bongo also diversified Gabon's partnerships by developing relations with other countries.²²

From an economic viewpoint, Sino–Gabonese relations have remained limited for a long time and rather confined to marginal sectors. China's presence was first felt through the dispatch of agronomic and medical teams, the construction of hospitals²³ and the launching of agricultural projects. It is only since the late 1990s that commercial ties between the two countries have significantly strengthened.²⁴ Currently exports from Gabon most affected by the boom of the Chinese economy are manganese and timber.²⁵ China's strong demand for mineral ores has also led to an increase of exports by Comilog.²⁶

Natural resources represent the bulk of Gabon's trade with China. Gabon's imports from China – covering a wide range of manufactured products – have remained at a relatively low level, with EUR 45 million in 2006 and approximately EUR 108 million in 2009.²⁷ Gabon's exports to China have, however, grown considerably. These stood at EUR 45 million in 2005 and rose significantly to EUR 572 million in 2006, reaching their highest level of EUR 1.25 billion in 2008 before slowing down to EUR 500 million in 2009. Despite this temporary decline and difficulties in obtaining precise figures on exports for 2010 and 2011, export patterns have since been inclined towards a continuous increase.

Initially considered a marginal partner, China's trade importance with Gabon has experienced consistent growth. Since the early 2000s China has been placed as Gabon's second-largest customer behind the US.²⁸ The US remains the 'top customer', mainly by acquiring over 50% of Gabon's petroleum. France, Gabon's traditional partner, continues to be Gabon's leading overall supplier with a market share of around 35%.²⁹ However, recent developments suggest a changing situation in a decline of exchanges between France and its former colony due to China's increasing involvement. Although China might surpass France as a trading partner in the long term, France's influence in Gabon will not disappear overnight.³⁰

And at the same time official visits to Gabon by Chinese dignitaries have increased. The most relevant are those by former Prime Minister Li Peng in 1997 and President Hu Jintao in 2004. Hu Jintao's visit reflects a major turning point in Sino–Gabonese co-operation. Choosing Gabon as the only destination in sub-Saharan Africa during the Chinese president's first African political tour, has been interpreted as a result of the country's diplomatic influence, and particularly of President Omar Bongo.³¹ From an economic viewpoint, such events constitute key moments for the establishment and signing of contracts in various domains. This illustrates the role of politics within Sino–African relations and shows that, to some degree, the efficiency of co-operation manifests itself through the rhythm and importance of official visits.³²

It was in Gabon that President Hu revealed China's new policy towards the African continent and outlined the 'new Sino–African partnership'. A key idea proposed by the Chinese president during his stay was that Sino–African diplomacy should have a common interest in transforming the current economic world order, dominated by the US.³³

Complementary economic links and the huge potential for co-operation between Africa and China have met the Gabonese ambitions. Jean Ping, Gabon's former Minister of Foreign Affairs (in 1994 and from 1999 until 2008), who is half Chinese and half Gabonese, stressed that priority should be given to partners who are able to guarantee the country's economic and social progress. Convinced by the positive impact of President

Hu's visit on the progress of economic and diplomatic exchanges with China, both parties have opted for a strengthening of the Libreville–Beijing axis.³⁴

Several agreements to develop co-operation have been concluded. China has offered a set of grants, interest-free loans aimed at projects to be determined by mutual consent, as well as the finalisation of co-operation projects previously undertaken. A memorandum of understanding has also been negotiated between Unipec – a subsidiary company of the Sinopec Petroleum group – and Total-Gabon.

China, whose presence in the field of oil has until recently been limited to research and exploration, is purchasing an increasing amount of its petroleum from Gabon.³⁵ Given the present challenges facing Gabon's oil sector, such as the decrease in production linked to peaking out of most of its oilfields, the government hopes to revive its main area of revenue through the growing interest of Chinese companies. Such an example is Sinopec, which has recently confirmed its wish to invest in Gabon's oil sector by taking part in the bid for 42 deepwater petroleum blocs.³⁶

Beyond the commercial activities Chinese loans, whether interest-free or prime rate, have grown consistently since the beginning of 2000.³⁷ A number of projects have taken the Sino–Gabonese lending habit to a new level. These include the construction of the Senate in 2005 (EUR 24.5 million), a new radio and television complex ('Cité de l'information') in 2007 (EUR 21 million), the Grand Poubara hydroelectric dam project (EUR 292 million), the Stadium of Sino–Gabonese Friendship (EUR 46 million) for the 2012 edition of the Africa Cup of Nations, and above all the Bélinga project (EUR 2.2 billion).³⁸ Sino–Gabonese co-operation covers a wide range of areas of varying importance. However, currently 'it is not possible to speak of the Chinese presence in Gabon without mentioning the mega Bélinga project'.³⁹ The project illustrates China's particular interest in the mining sector, and its scale and impact far exceed other projects launched by the Chinese in Gabon.

China's provision of financial assistance and credit lines at preferential rates have led to a change in scale of the Sino–Gabonese relationship and to Gabon considering China as one of its privileged partners. Gabon's repeated attempts over the decades to obtain debt relief from Western donors failed because of its high rate of income per capita.⁴⁰ Interest-free or preferential loans from China thus came as a welcome alternative.⁴¹

Gabon's government has often used diplomatic and political means in an attempt to persuade foreign businesses to invest in the country. The political aspect accounts for an important part of bilateral and multilateral relations and reveals the rivalries among various partners. In the long term, it would be interesting to assess the extent to which Chinese investment could allow Gabon to reduce its economic dependence on France and international financial institutions. This also depends on current President Ali Bongo's political choices in either continuing privileged Franco–Gabonese relations or gradually exiting the French fold.⁴²

SINO–GABONESE RELATIONS: CENTRED ON THE MINING SECTOR AND THE BÉLINGA PROJECT

Gabon's objective of economic diversification, promoted by Omar Bongo during the mid-1990s, and China's growing need for basic mineral products have put the mining sector

at the centre of both countries' interests. Mostly interested in iron, manganese, phosphate and niobium, Chinese actors have established themselves in various locations. However, most operations have yet to commence owing to numerous contracts only being signed since the third quarter of 2006, as well as some remaining stumbling blocks.⁴³

In the field of manganese, two Chinese companies, Huazhou Industrial and Commercial Mining Company⁴⁴ and Sinosteel, have obtained operating permits for the Ndjolé and Mbigou mines. The first site, located in the Bembélé mountains, is accessible and near the Transgabonais railway route, thereby facilitating the transport of minerals to Libreville. The second site is situated in a rugged area, making exploitation very difficult. As this mine is currently not economically viable, Sinosteel has returned its operating permit to the Gabonese government. Since these permits are granted only to companies incorporated under Gabonese law, Chinese companies interested in manganese in Ndjolé had to merge and form a Gabonese company⁴⁵ under the name of *Compagnie Industrielle et Commerciale des Mines du Gabon (CICMG)*.⁴⁶

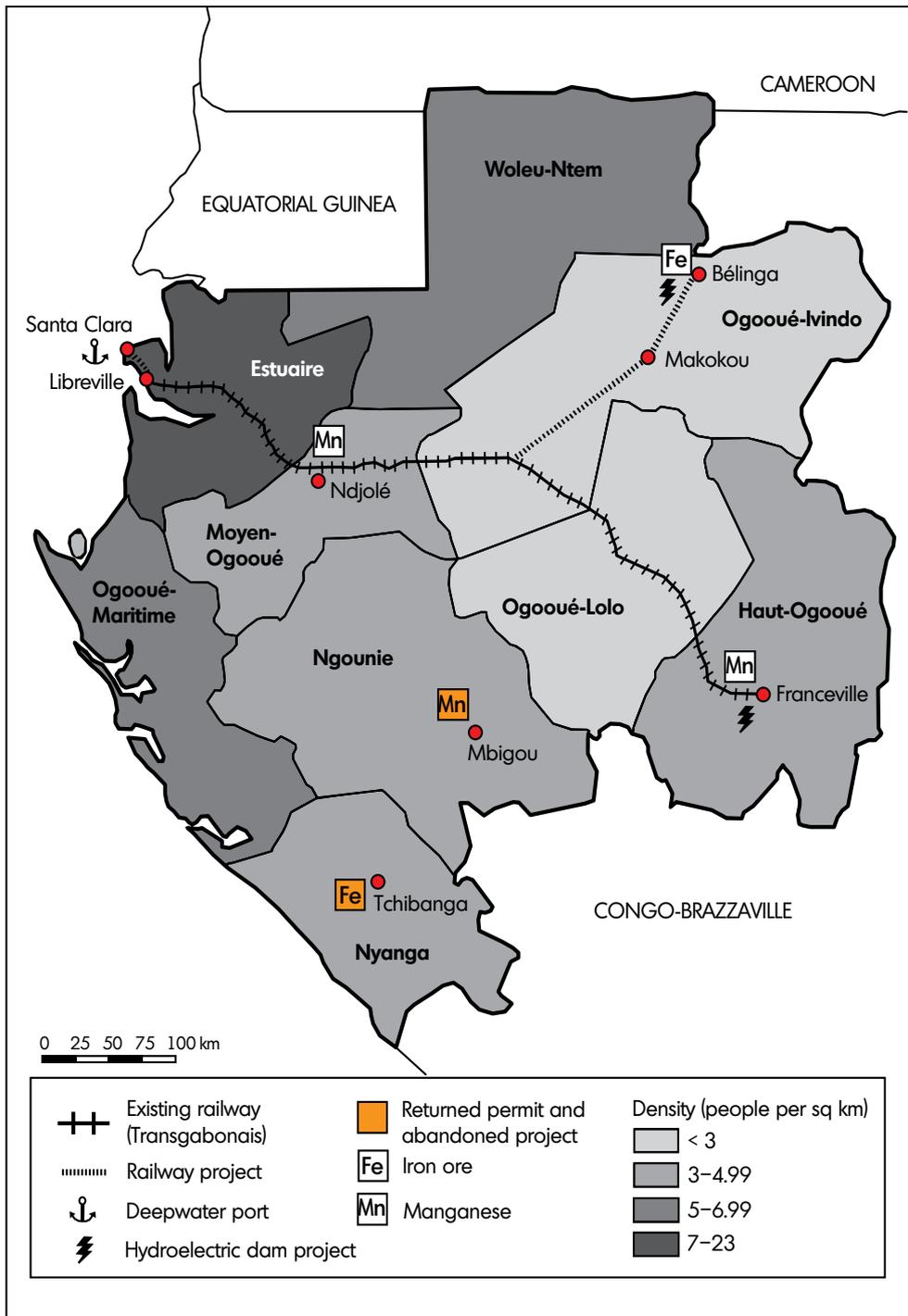
The Chinese have also expressed their willingness to take over manganese operating permits in Okondja and Franceville, which have both been returned by Brazilian operators. The latter have opted to concentrate their efforts on the Bélinga project and have thus ended their activity in these smaller sites. In addition, the Chinese obtained an exploration permit for an iron site in Tchibanga. However, given the limited knowledge of the iron content of this concession, the lack of infrastructure and especially after winning the operating concession for Bélinga, they soon returned the licence to the Gabonese government.

In diversifying its potential operation sites in Gabon, China has always considered Bélinga iron ore as its main focus and most important project. Following a call for tenders in 2005, several companies expressed an interest in winning the operating permit for the exploitation of Bélinga iron ore. A Brazilian company, *Companhia Vale do Rio Doce (CVRD)*, and two Chinese companies, *China National Machinery & Equipment Import & Export Corporation (CMEC)* and *Sinosteel Corporation*, were the final challengers, with the aim of forming a consortium with *Comilog*. Following the presentation and evaluation of their respective projects, the Gabonese government decided in favour of the CMEC and Sinosteel, at the expense of Brazil's CVRD.

The Gabonese government cited several justifications for its choice. Unlike Brazil, China prioritised Bélinga above its other projects.⁴⁷ In terms of warranty, Brazil derived its funding from a bank with predominantly private capital, whereas the Chinese government itself vouched for the project by using public funds via its Eximbank, also offering development insurance.⁴⁸ Delays given by the Chinese, particularly for the construction of connected infrastructures, also seemed shorter. Further, China's offer appeared more consistent than Brazil's in terms of job creation and employment opportunities, which is a sector of utmost importance to the Gabonese government.

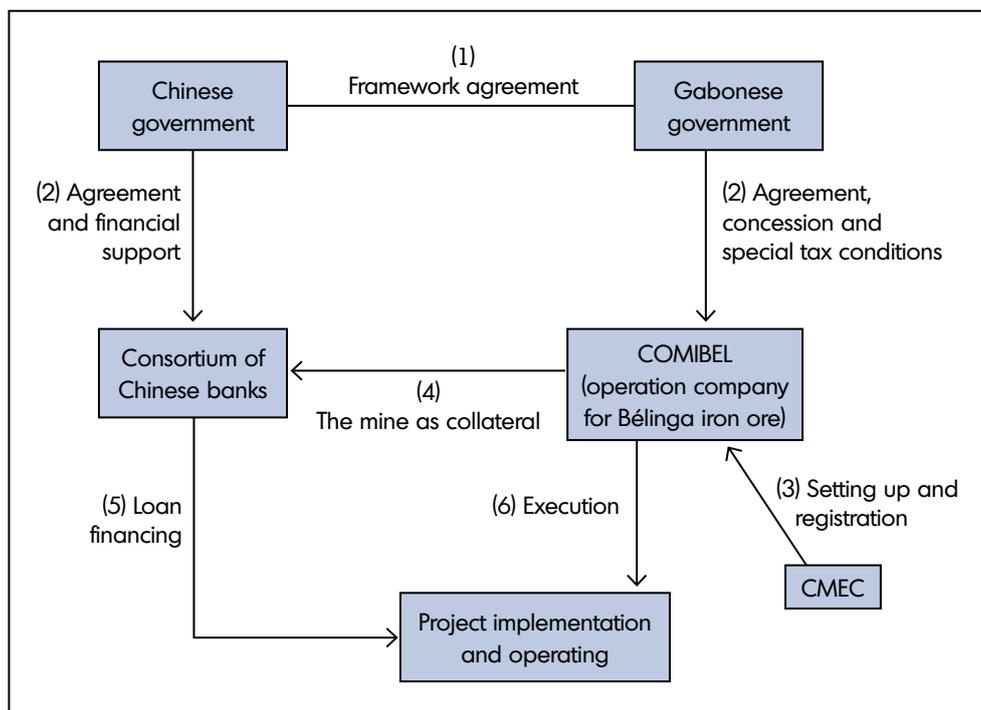
The signing of the framework agreement on the exploitation has defined the different stages of the project as well as the distribution of tasks and responsibilities. As mentioned, the commencement of extractive activities requires the creation of a company established in Gabon. In the case of the Bélinga project, this has led to the creation of a company named *Comibel*,⁴⁹ set up to manage the operation of the mine. Figure 1 on page 10 shows the involvement of the Chinese government in the project management. From a Gabonese perspective, the most significant point concerns the repayment of the Chinese investment, which will be guaranteed by the exploitation of the mine.⁵⁰

Figure 1: Chinese presence in Gabon's mining sector



Note: Map of Gabon at a scale of 1/50 000.

Source: Author's own

Figure 2: Task allocation on the Bélinga project implementation

Source: Data collected from *Gabonews*, <http://www.gabonews.ga>, 2006

Launching the Bélinga operation depends, however, on the outcome of preliminary work. Initially this was supposed to take between three and four years to complete. The mine needs energy to run and it is necessary to build accommodation for future operators. Construction of a hydroelectric dam with a capacity of 50 megawatts in Ogooué-Ivindo, carried out by the CMEC, will guarantee the mine's power supply. Surplus electricity will be allocated to the entire province. The Grand Poubara Dam is another hydroelectric project, located in Haut-Ogooué, with a capacity of 250 megawatts. This project is conducted by Sinohydro, responsible for the development of the Three Gorges Dam in China. It will provide the necessary energy for both mining sites in Okondja and Franceville, and will also resolve the province's electricity shortage. Since the production capacity will far exceed provincial consumption, the surplus will be used in the capital Libreville to enhance power networking at the scale of the country. Despite their wider benefits, the dam projects remain closely related to mining sites and are primarily designed to ensure the functioning of these activities.

It is also necessary to address the logistics of the Bélinga operation in ensuring consistent transportation of the iron ore. Accordingly, the project includes the construction of two railway ramps, which together span 560 kilometres. One links Booué to Bélinga and the other Ntoum to Santa Clara; and both are connected to the existing Transgabonais railway. The railway line will lead to a future deepwater port at Santa Clara. According to production estimations of the mining site, the port will be able to manage 20 million tonnes in exports.⁵¹

The overall cost of the preliminary infrastructure – the Ivindo Dam project, the deepwater port and the railway connections – amounts to approximately EUR 2.2 billion and is fully advanced by the CMEC and the Chinese government. Revenues from the exploitation of the Bélinga mine will cover the repayment of all associated investments. Besides the iron ore reserves, there is also the hope of finding precious metals, including gold.⁵²

Although the existence of the Bélinga mine has been known since 1895, Western companies have judged its exploitation as non-profitable.⁵³ Nevertheless, for the Chinese market, the project holds high strategic value. Through the provision of large sums, ‘package deals’ and incentives to finance long-term commitments, which are unprofitable in the short term, Chinese parastatals benefit from the influence and involvement of their government. Consequently, they do not attach the same level of importance to short-term economic efficiency as would be the case with private (Organisation for Economic Co-operation and Development) companies.⁵⁴ To some extent, this also marks the current difference between Western donors and companies that are driven primarily by the pursuit of short-term profit.⁵⁵

Whether in terms of impact on the Gabonese economy, or the linked development potential at a regional and local scale, a project of such proportions as Bélinga raises many questions. Accordingly, it is important that actors involved consider during the phases of contract negotiation the different challenges the operation is likely to face.

EFFECTS OF THE BÉLINGA PROJECT ON ATTEMPTED ECONOMIC DIVERSIFICATION

Gabon’s economy has grown increasingly dependent on oil revenues since the beginning of oil production in the late 1950s. In recent years, oil has contributed to more than half of state revenues. In 2009 the country’s budget amounted to EUR 2.5 billion;⁵⁶ oil made up 53% of Gabon’s GDP and 82% of the country’s exports.⁵⁷ Oil revenues have financed a number of major infrastructures. These include the Transgabonais railway, which is the backbone of the country’s communication network; the port in Owendo; and the Mvengue airport in Franceville.

Despite the significant revenues generated during the ‘Glorious Twelve’,⁵⁸ oil has not encouraged diversification of the economy but rather has exacerbated structural problems and weakened further development possibilities.⁵⁹ The economy’s dependency on oil revenues has led to the government’s neglect of other sectors, such as developing industries, logging, mining and tourism, over the past 30 years.⁶⁰ Although the agricultural sector received considerable funding from the Gabonese state, in 2005 it counted for only 4% of GDP (as opposed to 14% in 1966). Gabon is therefore still dependent on imports, which count for over 60% of its food supplies.⁶¹

The oil royalties redistribution system, which enabled Gabon to be run by the Bongo clan and a plethora of state officials, was finally undermined.⁶² Since the 1986 oil glut, Gabon has been unable to refund the debts incurred during the 1970s and early 1980s, which led the International Monetary Fund and the World Bank to impose structural adjustment measures. However, given the continuous focus on oil and few immediate alternatives, these have had little effect on reducing Gabon’s public debt.⁶³ Poverty levels

have increased and living conditions have deteriorated. The explosion in oil prices, especially after 2003, initially helped to maintain or even to increase Gabon's oil-related revenues. However, this is merely compensation for a gradual reduction in production levels. Concerned by the decline in its oil reserves, Gabon has embarked on a new attempt to diversify its economy, both to address the structural problems of the country and to prepare for its post-oil era.⁶⁴

Recently, with the support of the World Bank, Gabon has embarked on vast reforms in an attempt to revitalise its economy. This has resulted in the establishment of an investment charter in 1998, aiming to attract foreign capital, and a socio-economic development strategy based on the expansion of the private sector. The strategy focuses on developing priority sectors and alternatives to oil, such as mining, ecotourism, a new forest policy and fishing, while still including the oil sector.⁶⁵ As these sectors require large investments to be profitable, China's expansion of its interests in Gabon is compatible with Gabon's ambition for economic diversification.⁶⁶

China's growing needs in the field of raw materials enable Gabon to gather the necessary investment capital to launch large-scale projects in this sector. The Bélinga project is a significant example, particularly regarding infrastructure and job creation. The railway development and establishment of further roads will improve the country's inadequate communication network and help to open up the isolated province of Ogooué-Ivindo.⁶⁷ Transport infrastructure linking the Bélinga mine to the coast may also act as a structural axis for the country as a whole.

However, the Bélinga project's biggest challenge lies in resolving the unemployment problem. According to different state officials, the creation of direct and indirect jobs related to the development of the mine and other infrastructure is estimated at 30 000, of which 26 000 would be reserved for the Gabonese.⁶⁸ By qualifying Bélinga as the 'project of the century', former President Bongo aimed to attach a special importance to the employment section. Hence, hiring procedures and the provision of training for workers were included in the contract.⁶⁹ Tasks were defined with the signing of the contract during the last quarter of 2006. Chinese firms agreed to integrate a number of qualified Gabonese into the workforce and to provide opportunities for continuing education. Gabonese authorities committed themselves to establishing training courses for the workforce required for the project. To circumvent potential future problems – either of a communicative nature or with differences in working techniques – the Gabonese government have planned to select a certain number of engineers and technicians to be sent to China for training.⁷⁰

The use and benefit of hiring local employees lies in the duration of such operations. Whether for private companies or parastatals, in terms of specifications and profitability, it will prove more profitable in the long term to encourage local employment than to bring in a Chinese workforce.⁷¹ Following such an operation process over a period of activity of about 20 years, the operating company would employ Chinese workers initially before gradually replacing them with skilled Gabonese workers trained in specific areas during this period. Given the preliminary phase of infrastructure development, initially fixed between three and four years, the labour market in Gabon would have time to adapt to the job applications required for this project.⁷² In addition, the Bélinga project envisages the possibility of creating an industrial complex, which could have a local-level impact.

It is important that the Gabonese people change their outlook if they are to take advantage of opportunities linked to Bélinga.⁷³ The economy based on oil royalties accelerated the development of a 'rentier mentality' already initiated by the timber exploitation during the 1950s. Gabon's money distribution logistics and the import of most consumption goods have discouraged diversification of its domestic employment and economic structure. The 30 years of oil revenue have led to the devaluation of manual labour.⁷⁴ It is therefore questionable whether broad-based industrialisation, in the short term, may result in any significant development for such a sparsely populated country.

Besides the mine exploitation, there are downstream effects linked to the Bélinga project, which can generate an increase in flow of goods and people in the Ogooué-Ivindo Province. The potential arrival of several thousand people presents opportunities for indirect jobs in different areas, such as agriculture and food supply. Indirect jobs are more likely than those directly related to the mining project to promote the development of one of the most remote and under-equipped provinces in the country. This could include the modernisation and strengthening of agricultural technologies, expansion of trade, construction of roads and infrastructure, and an increase in logging activities.

The Bélinga project presents two possible outcomes. The first is the formation of a simple mining town, built from scratch but disconnected from its surroundings. The second is the development of a city that is linked to the mine but also with a diversified economy.⁷⁵ Gabonese authorities – both at national and local levels – should work towards creating a stable and viable economic base outside the mining sector and ensure that the project benefits the province as a whole. Developing Makokou, the province's administrative centre with an average population of 13 600, and connecting it to Bélinga through an efficient transportation system would also encourage sustainable growth.

The Gabonese government's role in both the construction and operating phase is crucial. This involves ensuring maximum involvement of local economic players in the project and encouraging the use of local materials, such as cement and timber. It also involves helping to ensure the implementation of hiring nationals with required qualifications, the supervision of activities and the development plan, the allocation of bank loans, and the enforcement of the contract procedures.⁷⁶ The negotiation phase prior to the signing of a contract is therefore very important. A number of preliminary studies need to be conducted. These include working arrangements, financing, hiring of local workforce, distribution of tasks and environmental impacts. Depending on the prevailing balance of power, once signed a contract generally becomes more difficult to amend and civil society has a hard time defending its interests.

Since the signing of the Bélinga contract in late 2006, several points of disagreement remain and few concomitant events have delayed commencement of the project. The death of Omar Bongo, continuous price fluctuations in the iron ore and various requests, mostly dealing with environment and job issues from non-governmental organisations (NGOs) and civil society, reflect the complexity and difficulties of such a project.

TOWARDS QUESTIONING A PROJECT OF DECLINING INTEREST?

Initially the promise of rapid exploitation of the Bélinga mine worked in China's favour. Consequently, the current delay in execution could ultimately cause it to lose the contract.

The construction phase has finally started, but the project is progressing at a slow pace. This has led to doubts about China's ability and willingness to honour its commitments.

Omar Bongo intensively lobbied for the Chinese, especially in the months prior to the signing of the contract. Since his death, China no longer seems to enjoy this privileged position. Shortly after its completion, the contract was referred to by some as a 'contract of shame' or a mere 'sales contract' of XAF⁷⁷ 1,600 billion (EUR 2.2 billion) that the Gabonese authorities⁷⁸ had sold off to the CMEC and Eximbank. This sum corresponds to the loan that was granted by Eximbank to Comibel.

Since the amount is entirely funded by China, it will hold 85–90% of the capital, leaving Gabon with only 10–15%. In exchange, the Chinese actors will benefit from a number of advantages and preferential treatment in the exploitation of natural resources. *Le Gri-Gri International*, a satirical Gabonese newspaper, has criticised the Gabonese government's commitment to 'grant an exemption from all taxes for Comibel, including from turnover taxes and revenues, as well as regarding the import of materials used and directly linked to the project for a period of 25 years'.⁷⁹

Besides several points of disagreement between Gabonese and Chinese players directly involved in the Bélinga project, there has been increasing criticism from civil society and local NGOs of the contract, largely perceived as favouring China. This discontent is primarily directed towards environmental aspects and doubts over economic benefits for the local population.⁸⁰ In response to this wave of pressure, the Gabonese government requested that the Chinese address these two issues, in particular, as ratification of the 2006 contract. Albeit three years later, in December 2009, Chinese operators delivered technical feasibility and environmental impact studies to the Gabonese authorities for approval.

To avoid frightening off potential investors, the Gabonese government has initially not been inclined to put the bar too high. Pressure from civil society and the persistence of a number of disputes, combined with the delay of implementing the project, have already prompted the Gabonese authorities in charge to consider renegotiating the contract.⁸¹ The uncertainty of China's ability to honour its commitment brings into question whether it would have been preferable to conclude an agreement with the Brazilian company CVRD, which had the necessary expertise for such a project.⁸² Brazil's persistent interest in the Bélinga project⁸³ makes it possible for the Gabonese authorities to be more demanding in some areas and shows a certain reversal in the balance of power among the different parties involved. So long as Gabon has not ratified the agreement, cancelling it and thereby enabling a Brazilian comeback, remains an option.⁸⁴

It is in this uncertain context that a Chinese delegation arrived in Libreville in April 2010, aiming to resolve several stumbling blocks related to co-operation projects between the two countries. During this visit, several projects were signed and the Chinese government agreed on further donations and grants. Although the Bélinga project represents the major bone of contention between the two parties, it is interesting to note that the local press coverage made no reference to this issue. Indirectly, it reveals China's persistent attachment towards a donation policy. This charm operation also shows that China is not letting go so easily; although there is no concrete evidence that it will actually carry the project out.

From a purely economic point of view, the current setting raises the question of whether the Bélinga project portrays a new form of barter with loans secured by the

exploitation of the iron ore. Gabon faces a very long repayment period for the loan, linked to a strong dependency on iron price fluctuations.⁸⁵ The tangible benefits for Gabon, in an area where the return on investment is rather limited in the short term, remain to be seen. Another concern is the maintenance and especially the utility of project-related infrastructure after 25 years of operation.⁸⁶ Gabon's main objective is to reduce its dependency on oil royalties through sectoral economic widening – albeit primarily focused on mining. However, both the functioning and the structures of the economy have not experienced essential transformations. Under these conditions, shifting away from the rentier model seems difficult and not feasible.

Soon after President Hu's visit in 2004, local newspapers wondered whether China could help Gabon elaborate alternative development strategies to emerge from the economic crisis.⁸⁷ In focusing on natural resources, China's co-operation policy can be seen as a mere continuation of economic strategies once deployed with Western powers. It is therefore necessary to put into perspective this phenomenon, which in the case of Africa has rarely led to any broad-based development. However, if implemented, the Bélinga mining project has the potential to expand over the years and lead to a wider economic outlook for Gabon.⁸⁸

CONCLUSION

Chinese presence in Gabon has increased steadily since 2006 due to the scale and expectations of the Bélinga project. Beyond the actual operating of the mine, the large sums invested in infrastructure development stress the importance of the project. Having established diplomatic relations with Gabon since the 1960s, China is far from being a new player in the country. However, the combination of China's growing demand for natural resources and Gabon's desire for diversification of its economy have led to an intensification of Sino–Gabonese relations.

The Bélinga project reflects the entanglement of political and economic interests. Persistent disagreements, particularly about local employment and the environment, have delayed commencement of the project. There are increasing calls from civil society to request the renegotiation of the contract, which is perceived as favouring China. The project has demonstrated that preferential political ties and financial support from the Chinese government are not necessarily a guarantee of rapid enforcement.

The stakes are high for potential spillover, restructuring of the economy and geographical reorganisation at both regional and national levels. Given the nature of the contract – resembling a new form of barter with parallel infrastructures being reimbursed by the extraction of the iron ore – benefits for the Gabonese economy appear to be limited in the short term. Despite infrastructure development at different levels, Gabon's diversification attempt centred on the mining sector is for the moment not leading to any major structural change in its economy. Possibilities for project expansion exist, although future challenges still remain high and will require a change in the Gabonese outlook.

China's involvement in Gabon's extractive sector demonstrates its financial and diplomatic support of its parastatals in sectors considered as strategic. This procedure has been successful in winning tenders across the African continent. However, the Bélinga case reveals that current enforcement dynamics depict a far more complex

situation. The project illustrates the evolution and shift in the balance of power due to local and international factors. After heavily relying on the Chinese government to secure investments in the extractive sector, the companies involved might ultimately adopt more profit-orientated and individual strategies in the long term. It is conceivable that recent developments in Gabon, reflect a changing Chinese approach towards mining activities in Africa, over the years to come.

ENDNOTES

- 1 All are characterised by substantial territories and share the same interest for natural resources, essential for the pursuit of their domestic growth.
- 2 As Chris Alden puts it, 'while the drive to secure energy resources is at the heart of Beijing's renewed engagement with Africa, there is nonetheless a growing depth and complexity to relations that bears closer analysis.' See Alden C, 'Leveraging the dragon: Towards an Africa that can say No', E-Africa, *Electronic Journal of Governance and Innovation*, February 2005, pp. 6–9. Also published at Yale Global Online, 1 March 2005, <http://yaleglobal.yale.edu/content/leveraging-dragon-toward-africa-can-say-no>.
- 3 Alden C & M Davies, 'A profile of the operations of Chinese multinationals in Africa', *South African Journal of International Affairs*, 13, 1, 2006, pp. 83–96; Levasseur S, 'Investissements directs à l'étranger et stratégies des entreprises multinationales', *Revue de l'OFCE*, Paris, Presses de Sciences Po, Hors-série, March 2002, pp. 103–152.
- 4 Raffestin C, *Pour une géographie du pouvoir*, LITEC (Géographie économique et sociale), Paris, 1980.
- 5 ECA (Economic Commission for Africa), *African Statistical Yearbook 2010*. Addis Ababa: ECA, 2010, p. 201, <http://ecastats.uneca.org/acsweb/LinkClick.aspx?fileticket=QJvL7gNvrAI%3d&tabid=480&mid=1946&language=en-US>, accessed 15 September 2010.
- 6 The term 'Françafrique' is used to designate the special links between France and its former colonies. These relationships are based on both formal and informal networks and rely on a range of political, economic and military actors in France and in Africa. Following the Elf Petroleum scandal and the Ivory Coast crisis, the expression has mostly been used in a derogatory sense.
- 7 Pourtier R, *Le Gabon* (Tome I), *Espace, Histoire, Société*. Paris: LHarmattan, 1989a; Pourtier R, *Le Gabon* (Tome II), *État et développement*, Paris: LHarmattan, 1989b; Yates D, *The Rentier State in Africa: Oil-Rent Dependency and Neocolonialism in the Republic of Gabon*. Trenton and Asmara: Africa World Press, 1996.
- 8 In Gabon, the investment charter and mining code were only issued in 1998 and in 2000 respectively.
- 9 Gabon is characterised globally by a poor communications network. According to the African Statistical Yearbook (2007–2010), its total railway network was 731 kilometres in 2004 and 810 kilometres in 2005 for a country covering an area of over 267 000 square kilometres. No further data has been available since 2008. In 2004, it was estimated that only 10% of roads were paved; no accurate data has been available since 2005. The lack of transport infrastructure, which affects the country as a whole, is particularly dire in the province of Ogooué-Ivindo.

- 10 Ross ML, 'The political economy of the resource curse', *World Politics*, 51, 2, 1999, pp. 297–322; Soares de Oliveira R, *Oil and Politics in the Gulf of Guinea*. New York: Columbia University Press, 2007.
- 11 Cappocchia and Kelemen have discussed these concepts extensively, while Magrin and Van Vliet have applied these to natural resources. For a more detailed synthesis about the natural resources curse debate, see Rosser A, 'The Political Economy of the Resource Curse: A Literature Survey', Working paper, 268. Brighton: Institute of Development Studies, University of Sussex, 2006.
- 12 Magrin G & G van Vliet, 'Grefte Pétrolière et Dynamiques Territoriales: L'exemple de l'on Shore Tchadien', *Afrique contemporaine*, 216, 2005, pp. 87–105; Magrin G & G van Vliet, 'The use of oil revenues in Africa', in Lesourne J & WC Ramsay (eds), 'Governance of Oil in Africa: Unfinished Business', *Gouvernance Européenne et Géopolitique de L'énergie*, Tome 6. Paris, IFRI (French Institute of International Relations), 2009, <http://www.ifri.org/files/Energie/MAGRIN.pdf>.
- 13 Taylor I, 'China's oil diplomacy in Africa', *International Affairs*, 82, 5, 2006, pp. 937–959; Downs ES, 'Who's Afraid of China's Oil Companies?', 2007, http://www.brookings.edu/~media/Files/rc/papers/2010/07_china_oil_downs/07_china_oil_downs.pdf; Ferreira EM, 'China in Angola: Just a passion for oil?', in Alden C, Large D & R Soares de Oliveira (eds), *China Returns to Africa*. London: Hurst, 2008, pp. 295–317; Large D, 'From non-interference to constructive engagement? China's evolving relations with Sudan', in Alden C, Large D & R Soares de Oliveira (eds), *op. cit.*, pp. 275–294; Soares de Oliveira R, 'Making sense of Chinese oil investment in Africa', in Alden C, Large D & R Soares de Oliveira (eds), *op. cit.*, pp. 83–110; Alden C & AC Alves, 'China and Africa's Natural Resources: The Challenges and Implications for Development and Governance', Occasional Paper, 41. Johannesburg: SAIIA (South African Institute for International Affairs), 2009, <http://www.saiia.org.za/occasional-papers/china-and-africa-s-natural-resources-the-challenges-and-implications-for-development-and-governance.html>; Li P, 'The Myth and Reality of Chinese Investors: A Case Study of Chinese Investment in Zambia's Copper Industry', Occasional Paper, 62. Johannesburg: SAIIA, 2010, <http://www.saiia.org.za/occasional-papers/the-myth-and-reality-of-chinese-investors-a-case-study-of-chinese-investment-in-zambia-s-copper-industry.html>; Van Vliet G & G Magrin (eds), *La Chine sur la piste du pétrole africain: La CNPC et les enjeux environnementaux au Tchad*. Paris: Agence Française de Développement, forthcoming.
- 14 However, most of this literature has either drawn a general picture of China's participation in the extractive sector in Africa or has focused on the oil sector. The close link between politics and the extractive sector has been displayed mainly by case studies from Angola and Sudan. Most examples in the mining sector refer to the DRC or Zambia, with a focus on the nature of the contract for the former and development prospects and labour relations for the latter.
- 15 The most relevant studies on Chinese engagement in Gabon's extractive sector have been conducted by Douglas Yates, 'French puppet, Chinese strings', in Ampiah K & S Naidu (eds), *Crouching Tiger, Hidden Dragon? Africa and China*. Scottsville: University of KwaZulu-Natal Press, 2008, pp. 208–223; and Alves AC, 'China and Gabon: A Growing Resource Partnership', China in Africa Project Report, 4. Johannesburg: SAIIA, 2008. A number of reports have also been conducted by the Centre for Chinese Studies in Stellenbosch (South Africa), which present a general overview of the Chinese activities in the country (August 2009, November 2007).

- 16 Firm behaviour forms part of the 'theory of the firm' and analyses what components matter in pursuit of profit maximisation. Hence, companies have to deal with competition, investment, innovation and industrialisation processes in order to achieve this goal. Given the strong involvement of the Chinese state in the extractive sector and its strategic importance, the behaviour of Chinese enterprises tends however to diverge from the general pattern.
- 17 Van Vliet G, '*Activités minières, barrages, et problématiques de négociation : hypothèses pour une réflexion*', 1998, presentation, http://cmsdata.iucn.org/downloads/ref_2_g_van_vliet_presentation.ppt; Magrin G & G van Vliet, 2005, *op. cit.*; Dittgen R, '*La CNPC en Afrique médiane: comparaison des expériences de gestion environnementale au Soudan, au Niger et au Tchad*', in Van Vliet G & G Magrin (eds), forthcoming, *op. cit.*, pp. 360–390.
- 18 This paper is a continuation and further exploration of a study conducted in 2007 as part of a Master's research degree.
- 19 Dittgen R, '*La Présence Chinoise en Afrique, Facteur de Développement Local?*', Mémoire de Master, 2. Paris: Université Paris I (Panthéon-Sorbonne), 2007; Yates D, 2008, *op. cit.*
- 20 Counting only the official visits, Omar Bongo has visited the People's Republic of China ten times (October 1974, June 1975, May 1977, December 1978, October 1983, February 1987, March 1991, August 1996, September 2004 and October 2006). Regular visits and the personality of the former president had a significant impact on developing and maintaining close links.
- 21 Omar Bongo was not only in close contact with all the French presidents. He also maintained privileged economic and political relations with the former coloniser. Considered by some as a 'French puppet', Bongo gained tremendous political influence and strength over his decades of rule. For a more detailed discussion on this topic, see Yates D, 2008, *op. cit.* Lately, the term 'Chinafrique' has been frequently misused in French newspapers and books, see Beurret M & S Michel, *La Chinafrique: Pékin à la conquête du continent noir*. Paris: Grasset & Fasquelle, 2008. The political overtone and connotations associated with the term 'Françafrique' suggests unclear and ambiguous relations.
- 22 Although Bongo has also either visited or received all the Chinese political leaders from Mao Zedong to Hu Jintao, the former links with France cannot be compared to the current rise of Sino–Gabonese relations.
- 23 The Hospital of Sino–Gabonese Co-operation in Libreville was built in 1983, and the Hospital of Sino–Gabonese Friendship in Franceville (the birthplace of President Omar Bongo) was built in 1989.
- 24 In 1995, Gabon's trade with China amounted to EUR 89 million. Between 2005 and 2006, bilateral trade doubled from EUR 274 million to EUR 622 million, indicating the increasing potential between the two countries. This tendency continued until 2008 (EUR 1.36 billion) before falling back to EUR 612 million in 2009 (World Trade Atlas Data 2010, Trade Law Centre for Southern Africa (tralac), http://www.tralac.org/cgi-bin/giga.cgi?cmd=cause_dir_news&cat=1044&cause_id=1694#china, accessed 20 March 2011).
- 25 Republic of Gabon, Ministry of Economy, Budget and Privatisation, *Tableau de bord de l'économie: Situation 2007, perspectives 2008–2009*. Libreville: Multipress Gabon, 38, August 2009.
- 26 Comilog (Compagnie Minière de l'Ogooué) is a Gabonese business subsidiary of the French mining and metallurgic group Eramet. It extracts manganese and plays an important role in Gabon's economy. Established in 1953, the bulk of the shares were subdivided initially between US and French steel investors. Gabon acquired shares in 1974, and in 1999, Eramet took over

- the interests of US steel and other European investors. By 2003, Eramet held 61% of the stock while Gabon retained 27%. See Yates D, 2008, *op. cit.*, p. 214. In November 2005, Eramet obtained a 30-year concession for the Transgabonais railway. In October 2010, the mining company signed an agreement with Gabon to increase its stake in Comilog (Eramet website, <http://www.eramet.fr/fr/Site/Template/ACCUEIL.aspx?SELECTID=1&>, accessed 9 May 2011). According to a report conducted by the Centre for Chinese Studies, Comilog exports 50% of its mineral yield to China. See Centre for Chinese Studies, 'Chapter 4: Gabon', in *China's Engaging of Africa: Preliminary Scoping of African Case Studies: Angola, Ethiopia, Gabon, Uganda, South Africa, Zambia*, report prepared for the Rockefeller Foundation. Stellenbosch: University of Stellenbosch, November 2007, pp. 71–99.
- 27 World Trade Atlas Data, *op. cit.* Imports from France amounted to approximately EUR 562 million in 2007 and from the US to EUR 92 million. See African Statistical Yearbook, 2010, *op. cit.*
- 28 Iguer R, 'Afrique-Chine: les relations sino-africaines sont de plus en plus denses', 4 November 2006, <http://www.algerie-monde.com/actualite/article1546.html>, accessed 8 November 2010; Lafargue F, 'La Chine, une puissance africaine', in *Perspectives chinoises*, 90, July–August 2005, pp. 2–11; Report by the Centre for Chinese Studies, 2007, *op. cit.*; Report by the Economic Mission of the French Embassy in Libreville, *Le commerce extérieur du Gabon par pays, 1^{er} semestre 2002*. In *Investir en zone franc*, 2002, <http://www.izf.net>.
- 29 France, Ministry of Foreign Affairs, 'Maison des Français de l'étranger', accessed 29 January 2011.
- 30 Yates D, 2008, *op. cit.*, p. 221.
- 31 In November 2006, Omar Bongo was one of the few African heads of state to be received by Chinese President Hu Jintao during the third China–Africa Summit in Beijing.
- 32 That said, the combination of political and economic affairs is not restricted to China–Africa relations. See Alden C & M Davies, 2006, *op. cit.* for a more detailed discussion on this topic. It is also important to separate Chinese parastatals – which enjoy broad support from the Chinese government – from private entities which are not necessarily pursuing the priorities and methods defined by the Chinese state.
- 33 See Wenping H, 'China's African policy: Driving forces, features and global impact', in Hongwu L & Y Jiemian (eds), *Fifty Years of Sino–African Cooperation: Background, Progress and Significance*. Kunming: Yunnan University Press, 2009, pp. 101–123.
- 34 From the Gabonese side, concrete actions, likely to generate positive economic benefits for the country, were indeed expected from Hu Jintao's official visit.
- 35 In 2004, China was already the third-largest buyer of Gabonese crude oil per year after the US and France. See Yates D, 2008, *op. cit.*, p. 208.
- 36 Gaboneco, 'Gabon: Sinopec dans l'offshore profond?', 8 September 2010, http://gaboneco.com/show_article.php?IDActu=19775.
- 37 Until 2000, the total sum granted remained relatively limited at approximately EUR 54 million. The bulk of it has been used to carry out numerous co-operation projects. These include the National Assembly, two medical centres, a pharmaceutical laboratory in Franceville, a factory processing manioc and two processing timber facilities.
- 38 More recently, during Yang Jiechi's (China's current foreign minister) visit to Gabon in February 2011, a loan agreement of EUR 5 million was signed to modernise and strengthen the capital's electrical network. See Investir au Gabon, 'Coopération Gabon-Chine : de nouveaux accords ont été signés', 12 February 2011, <http://www.gabon-investir.com/l-actualite/toute-l->

- actualite/cooperation-gabon-chine-de-nouveaux-accords-ont-ete-signes?page=0,3, accessed 2 April 2011.
- 39 Interview with Paul Tongui, Gabonese Minister of State, Minister of Foreign Affairs, Cooperation, Francophonie and Regional Integration (former Minister of Finance) in connection with the 35 years of Sino–Gabonese co-operation, 20 April 2009, www.cooperation-internationale.com.
- 40 In 2006, Gabon's gross national income per capita amounted to EUR 3,500, more than four times the average of African countries for the same year (EUR 755). See African Statistical Yearbook, 2007, <http://www.uneca.org/statistics/docs/asyb2007/asyb.htm>, accessed 5 May 2011. However, the income inequality within Gabon is considerable and a 'large proportion of the population remains relatively, albeit not extremely, poor'. See Centre for Chinese Studies, 2007, *op. cit.*, p. 72.
- 41 Yates D, 2008, *op. cit.*, p. 210.
- 42 In choosing Paris for his first official visit, newly elected President Ali Bongo demonstrated the ongoing predominant role of France in Gabonese foreign policy. See RFI, '*Première visite officielle d'Ali Bongo*', 19 November 2009, Paris, <http://www.rfi.fr/contenu/20091119-premiere-visite-officielle-president-gabonais-ali-bongo>.
- 43 It is either impossible or very difficult to access detailed information on Sino–African contracts, especially within the extractive sector. Negotiations between Chinese parastatal companies and African governments are mostly characterised by an opaque environment with a limited number of actors involved.
- 44 Huazhou Industrial and Commercial Mining Company is a partnership between China's Ningbo Huaneng Kuangye and Huazhou Mining Investment Company. See, Centre for Chinese Studies, 2007, *op. cit.*, p. 84.
- 45 According to the Gabonese Mining Code, activities in this sector (exploitation and marketing) can only be carried out by corporations with at least 51% of national shares. See Republic of Gabon, Enforcement Decree of the Mining Code, 2000, p. 17.
- 46 CICMG (Compagnie Industrielle et Commerciale des Mines du Gabon) is the industrial and commercial mining company of Gabon. Once infrastructure work is complete, the mine – whose reserves are estimated at 30 million tonnes with a mineral purity of 30–40% – is expected to have an annual yield of one million tonnes of manganese. See Centre for Chinese Studies, 2007, *op. cit.*
- 47 The project was considered more as an option and a stock investment. Although Brazil does not have the same need for mineral resources as China for the short term, it is attempting to diversify and secure its supplies for the long term.
- 48 The involvement of the Chinese state as well as the support for its parastatals is a common scenario when it comes to areas identified as strategic for the Chinese economy.
- 49 Comibel (Compagnie minière de Bélinga).
- 50 The estimated reserves of the mine amount to one billion tonnes, with an iron concentration of 64–68%. The Bélinga site is 'one of the last major untapped iron deposits in the world'. See *Les Echos*, '*Fer de Bélinga: nouvelles discussions entre la Chine et le Gabon*', 21 April 2010, www.lesechos.fr/info/industrie/afp_00246494-fer-de-belinga-nouvelles-discussions-entre-la-chine-et-le-gabon.htm, accessed 25 January 2011. Should the quantity of iron ore be insufficient to repay the credit, China has included an additional decree in the contract requiring other possible methods of compensation from the Gabonese government. See Okimi

- J, 'Le Gabon vendu pour 1600 milliards!', *Le Gri-Gri International*, 80, Paris, 25 October 2007, pp. 1–2.
- 51 The construction of the deepwater port comprises three phases: construction of a railway station, a warehouse with a possibility to stock up to 200 000 square metres of ore and an 8-kilometre pier with docks that can accommodate ships of 200 000 tonnes.
- 52 In this context, South African company De Beers is currently looking for partners to initiate research.
- 53 A first consortium, in which an American company, Bethlehem Steel, held 50% of the shares alongside other French and German companies of SOMIFER (Société des Mines de Fer de Mékambo), was initially formed during the 1950s. In 1974, Gabon acquired 60% of the shares and production was expected to start as soon as the extension of the Transgabonais was complete. However, the lack of funding, the saturation of the iron market and unprofitable circumstances prevented the project from being carried out. All shareholders involved subsequently withdrew. See Yates D, 2008, *op. cit.*, p. 216.
- 54 Soares de Oliveira R, 2008, *op. cit.*, p. 107.
- 55 *Ibid.* In the long term, Chinese mining activities in Gabon will, however, reflect a more complex reality.
- 56 Gaboneco, 'Gabon: Le budget 2009 révisé à la hausse', 27 March 2009, http://gaboneco.com/show_article.php?IDActu=12922.
- 57 France, Ministry of Foreign Affairs, *op. cit.* In terms of oil exports, there has even been a rise of 5% compared with 2004. See Ropivia M, *Atlas de l'Afrique : le Gabon*. Paris: Les éditions J.A., 2004, pp. 56–57.
- 58 As an oil-producing country, Gabon has benefited greatly from high petroleum prices caused by the first oil-price shock in 1973. Oil royalties remained significant until 1985, one year before the 1986 oil glut, which eventually ended these 12 years of growth.
- 59 Pourtier R, 1989a/1989b, *op. cit.*
- 60 Before the export of oil, Gabon's economy was predominantly based on the export of timber, which until the late 1950s amounted to 90% of the country's exports. See Pourtier R, 1989a/1989b, *op. cit.* See also, Katendi F, Lescot V & S Noël, 'Spécial Gabon: Le défi de la diversification', *Marchés Tropicaux et Méditerranéens*, 21 July 2006, pp. 6–61.
- 61 Katendi F, Lescot V & S Noël, *op. cit.*, pp. 31–32.
- 62 Pourtier R, 1989a/1989b, *op. cit.*
- 63 Gabon's public debt – although decreasing to EUR 1.5 billion in 2009 compared with EUR 2.06 billion in 2004 – still remains at a high level. See African Statistical Yearbook, 2010, *op. cit.*, p. 199.
- 64 Economic diversification, which is at the centre of the government's economic programme, should take into account the various stages of the production chain in a given sector: from exploration to exploitation, to local processing and to marketing beyond national boundaries. However, thus far Gabon has experienced the negative consequences of the 'Dutch disease', an economic phenomenon where revenues drawn from natural resources are not reinvested into the productive sector.
- 65 Given that the Gabonese government requires considerable funding to achieve the objectives defined in terms of growth and poverty reduction, oil revenues remain necessary to ensure the financing of capital required.

- 66 In 2004, the Gabonese side had already presented a set of job-creating projects, primarily orientated towards the development of transport infrastructures. This element has been retained by Beijing.
- 67 In this sparsely populated province, the population is approximately only 60 000 people with a density of 1.1 inhabitants per square kilometre. Data collected from <http://www.populationdata.net/index2.php?option=pays&pid=69&nom=gabon>, accessed 15 January 2011.
- 68 However, no Gabonese source provides very detailed information on this subject. Consequently, it remains unclear how many of the potential jobs will be allocated to the construction of infrastructure or to the operating of the project. It is estimated, however, that the operation phase would generate 3 000 direct and 10 000 indirect jobs. Furthermore, while the majority of the sources speak of 26 000 jobs being reserved for the Gabonese, few indications are made concerning the duration of employment as well as the allocation of the remaining 4 000 jobs. One can only assume that the latter will be dedicated to Chinese workforce. It remains to be seen how accurate the reported numbers will be once the project has been implemented.
- 69 Measures include a policy of 'Gabonisation', which aims to provide preferential employment for the Gabonese for assignments that can be executed by nationals. Following the terms of the contract, the workforce training is not only limited to executives, but also includes technicians and other employees. However, jobs required for the construction and operating phase differ – both in qualification and number – which makes organisation for hiring and training in advance difficult.
- 70 Although the Chinese side is in charge of the development of the Haut-Ivindo Dam, Gabonese engineers and technicians will be attached to this stage and fully responsible for its management once completed.
- 71 If, for a period of 25 years of operation, the company prefers hiring Chinese labour force, it will have to adopt a rotation scheme. This would entail Chinese contractors staying two to four years and having the right to return home at least once a year, usually for the Chinese New Year. Over 25 years, repetitive travel and adaptation to the host environment for newcomers will undoubtedly raise the costs of operations.
- 72 The national employment office has been asked to compile a list of potential employees among the working population based on profiles and qualifications of the registered unemployed people.
- 73 'Despite the creation of about 30 000 jobs, the Gabonese will first have to show an interest in the project and endeavour to follow courses of study and training within the fields that meet the job offers'. See Obiang R, '*Gabon: Les Gabonais doivent changer de mentalité pour mieux profiter de l'exploitation du fer de Bélinga*', 12 September 2006, http://www.gabonews.ga/artfiche.php?page=1&rid_article=7156, accessed 15 July 2008. Following his inauguration as Gabon's president in October 2009, Ali Bongo 'urged the Gabonese population to adopt a change of mentality and get back to work in order to build a rich and prosperous country in a harmonious way'. See Mbog Batassi E, '*Ali Bongo investi président du Gabon*', *Afrik.com*, 16 October 2009, www.afrik.com/article17789.html, accessed 28 December 2009.
- 74 For a more detailed discussion about the 'rentier mentality' in Gabon, see Yates D, 1996, *op. cit.*
- 75 In Gabon there are numerous examples of mining towns that live by the rhythm of the mine. In Moanda and Mounana, located in the Haut-Ogooué Province, mining activity has preceded the establishment of the cities. In Mounana, ceasing of mining activity led to the abandonment of other activities, resulting in a ghost town. This is because, to date, commercial activities and restoration in Gabon have been predominantly carried out by African expatriates and

- Lebanese. The latter are more likely to withdraw promptly after the cessation of large mining activity than local people, if they were encouraged to venture into this field. Moanda, however, has rapidly diversified its economy towards trade and services, and at a stage was able even to compete with Franceville (the second-largest city in the country). See also, Magrin G & G van Vliet, 2005, *op. cit.*
- 76 Series of interviews conducted with M Charlemagne in Libreville in April 2007, at the time deputy-managing director, in charge of electricity and technology development at the Ministry of Energy, Mining and Petroleum. A recipient of a scholarship funded by the Chinese government, Charlemagne completed his graduate studies in the field of electricity in China. He speaks fluent Mandarin and had to return to China on several occasions for various projects. Thanks to his language skills, Charlemagne has been among the privileged Gabonese representatives for the negotiations on the Bélinga iron ore and the Ndjolé manganese projects.
- 77 Central African franc.
- 78 The Gabonese authorities were represented by ministers in charge (at the time) of the sectors involved in the project: Jean Eyeghe Ndong (Prime Minister), Paul Tongui (Minister of Finance) and Richard Auguste Onouvié (Minister of Mining, Energy, Oil and Water Resources). Of the three, only Tonguy was maintained in the government since Ali Bongo's presidential election and is the current Minister of Foreign Affairs.
- 79 Okimi J, 2007, *op. cit.*
- 80 In a letter addressed to the president of China Exim Bank in Beijing, Brainforest (an NGO based in Gabon with the support of several international NGOs) pointed out the major concerns regarding the realisation of the Bélinga project. Most relevant ones include the concern about having launched the construction phase without the publication of any impact studies (although required by Exim Bank guidelines), lack of participatory actions from the Chinese operator, negative effects related to the Ivindo National Park Dam construction, pollution and the impact on village communities. See <http://www.internationalrivers.org/files/Brainforest%20letter%20to%20China%20Exim%20Bank.pdf>, accessed 30 March 2011.
- 81 Gabonco, 'Gabon : Caser les PME locales sur le projet Bélinga', 2 April 2010, http://gabonco.com/show_article.php?IDActu=17775.
- 82 Dougeli G, 'Forcing chinois à Bélinga', 4 January 2010, <http://www.jeuneafrique.com/Article/ARTJAJA2555p019.xml0/chine-bresil-mines-energieforcing-chinois-a-belinga.html>, accessed 15 July 2010.
- 83 Gabonco, 'Gabon: Les Brésiliens veulent refaire affaire dans le fer', 12 April 2010, http://gabonco.com/show_article.php?IDActu=17903.
- 84 According to some sources, a number of Gabonese executives do not hide their preference for CVRD. Establishing an agreement with one of the world's leading iron companies could indeed lure and facilitate the arrival of another major Brazilian group, Petrobras. The latter is renowned for its expertise in the domain of deep offshore oil extraction, required to meet Gabon's other challenge of halting the decline of the country's oil production.
- 85 According to the *Cyclope Report* (2010), the evolution of the iron ore value in 2010 remained highly unpredictable. The collapse of steel prices in the second half of 2008, due to falling demand of Western countries, had an immediate impact on the iron ore market. Iron ore hit its lowest point in March 2009 at \$59 per tonne, before slowly recovering and finishing the year at \$110 per tonne.
- 86 It is only after this period that they will be owned by the Gabonese government.

- 87 Meye A, 'Pour un réajustement de la vision coopérative et de développement de la Chine', Libreville, *L'Union*, 11 March 2004, p. 15.
- 88 In matters of potential project widening, the activities of the China National Petroleum Corporation in Chad draw an interesting case of comparison. Initially, limited to petroleum exploitation, the 'Rônier' project gradually integrated a refinery and the development of a linked industrial complex. For a more detailed discussion on this topic, see Magrin G & G Van Vliet (eds), forthcoming, *op. cit.*

SAIIA'S FUNDING PROFILE

SAIIA raises funds from governments, charitable foundations, companies and individual donors. Our work is currently being funded by, among others, the Bradlow Foundation, the United Kingdom's Department for International Development, the European Commission, the British High Commission of South Africa, the Finnish Ministry for Foreign Affairs, the International Institute for Sustainable Development, INWENT, the Konrad Adenauer Foundation, the Royal Norwegian Ministry of Foreign Affairs, the Royal Danish Ministry of Foreign Affairs, the Royal Netherlands Ministry of Foreign Affairs, the Swedish International Development Cooperation Agency, the Canadian International Development Agency, the Organisation for Economic Co-operation and Development, the United Nations Conference on Trade and Development, the United Nations Economic Commission for Africa, the African Development Bank, and the Open Society Foundation for South Africa. SAIIA's corporate membership is drawn from the South African private sector and international businesses with an interest in Africa. In addition, SAIIA has a substantial number of international diplomatic and mainly South African institutional members.

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