

AFRICA RISK CONSULTING

Guinea Monthly Briefing April 2018

Guinea Summary 26 April 2018

President Alpha Condé (2010-present) meets main opposition leader Cello Dalein Diallo and forms a new committee to resolve the political impasse that emerged as a result of the disputed February local elections. A judge in France places billionaire businessman Vincent Bolloré under formal investigation for allegations that he used corruption in Guinea and Togo to win lucrative port operating contracts. The US Department of the Treasury sanctions Russian billionaire Oleg Deripaska, a majority shareholder of UC Rusal, a strategic partner of the Guinean government in bauxite mining, for his alleged involvement in the Russian election-hacking saga.

Condé meets with Diallo to end ongoing political stalemate

President **Alpha Conde** (2010-present) met main opposition leader **Cello Dalein Diallo** on 3 April to resolve the political impasse which emerged as a result of the disputed 4 February local elections.¹ Diallo and Condé signed two agreements at the meeting. The first agreed to suspend protests which the opposition has orchestrated since February to protest the alleged rigging of elections by the ruling **Rassemblement du Peuple Guineen Arc-en-ciel (RPG Arc-en-ciel)**.² The second agreement set up a new commission to oversee the implementation of political reforms to break the political deadlock.³ Diallo told the media that he had agreed to suspend the protest in order to see whether the government takes steps to fully implement the 2016 political agreement between the government and 12 opposition parties, including Diallo's **Union des Forces Démocratiques de Guinée (UFDG)**.⁴ He told the media that the meeting had been productive...

"...to the extent that we had a long and frank discussion. I was able to freely express my concerns and defend the demands of the opposition as a whole. And I think I've been heard."⁵

The terms of the agreement that the opposition want Condé to implement include the creation of a **Haute Cour de Justice** (high court of justice), holding of local elections, revision of electoral lists and reform of the **Commision Electoral National Indépendant (CENI)** (electoral commission).⁶ Currently, the only part of the agreement that the government has implemented is the holding of elections. Diallo also complained about the alleged theft of opposition votes during the elections that were a major cause of the ongoing protests.⁷ President Condé reportedly acknowledged his desire to pursue dialogue in order to find a solution to the political impasse.⁸ Both leaders agreed that a new law regarding the organisation of CENI should be formulated and presented to the national assembly at its next session. In addition, they agreed on the audit of electoral lists which should take place

¹ RFI, 3 Apr 2018.

² Jeune Afrique, 3 Apr 2018.

³ RFI, 4 Apr 2018.

⁴ RFI, 3 Apr 2018.

⁵ RFI, 3 Apr 2018.

⁶ Jeune Afrique, 12 Oct 2016.

⁷ Jeune Afrique, 3 Apr 2018

⁸ Jeune Afrique, 12 Oct 2016.

before the end of 2018.⁹ Despite the progress, Diallo told the media that the UFDG will not take part in upcoming legislative elections unless the current electoral commission is fully reformed.¹⁰

Condé also met former prime minister **Sidya Toure**, currently the head of **l'Union des Forces Républicaines (UFR)**, the third largest political party in Guinea, on 4 April.¹¹ Touré also expressed his support for dialogue and the establishment of the follow-up committee, but emphasised that the government also needs to revise the electoral code adopted in February 2017.¹²

Condé named territorial administration minister **Bourema Condé** to lead a follow-up committee which will oversee the full implementation of matters arising from the 2016 political agreement on 4 April.¹³ The committee will also facilitate dialogue between the opposition and the government.¹⁴ Bourema told the media he was eager to show that the committee would not be an empty gesture, and invited stakeholders from across the political spectrum to attend meetings on 13 April.¹⁵

Guinea has a long recent history of political dialogue turning to political stalemate. The decision by Diallo to stop the opposition protests reduces the risk of any ongoing political stability. However, the new commission faces the same challenges that previous attempts have faced. These include the division between government and opposition visions of how reforms should take place, the inefficiency of the political and administrative systems, and hardliners on both sides that have little interest in political compromise. The fact that Diallo remains the primary contact for the opposition, despite electoral boycotts, shows that the UFDG-led tactics are having some impact. It remains unlikely that opposition parties will take part in the upcoming legislative elections in September.

Vincent Bolloré held in Paris over alleged Guinea port corruption

A judge in **France** placed billionaire businessman **Vincent Bolloré** under formal investigation on 25 April for allegations that he used corruption in Guinea and **Togo** to win lucrative contracts.¹⁶ The move will have significant fallout in France and in Guinea: logistics company **Groupe Bolloré** is one of France's largest business groups. Bolloré himself is an influential figure close to President **Emmanuel Macron** (2017-present), and Groupe Bolloré and its subsidiaries have a large number of business interests in francophone **West Africa**.¹⁷ The allegations centre around Bolloré's authorisation of **Havas**, an advertising subsidiary of Groupe Bolloré, to run Condé's 2010 election campaign at a heavily discounted rate.¹⁸ The following year Condé revoked **Necotrans**' concession to operate the commercial port in **Conakry** and awarded the concession to Bolloré, a competitor.¹⁹ French officials allege that Bolloré acted in a similar manner in Togo, aiding the election campaign of **Faure Gnassingbé** (2010-present) in return for logistics concessions in following years.²⁰

Judge **Serge Tournaire** placed Bolloré under investigation for corrupting foreign public officials and complicity in corruption.²¹ Tournaire also placed Groupe Bolloré's chief executive, **Gilles Alix**, under formal investigation for corrupting foreign public officials and complicity in breach of trust, forgery and use of forgery.²² The head of the international division at Havas, **Jean-Philippe Dorent**, is under

⁹ Jeune Afrique, 3 Apr 2018.

¹⁰ Jeune Afrique, 3 Apr 2018.

¹¹ RFI, 4 Apr 2018.

¹² RFI, 4 Apr 2018.

¹³ Jeune Afrique, 3 Apr 2018.

¹⁴ RFI, 4 Apr 2018.

¹⁵ Jeune Afrique, 14 Apr 2018.

¹⁶ Reuters, 25 Apr 2017.

¹⁷ Jeune Afrique, 25 Apr 2017.

¹⁸ Jeune Afrique, 25 Apr 2017.

¹⁹ Jeune Afrique, 25 Apr 2017.

²⁰ Jeune Afrique, 25 Apr 2017.

²¹ Reuters, 25 Apr 2017.

²² Reuters, 25 Apr 2017.

formal investigation for breach of trust and forgery.²³ Dorent is reportedly cooperating with officials as a witness in the corrupting of a foreign public official by Bolloré.²⁴

The decision to place Bolloré under investigation means that he will now be treated as a suspect, but this is not the same as charging him with a crime. Police brought Bolloré in for questioning on 24 and 25 April to determine whether or not to move ahead with the investigation.²⁵ French officials have a mixed history of effectively investigating corruption, especially in businesses that wield significant political influence.²⁶ However a new **Agence française anticorruption (AFA)** (French anticorruption agency), led by former investigator **Charles Duchaine**, has broader powers to investigate businessmen and politicians accused of corruption.²⁷ The first major AFA target was former president **Nicolas Sarkozy** (2007-2012), a close confidante of Bolloré, AFA's second target.²⁸

Bolloré has issued a statement formally denying any wrongdoing and saying that his companies won all contracts legally.²⁹ Bolloré's \$14.7 billion business empire is based on his logistics business that operates 16 container port concessions in **West** and **Central Africa**, claiming to have a 13% market share of logistics across the continent.³⁰ It is also a media business including Havas; France-based on-demand television channel **Canal+**; and media giant **Vivendi**, which owns **Universal Music**.³¹

The charges against Bolloré could be the beginning of a major series of investigations into corrupt deals by French companies in Africa by the French government. The complex relationship between France and francophone countries means that trade and investment flows remain high, despite the legacy of colonialism. There are close relationships between the French political and business elite and a number of African heads of state, and Alpha Condé has exercised this influence across his eight years in office. The AFA may change the nature of Franco-African business relations as it has the power to carry out extra-territorial investigations like equivalent bodies in the **United States (US)** and **United Kingdom (UK)**. However, it remains an untested body and the Bolloré case will determine whether or not it can close convictions. For Guinea and Condé this will have limited short-term impact, but the loss of influence with a major trading partner and a greater caution from French investors could damage the economy in the medium to long term.

Sanctions on Oleg Deripaska lengthen shadow on Guinean mining industry

The **US Department of the Treasury** sanctioned **Russian** billionaire **Oleg Deripaska**, a majority shareholder of **UC Rusal**, which is a strategic partner of the Guinean government in its exploitation of bauxite reserves, on 6 April for his alleged involvement in the Russian election-hacking saga.³² Guinea is under increasing international scrutiny for poor business practices related to its extractive industries, as well as in other sectors of the economy (see above). Deripaska is worth a reported \$5.3 billion; the sanctions prohibit US companies from doing business with him and prevents him from having access to US bank accounts.³³ This will affect the Guinean bauxite industry, the largest in the world.³⁴ Rusal committed to a \$220m investment in the **Dian Dian** mine in 2014.³⁵ They reopened the site in September 2017 and doubled its output to 3.5 million tonnes per annum.³⁶ Rusal also planned

²³ Reuters, 25 Apr 2017.

²⁴ Reuters, 25 Apr 2017.

²⁵ Jeune Afrique, 25 Apr 2017.

²⁶ Bloomberg, 26 Apr 2017.

²⁷ Bloomberg, 26 Apr 2017.

²⁸ Bloomberg, 26 Apr 2017.

²⁹ Reuters, 25 Apr 2017.

³⁰ Bloomberg, 26 Apr 2017.

³¹ The Times, 24 Apr 2017.

³² Forbes, 6 Apr 2017.

³³ Jeune Afrique, 17 Apr 2017.

³⁴ Forbes, 6 Apr 2017.

³⁵ Forbes, 6 Apr 2017.

³⁶ Forbes, 6 Apr 2017.

to invest \$825m in an aluminium refinery at **Friguia**, which has been non-operational since 2012. Under the investment plans, the refinery would increase production from 605,000 tonnes annually to \$1.5 million tonnes by 2026.³⁷ Sources in the mining industry fear that the sanctions may compromise the investment as Deripaska consolidates his business holdings.³⁸

The reputation of the Guinean mining sector, took a further hit on 17 April when the **International Centre for Settlement of Investment Disputes (ICSID)** of the **World Bank** rejected a motion that **BSG Resources** introduced to throw out a final report that ruled out the existence of forged signatures in documents pertaining to allegations of corruption at the **Simandou** iron ore project in Guinea.³⁹ BSGR, the mining arm of controversial French-**Israeli** billionaire **Beny Steinmetz's** businesses, is caught up in legal disputes in relation to the vast iron ore concession, which reportedly holds over 2 billion tonnes of high-grade iron ore, one of the largest untapped resource bodies in the world.⁴⁰ At full production, the concession would export up to 100 million tonnes per year. This case stretches back to 2014, when Guinea revoked both **Brazil**-based **Vale** and BSGR's exploitation permits for the Simandou project (see *ARC Briefing Guinea March 2018*).⁴¹

On the surface, the sanctioning of Deripaska and Rusal may appear unrelated to their mining interests in Guinea. However, Deripaska's links to the Russian government and the pressure being exerted by the US and its allies will have an effect on the ability of Rusal and other companies to continue to invest in the sector. Guinea relies on bauxite and iron ore to fund public expenditure and the risk of corruption is proving a major deterrent to investors. **China**-based **Chinalco** took on Simandou in 2016, but is facing up to \$25 billion in costs to get the mine working due to years of inactivity over court cases. Some mining journalists refer to it as a 'cursed concession', and the government did not find it easy to find a new buyer at a good price. The ongoing Steinmetz case casts a shadow over the entire mining sector, and international corruption investigations in other sectors (see above) may further deter much needed investment into Guinea's economy.

³⁷ Jeune Afrique, 17 Apr 2017.

³⁸ Jeune Afrique, 17 Apr 2017.

³⁹ Jeune Afrique, 17 Apr 2017.

⁴⁰ Mining.com, 8 Apr 2017.

⁴¹ Mining.com, 8 Apr 2017.

Planner

September 2018 **(Guinea)**. Government to hold legislative elections

9 May 2018 **Conakry (Guinea)** *Press Release*. The **Symposium Mines Guinea** (international mining conference and exhibition) **2018** begins;

Chronology

25 Apr 2018 **Paris (France)** *Reuters*. A judge in France places billionaire businessman **Vincent Bolloré** under formal investigation for allegations he used corruption in **Guinea** and **Togo** to win lucrative port operating contracts;

17 Apr 2018 **Washington DC (United States)** *Mining.com*. The **International Centre for Settlement of Investment Disputes** of the **World Bank** rejects BSG Resources' motion to throw out a final report of allegations of corruption at the **Simandou** iron ore project;

6 Apr 2018 **Washington DC (United States)** *Press Release*. The **US Department of the Treasury** sanctions **Russian Oleg Deripaska**, owner of **UC Rusal** which has significant bauxite assets in Guinea;

4 Apr 2018 **Conakry (Guinea)** *RFI*. President **Alpha Condé** appoints land minister **Bourema Condé** to lead a committee to implement electoral reform before legislative elections in September;

3 Apr 2018 **Conakry (Guinea)** *Jeune Afrique*. President **Alpha Condé** and opposition leader **Cello Dalein Diallo** sign two agreements to end protests over local elections in February and to implement the 2016 political accord;