

## AFRICA RISK CONSULTING

### Guinea Monthly Briefing October 2019

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#### Guinea Summary 25 October 2019

*The Front Nationale pour la Défense de la Constitution (FNDC) (national front for the defence of the constitution) organises protests against planned constitutional changes. The protests lead to nine deaths. Australia-based iron mining giant Fortescue Metals Group (FMG) and Société Minière de Boko (SMB), a branch of China-Singaporean consortium SMB Winning, are the two final bidders for the concession rights to develop blocks 1 and 2 of the Simandou iron ore deposit. Guinea and Liberia sign an agreement allowing mineral exports from several mines in Guinea to be transported through Liberia.*

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#### Protests against constitutional change claim lives

Protests against a planned constitutional amendment have claimed lives for the first time and increased political instability in **Guinea**.<sup>1</sup> Amending the constitution would enable President **Alpha Condé** (2010-present) to run for a third presidential term in 2020, as the current constitution allows the president to serve just two mandates. The **Front Nationale pour la Défense de la Constitution (FNDC)** issued a communiqué on 7 October calling on all Guineans, at home and abroad, to protest against a constitutional referendum and for businesses to suspend their activities on 14 October.<sup>2</sup> The call to protest followed the conclusion on 4 October of a nationwide consultation process on the subject of constitutional change, which most prominent opposition parties and civil society organisations boycotted.<sup>3</sup>

Territorial administration and decentralisation minister General **Bourema Condé** accused the FNDC of trying to “paralyse” the country.<sup>4</sup> General Condé acknowledged that Article 10 of the constitution allows citizens to protest, but pointed out that Article 23 gives the state the responsibility to ensure safety and maintain public order, calling on the population to go about their normal activities on the day of the planned protest.<sup>5</sup> Opposition **Union des Forces Démocratiques de Guinée (UFDG)** leader and FNDC member **Cellou Dalein Diallo** told supporters the FNDC would not back down despite the government’s intimidation tactics.<sup>6</sup> In anticipation of potential violence, army chief of staff General **Namory Traoré** instructed soldiers to remain in their barracks on the day of protests.<sup>7</sup> Traoré also called on the police forces and gendarmerie to “act with professionalism, in strict compliance with the laws of the republic”.<sup>8</sup>

In solidarity with the FNDC protest, opposition parties – including the UFDG, the **Union des Forces Républicaines (UFR)**, the **Union pour le Progrès de la Guinée (UPG)** and the **Union Démocratiques (UD)** – boycotted the **Assemblée Nationale** (national assembly) on 11 October.<sup>9</sup> None of these parties had taken part in the nationwide consultations.<sup>10</sup>

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<sup>1</sup> Reuters, 16 Oct 2019

<sup>2</sup> Aminata.com, 7 Oct 2019

<sup>3</sup> Jeune Afrique, 7 Oct 2019

<sup>4</sup> Aminata.com, 9 Oct 2019

<sup>5</sup> Aminata.com, 9 Oct 2019

<sup>6</sup> Aminata.com, 12 Oct 2019

<sup>7</sup> DW, 14 Oct 2019

<sup>8</sup> DW, 14 Oct 2019

<sup>9</sup> Jeune Afrique, 11 Oct 2019

<sup>10</sup> Jeune Afrique, 11 Oct 2019

Despite the arrest at an FNDC protest coordination meeting on 12 October of 12 FNDC members, including FNDC coordinator **Sano Abdourahamane**, demonstrations took place across the country on 14 October and continued until 16 October.<sup>11</sup> Adding to their calls against a constitutional referendum, demonstrators demanded the release of the imprisoned FNDC members.<sup>12</sup> Cellou Dalein Diallo and UFR president **Sidiya Toure** were placed under house arrest for the first two days of the protests.<sup>13</sup> In a broadcasted message President Condé called for calm to prevail and invited the opposition to participate in the dialogue regarding the possible constitutional amendment.<sup>14</sup> Bourema Condé reported that nine persons were killed:

*“The government deeply and strongly condemns the incidents ... and has instructed the relevant authorities to shed light on the facts in order to pull together all the evidence.”<sup>15</sup>*

The FNDC claimed that 10 people were killed and that there were 70 injuries and 200 arrests during the course of the violence.<sup>16</sup> Condé continued to call on the opposition to join the dialogue, as *“The door had never been closed”*.<sup>17</sup> Both Diallo and Touré rejected Condé’s invitation and called for protests to continue on 24 October.<sup>18</sup>

The trial for the arrested FNDC members took place on 22 October at the **Tribunal de Première Instance de Dixinn** in the capital, **Conakry**.<sup>19</sup> Five FNDC members were found not guilty, while three were sentenced to 6-12 months of jail time on charges of public disorder, and compromising public security.<sup>20</sup> Sanoh, who is also president of civil society movement **Forces Sociales de Guinée** and a former minister, was sentenced to a year in prison.<sup>21</sup> FNDC lawyers said they would appeal the verdict.<sup>22</sup>

Further demonstrations took place on 24 October, with thousands showing up on the streets of Conakry.<sup>23</sup> Protestors repeated their opposition to a possible constitutional amendment and demanded the release of FNDC members.<sup>24</sup> At the conclusion of the march, the FNDC announced they would hold another demonstration on 30 October.<sup>25</sup>

Guinea appears to have reached a tipping point in relation to possible constitutional change. The opposition claims that President Condé intends to run for a third constitutional term if the constitutional amendments go through. Events over the past months (see *ARC Briefing Guinea April-September 2019*) suggest that President Condé is intent on modifying the constitution. President Condé told a group of supporters in **New York (United States)** in September that they should *“be prepared for a referendum”*.<sup>26</sup> The entrenched position of both sides is likely to produce more fatalities and violence, increasing political instability in Guinea.

### **Finalists for Simandou iron ore deposit concession made public**

**Australia-based iron mining giant Fortescue Metals Group (FMG) and Société Minière de Boko (SMB), a branch of China-Singaporean consortium SMB Winning, are the two final bidders for the**

<sup>11</sup> Reuters, 16 Oct 2019

<sup>12</sup> Reuters, 16 Oct 2019

<sup>13</sup> Aminata.com, 15 Oct 2019

<sup>14</sup> DW, 15 Oct 2019

<sup>15</sup> Reuters, 16 Oct 2019

<sup>16</sup> Reuters, 16 Oct 2019

<sup>17</sup> Aminata.com, 15 Oct 2019

<sup>18</sup> DW, 15 Oct 2019

<sup>19</sup> RFI, 22 Oct 2019

<sup>20</sup> RFI, 22 Oct 2019

<sup>21</sup> RFI, 22 Oct 2019

<sup>22</sup> RFI, 22 Oct 2019

<sup>23</sup> Al Jazeera, 24 Oct 2019

<sup>24</sup> Al Jazeera, 24 Oct 2019

<sup>25</sup> Al Jazeera, 24 Oct 2019

<sup>26</sup> Aminata.com, 24 Sep 2019

concession rights to develop blocks 1 and 2 of the **Simandou** iron ore deposit.<sup>27</sup> This puts Guinea a step closer towards having an operator for one of its most strategic mine deposits. Speculation over FMG's possible interest in the Simandou iron ore deposit first emerged in July, after chairman **Andrew Forrest** was pictured on social media with a group of potential investors on a **Liberian** rail line.<sup>28</sup> CEO **Elizabeth Gaines** outlined FMG's interest in the project:

*"Consistent with our active business development programme, FMG is interested in global opportunities in iron ore and other commodities which align with our strategy and expertise... FMG confirms that it is participating in the tender for Simandou blocks 1 and 2. Details of FMG's bid are confidential and there is no guarantee that any bid will be successful."*<sup>29</sup>

Guinea has struggled to develop the Simandou project due in large part to logistical issues pertaining to how the raw materials would be transported for export.<sup>30</sup> The government insists that iron must be exported through Guinea, which would necessitate the construction of the 650 km **Transguinean** railway and deep-sea port.<sup>31</sup> The railway would run from the remote south-eastern region of Guinea where Simandou is located to the Guinea coast.<sup>32</sup> The cost of developing this infrastructure is estimated at \$23 billion.<sup>33</sup> The Guinean government is expected to hold a minority stake in the concession in order to ensure the railway project is not abandoned.<sup>34</sup>

The Simandou iron ore deposit has been the source of on-going legal battles between **United Kingdom**-based **Rio Tinto**, **Brazil**-based **Vale S.A** and **Guernsey**-registered **BSG Resources** (formerly **BSGR**) of **Franco-Israeli** billionaire **Benny Steinmetz**.<sup>35</sup> BSG Resources formerly held the exploitation rights to Simandou block 1 and 2, but the Guinean government terminated the licence in 2014. The matter was taken to the **International Centre for Settlement of Investment Disputes (ICSID)** in 2017 for adjudication.<sup>36</sup> In February, former French president **Nicolas Sarkozy** (2007-2012) brokered a deal between both parties in which they agreed to drop all charges (see *ARC Briefing Guinea March 2019*).<sup>37</sup>

Although Simandou possesses one of the largest reserves of high-grade iron ore, the high cost of infrastructure and the legal issues related to the project have been major deterrents to potential investors.<sup>38</sup> Rio Tinto and China-based **Aluminium Company of China (Chinalco)** respectively own 45.05% and 39.95% of **Simfer S.A**, the holder of the **Simandou South** mining concession (blocks 3 and 4), while the government of Guinea owns a 15% stake in the project.<sup>39</sup> Rio Tinto announced in March 2018 that the Simandou iron project (all four blocks) had an estimated 2.757 billion metric tonnes of high-grade iron ore deposits.<sup>40</sup> This is substantially higher than the initially projected amount of 835m metric tonnes.<sup>41</sup> At full production, the concession from all four blocks would export up to 100m tonnes of iron ore per year.<sup>42</sup> High-grade iron ore is increasingly in demand as it produces fewer greenhouse emissions during the steel-making process and is more environmentally friendly.<sup>43</sup>

<sup>27</sup> Reuters, 7 Oct 2019

<sup>28</sup> Reuters, 7 Oct 2019

<sup>29</sup> Reuters, 7 Oct 2019

<sup>30</sup> Reuters, 7 Oct 2019

<sup>31</sup> Reuters, 7 Oct 2019

<sup>32</sup> Reuters, 7 Oct 2019

<sup>33</sup> Reuters, 7 Oct 2019

<sup>34</sup> The Africa Report, 18 Oct 2019

<sup>35</sup> Financial Times, 6 Sep 2019

<sup>36</sup> Financial Times, 25 Feb 2019

<sup>37</sup> Jeune Afrique, 25 Feb 2019

<sup>38</sup> Reuters, 7 Oct 2019

<sup>39</sup> Rio Tinto update on Simandou, 28 Oct 2018.

<sup>40</sup> Agence Ecofin, 30 Oct 2018

<sup>41</sup> Agence Ecofin, 30 Oct 2018

<sup>42</sup> Mining.com, 8 Apr 2018

<sup>43</sup> Bloomberg, 6 Sep 2019

FMG is up against SMB, a Chinese state-backed entity which is currently Guinea's largest exporter of bauxite, including 42m tonnes in 2018. SMB has also committed to the construction of a 135 km railway line from **Boffa to Boké** (see *ARC Briefing Guinea March 2019*).<sup>44</sup> In addition to benefiting from access to Chinese public finance, SMB has strong links within the Guinean ruling class.<sup>45</sup> According to **The Africa Report**, SMB chairman **Fadi Wazni** has close ties with President Condé's son, **Mohamed Alpha Condé**.<sup>46</sup>

The Chinese have already established themselves as key players in the Guinean mining sector. In September 2017, China agreed to loan Guinea \$20 billion over the next 20 years in exchange for bauxite concessions.<sup>47</sup> With respect to the long-term development of Simandou, SMB could afford to overlook short-term commercial considerations and support the construction of the Transguinean railway.<sup>48</sup> FMG appears to support the use of the Liberia rail route (see below), which could go against them in the evaluation process.<sup>49</sup> The commission in charge of the international tender for Simandou has stated they will make a final decision by November.<sup>50</sup> According to **Eric Humphrey-Smith**, an analyst at UK-based **Verisk Maplecroft**, the workings of the tender process "*remain far from best practice*", with the amounts offered not having been made public.<sup>51</sup>

The eventual award of the exploitation rights for Simandou 1 and 2 will be a positive development for the Guinean mining industry. The interest shown by reputable players in the mining sector indicates that Guinea is increasingly becoming an investment destination of choice for mining firms. Guinean authorities will need to ensure that there is transparency during the selection process – any allegations of corruption or impropriety may discourage potential investors.

### Guinea and Liberia sign mineral export agreement

Guinea and Liberia signed an agreement on 11 October that will allow mineral exports from several mines in Guinea to be transported through Liberia.<sup>52</sup> This agreement will facilitate the development of mines and increase exports, and may attract new investors to Guinea. The agreement complements a memorandum of understanding (MOU) established between the two parties in 2013 and will authorise the initial export of 5m tonnes of minerals.<sup>53</sup>

The government will also evaluate the feasibility of exporting minerals through a 650 km Transguinean railway (see above).<sup>54</sup> However, mines and geology minister **Abdoulaye Magassouba** said:

*"The mining projects in question are near the border with Liberia and cannot be profitable if they are exported through Guinea's coast."*<sup>55</sup>

The agreement between Guinea and Liberia is good news for current as well as prospective mine developers for whom the logistics of transporting minerals in Guinea has been a significant challenge. In particular, this a victory for US-Canadian billionaire **Robert Friedland**, whose holding company, US-based **High Power Exploration (HPX)**, acquired a 95% stake in the **Mount Nimba** iron ore deposit in September (see *ARC Briefing Guinea September 2019*).<sup>56</sup> Canada-based graphite miner **SRG**

<sup>44</sup> Jeune Afrique, 4 Dec 2019

<sup>45</sup> The Africa Report, 18 Oct 2019

<sup>46</sup> The Africa Report, 18 Oct 2019

<sup>47</sup> The Africa Report, 18 Oct 2019

<sup>48</sup> The Africa Report, 18 Oct 2019

<sup>49</sup> The Africa Report, 18 Oct 2019

<sup>50</sup> Reuters, 7 Oct 2019

<sup>51</sup> The Africa Report, 18 Oct 2019

<sup>52</sup> Reuters, 11 Oct 2019

<sup>53</sup> Reuters, 11 Oct 2019

<sup>54</sup> Reuters, 11 Oct 2019

<sup>55</sup> Reuters, 11 Oct 2019

<sup>56</sup> Financial Times, 6 Sep 2019

**Mining** and **Zali Mining** have also been authorised to export through Liberia under the terms of the new agreement.<sup>57</sup> UK-based **Niron Metals** founder **Mick Davis**, who holds the concession for the **Zogota** deposit in the Nimba region, had already negotiated to have iron ore from his mine to be exported through Liberia.<sup>58</sup> Agreements still need to be concluded with the owner of the Liberian railway concession, **Luxembourg**-headquartered **ArcelorMittal**.

### Planner

2020 **(Guinea)** Legislative elections (date to be determined);  
 Oct 2020 **(Guinea)** Presidential elections (date to be determined)

### Chronology

24 Oct 2019 **Conakry (Guinea)** *Al Jazeera*. Thousands attend anti-government protests in Conakry;

22 Oct 2019 **Conakry (Guinea)** *Jeune Afrique*. The **Commission Electorale Nationale Indépendante** (independent electoral commission) cancels the 28 December legislative elections until further notice;

22 Oct 2019 **Conakry (Guinea)** *RFI*. Five members of the **Front Nationale pour la Défense de la Constitution** (national front for the defence of the constitution) are sentenced to 6 to 12 months imprisonment;

19 Oct 2019 **Conakry (Guinea)** *Aminata.com*. The **Front Nationale pour la Défense de la Constitution** (national front for the defence of the constitution) has called for further protests on 24 October against a proposed amendment of the constitution;

19 Oct 2019 **Conakry (Guinea)** *Aminata.com*. A reported 10 people were killed during demonstrations from 14 to 16 October against a possible constitutional amendment;

16 Oct 2019 **Conakry (Guinea)** *Vision Guinée*. **Djibouti's** president **Ismail Oumar Guelleh** carries out a two-day state visit to Guinea;

13 Oct 2019 **Conakry (Guinea)** *RFI*. Several members of the **Front Nationale pour la Défense de la Constitution** (national front for the defence of the constitution) are arrested ahead of planned protests against a proposed constitutional amendment;

11 Oct 2019 **Conakry (Guinea)** *Reuters*. Guinea and **Liberia** sign an agreement allowing Guinea to export minerals through Liberia;

8 Oct 2019 **Conakry (Guinea)** *Aminata.com*. The **Front Nationale pour la Défense de la Constitution** (national front for the defence of the constitution) calls for a national protest on 14 October against President **Alpha Condé's** plan to modify the constitution;

7 8 Oct 2019 **Conakry (Guinea)** *Jeune Afrique*. Opposition parties boycott participation in the **Assemblée Nationale** (national assembly);

4 Oct 2019 **Conakry (Guinea)** *RFI*. Nationwide consultations on a possible constitutional referendum conclude without the participation of major opposition and civil society groups;

4 Oct 2019 **Conakry (Guinea)** *Agence Ecofin*. **Canada**-based **Iamgold** makes a gold discovery at the **Karita** mining project near Guinea's border with **Mali** and **Senegal**;

30 Sep 2019 **Conakry (Guinea)** *Agence Ecofin*. **Turkey**-based **Albayrak** officially takes over the

<sup>57</sup> Reuters, 11 Oct 2019

<sup>58</sup> Reuters, 11 Oct 2019

management of the **Port Autonome de Conakry** (Conakry autonomous port) and says it will not lay off currently employed personnel;

24 Sep 2019 **Conakry (Guinea)** *Aminata.com*. President **Alpha Condé** tells a group of supporters to prepare for a referendum on the constitution, during a meeting in **New York (United States)**;

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