

## AFRICA RISK CONSULTING

## Guinea Monthly Briefing June 2018

## Guinea Summary 25 June 2018

*Guinea's new prime minister, Ibrahima Kassory Fofana, appoints a 33-member cabinet that includes two opposition members and retains several ministers who are regarded as strong supporters of President Alpha Condé (2010-present). Fofana meets with opposition Union des Forces Démocratiques de Guinée (UFDG) leader Cellou Dalein Diallo in a bid to restart inter-Guinean dialogue. Aluminum Corp of China will invest \$708m in the Boffa bauxite mine project. Russia-based aluminium company UC Rusal recommences production at the Friguia aluminum plant after a six-year work stoppage.*

## Fofana cabinet includes two opposition members, retains Condé stalwarts

Prime minister **Ibrahima Kossary Fofana** appointed a 33-member government on 26 May following his appointment by President **Alpha Condé** (2010-present) on 21 May (see *ARC Briefing Guinea May 2018*). Some of Condé's closest collaborators maintained their cabinet positions, including justice minister **Cheick Sako**, territorial administration minister General **Bourema Condé** and foreign affairs minister **Mamady Touré**.<sup>1</sup> **Mohamed Diané** retains his position as defence minister and will also be in charge of presidential affairs.<sup>2</sup> Notable newcomers include **Mamadi Camara** who will head the economy ministry.<sup>3</sup> Camara previously served as Guinea's ambassador to **South Africa**.<sup>4</sup> Opposition leaders **Aboubacar Sylla (Union des forces de Changement (UFC))** and **Mamadou Mouctar Diallo (Nouvelles Forces Démocratiques (NFD))** will respectively head the transport ministry and the ministry of youth and youth employment.<sup>5</sup> Education ministers **Albert Camara** (technical education, professional training and labour) and **Ibrahima Konate** (pre-university education and literacy) both lost their portfolios,<sup>6</sup> probably as a consequence of the teachers' strikes that took place in March.

Portfolio <sup>7</sup>	New cabinet minister
Mines	Abdoulaye Magassouba
Energy	Cheick Taliby Sylla
Security	Alpha Ibrahima Keira
Economy and Finance	Mamady Camara
Budget	Ismael Dioubate
Foreign affairs	Mamady Touré
Defence	Mohamed Diané
Transport	Aboubacar Sylla (UFC)
Justice	Cheick Sako

<sup>1</sup> RFI, 27 May 2018

<sup>2</sup> RFI, 27 May 2018

<sup>3</sup> Jeune Afrique, 27 May 2018

<sup>4</sup> Jeune Afrique, 27 May 2018

<sup>5</sup> RFI, 27 May 2018

<sup>6</sup> RFI, 27 May 2018

<sup>7</sup> APANews, 27 May 2018

<b>Portfolio<sup>7</sup></b>	<b>New cabinet minister</b>
Presidential affairs	Mohamed Diané
Investments and Public-Private Partnership	<b>Gabriel Curtus</b>
Youth and Youth Employment	<b>Mouctar Diallo (NFD)</b>
Technical Education	<b>Lansana Komara</b>
Health	<b>Edouard Niankoye Lamah</b>
Higher education	<b>Yero Balde</b>
Sports and culture	<b>Sanoussy Bantama Sow</b>
Citizenship and National Unity	<b>Kalifa Gassama Diaby</b>
Civil Service	<b>Billy Nankouma Doumbouya</b>
Agriculture	<b>Mariama Camara</b>
Social affairs	<b>Mariama Sylla</b>
Fisheries	<b>Frederick Louah</b>
Telecommunications	<b>Moustapha Diaby</b>
Planning	<b>Mamakany Diallo</b>
Cities	<b>Ibrahima Kourouma</b>
Tourism	<b>Thierno Ousmane Diallo</b>
Public Works	<b>Moustapha Naite</b>
Commerce	<b>Boubacar Barry</b>
Cooperation	<b>Djene Keita</b>
Hydrocarbons	<b>Zakariaou Coulibaly</b>
Communication and Information	<b>Amara Sompore</b>
National Education	<b>Mory Sangare</b>
Livestock	To be announced
Religious affairs	To be announced
Permanent government secretariat	To be announced

The cabinet reshuffle did not escape criticism. Opposition **Union des Forces Démocratiques de Guinée (UFDG)** vice-president **Fode Oussou** claimed the new cabinet is “*more political than technical*”.<sup>8</sup> Oussou noted that most of President Condé’s strongest supporters remained in cabinet.<sup>9</sup> Oussou claims the recent appointments aim to galvanise support for Condé’s plans to run for a third presidential term,<sup>10</sup> despite the current constitution stipulating a two-term presidential term limit.

Fofana is likely aware that he is taking up the position of prime minister in the midst of a deep socio-political crisis.<sup>11</sup> However, as a former member of the opposition, Fofana may have greater access to the opposition and have more legitimacy in their eyes than his predecessor, **Mamoudy Youla**.

### **Fofana attempts to end opposition boycott of inter-Guinean dialogue**

As prime minister, Fofana will be in charge of social dialogue and the application of agreements with civil society and political parties.<sup>12</sup> One of his main tasks will be to promote dialogue, peace and social cohesion.<sup>13</sup> Convincing the opposition to take part in the inter-Guinean dialogue will be crucial to achieving these objectives. Fofana met with UFDG leader **Cellou Dalein Diallo** at UFDG headquarters

<sup>8</sup> Aminata.com, 28 May 2018

<sup>9</sup> Aminata.com, 28 May 2018

<sup>10</sup> Aminata.com, 28 May 2018

<sup>11</sup> Jeune Afrique, 27 May 2018

<sup>12</sup> Vision Guinée, 24 May 2018

<sup>13</sup> Jeune Afrique, 27 May 2018

on 4 June.<sup>14</sup> Fofana invited Diallo on behalf of President Condé to suspend the opposition's boycott of the inter-Guinean dialogue.<sup>15</sup> Diallo acknowledged the government's aim to involve the opposition in ending the ongoing socio-political impasse and improving the state of democracy and human rights in Guinea.<sup>16</sup> However, Diallo said the opposition was compelled to use street protests as a way to pressure the government to apply the resolutions contained in the October 2016 **Accorde Politique**.<sup>17</sup> Diallo claimed that the representatives of the ruling **Rassemblement du Peuple de Guinée (RPG) Arc-en-ciel** at the dialogue lack credibility.<sup>18</sup>

Diallo announced on 9 June that the opposition would not recommence the inter-Guinean dialogue unless certain conditions were fulfilled.<sup>19</sup> These include unresolved issues pertaining to electoral list revision, reform of the **Commission Electorale Nationale Indépendante (CENI)**, and contested results from the February local elections.<sup>20</sup> Diallo said the opposition will provide a memorandum with a list of queries and possible solutions.<sup>21</sup> He says the opposition will resume protests if these problems are not addressed.<sup>22</sup> Diallo claims little progress has been made since his meeting with President Condé on 3 April (see *ARC Briefing Guinea April 2018*) and accuses the government of bad faith.<sup>23</sup> According to Diallo, the follow-up committee established in April has not pursued any of its stipulated missions.<sup>24</sup> These include an audit of the electoral list and the adoption of a law to reform CENI.<sup>25</sup> Diallo also claims the government's refusal to accept CENI's request to have the **European Union (EU)** and **United Nations (UN)** as financial and technical partners in the electoral list revision exercise is an example of its bad faith.<sup>26</sup>

The international community, notably the **Economic Community of West African States (ECOWAS)** EU, **Organisation Internationale de la Francophonie (OIF)**, and UN will play an important role in getting the opposition and government to engage with each other. Diallo met representatives of the OIF on 11 June in order to evaluate how Guinea will hold free and fair legislative elections, currently scheduled for September.<sup>27</sup> Diallo reiterated his demand that the EU, UN and OIF be part of the inter-Guinean-dialogue if the opposition is to call off its boycott.<sup>28</sup> The government will require their financial, technical and organisational assistance to hold elections. The opposition has said it will only resume negotiations with the government if the international partners are involved and are likely hoping that the international partners can use that leverage to convince the government to meet its demands. However, if Condé intends to pursue a third presidential term, this might complicate the dialogue process.

The meeting between Fofana and Diallo is a positive move towards ending the political impasse following the February local elections and is likely to improve the chance of legislative elections taking place in September.

---

<sup>14</sup> Aminata.com, 4 Jun 2018

<sup>15</sup> Vision Guinée, 4 Jun 2018

<sup>16</sup> Aminata.com, 5 Jun 2018

<sup>17</sup> Aminata.com, 5 Jun 2018

<sup>18</sup> Vision Guinée, 4 Jun 2018

<sup>19</sup> Vision Guinée, 9 Jun 2018

<sup>20</sup> Vision Guinée, 9 Jun 2018

<sup>21</sup> Vision Guinée, 9 Jun 2018

<sup>22</sup> Vision Guinée, 9 Jun 2018

<sup>23</sup> Aminata.com, 10 Jun 2018

<sup>24</sup> Aminata.com, 10 Jun 2018

<sup>25</sup> Vision Guinée, 13 Jun 2018

<sup>26</sup> Aminata.com, 10 Jun 2018

<sup>27</sup> Aminata.com, 13 Jun 2018

<sup>28</sup> Aminata.com, 13 Jun 2018

## Aluminum Corp of China to invest \$708m in Boffa bauxite mine project

**China-based Aluminium Corp of China (Chalco)** signed an agreement with the Guinean government on 8 June to develop the **Boffa** bauxite mine in western Guinea and construct ancillary infrastructure.<sup>29</sup> In terms of the agreement the government will grant Chalco's local subsidiary, **Chalco Guinea Company**, 15-year mining licences for the **Boffa North** and **Boffa South** mines.<sup>30</sup> The licences will be renewable for a further 15 years upon expiry.<sup>31</sup> The Guinean government will have 15% equity in the project, with an option to increase the share to 35%.<sup>32</sup> According to Chalco Guinea Company director general **Lu Dongliang**, the company will invest \$708m in the project.<sup>33</sup> This will include \$475m allocated to mine development and \$112m towards port construction.<sup>34</sup> Chalco stated in May that it would invest up to \$163.8m in the project, which would be split among mining, ports and lightering operations.<sup>35</sup> Proven bauxite reserves at the sites amount to 1.75 billion tonnes and will have an estimated annual production capacity of 12 million tonnes. The Boffa bauxite project will have two phases with production set to commence in 2019.<sup>36</sup>

The aim of the investment is to obtain a long-term and steady source of high quality bauxite imports, which is used for aluminum production.<sup>37</sup> Chalco says bauxite exports will be refined at Chinese plants in **Shandong** and **Guangxi**.<sup>38</sup> Guinean minister of mines and geology Abdoulaye Magassouba says Chalco's engagement will facilitate industrial development in Guinea.<sup>39</sup>

The decision by Chalco to invest in the Guinean bauxite sector follows the announcement in April by **Netherlands-based Metal Corp Group** to invest \$1.6 billion in its subsidiary, **Société des Bauxites de Guinée (SBG)**.<sup>40</sup> According to the **International Monetary Fund (IMF)**, Guinea is set to attract \$6.5 billion in investment towards the bauxite and aluminum sectors from 2017-2020.<sup>41</sup> Guinea increased its bauxite production in 2017 by 40% to 42,716,000 tonnes, making it the third largest producer globally.<sup>42</sup> This is a clear indication of growing interest in this domain from a wide range of investors. The uptake in production is a key reason the IMF announced in May that Guinea would experience a 6% increase in gross domestic product in 2018.<sup>43</sup> Chinese investors will be particularly interested in these developments as 40% of Guinea's bauxite production is exported to China.<sup>44</sup>

## UC Rusal recommences aluminum production at Friguia plant

**Russia-based UC Rusal** restarted production at its **Friguia** alumina factory on 6 June, six years after the factory closed following labour disputes.<sup>45</sup> President Condé presided over the ceremony to commission the recommencement of industrial activity at the Friguia plant.<sup>46</sup> Rusal announced on 7 June that it was shipping bauxite from the **Dian-Dian** mine to other countries.<sup>47</sup> Mining minister Magassouba said the first phase of production targets annual production of 550,000-600,000

<sup>29</sup> YiCai Global, 11 Jun 2018

<sup>30</sup> Reuters, 11 Jun 2018

<sup>31</sup> Reuters, 11 Jun 2018

<sup>32</sup> Reuters, 11 Jun 2018

<sup>33</sup> Aminata.com 9 Jun 2018

<sup>34</sup> YiCai Global, 11 Jun 2018

<sup>35</sup> Reuters, 11 Jun 2018

<sup>36</sup> Reuters, 11 Jun 2018

<sup>37</sup> YiCai Global, 11 Jun 2018

<sup>38</sup> YiCai Global, 11 Jun 2018

<sup>39</sup> Aminata.com 9 Jun 2018

<sup>40</sup> Jeune Afrique, 2 May 2018

<sup>41</sup> Jeune Afrique, 2 May 2018

<sup>42</sup> Agence EcoFin, 6 Jun 2018

<sup>43</sup> IMF, 2 May 2018

<sup>44</sup> Vision Guinée, 8 Jun 2018

<sup>45</sup> Reuters, 20 Jun 2018

<sup>46</sup> Aminata.com, 21 Jun 2018

<sup>47</sup> Jeune Afrique, 11 Jun 2018

tonnes.<sup>48</sup> In the second phase, slated for 2024, production capacity will increase to 1.05 million tonnes per year by 2026.<sup>49</sup> Rusal confirmed that it will raise production levels from 550,000-600,000 tonnes annually within 12 months.<sup>50</sup>

The Friguia plant was established in 1960 and bought by Rusal in 2006 for \$21m.<sup>51</sup> However, since acquiring the plant, Rusal has been at loggerheads with the Guinean government over the factory's control. The **Cour du Travail de Conakry** (labour court of Conakry) ruled against the government's attempts to gain control of the factory in April 2012.<sup>52</sup> Rusal committed \$220m towards the development of the Dian-Dian bauxite mine in 2014 and announced an \$825m investment in the Friguia plant.<sup>53</sup> Rusal and the Guinean government finally reached an agreement in April 2016, and the Guinean parliament ratified Rusal's ownership contract.<sup>54</sup>

The resignation of Russian tycoon **Oleg Deripksa** as a Rusal director on 25 May facilitated the resumption of activity at Friguia.<sup>55</sup> The **US Treasury Department** imposed sanctions on Deripksa, a Rusal majority shareholder, on 6 April in relation to Deripksa's alleged involvement in the Russian election-hacking saga (see *ARC Briefing Guinea April 2018*).<sup>56</sup> The sanctions prevent US citizens and firms from doing business with Deripksa and his companies.<sup>57</sup> The US sanctions paralysed Rusal's supply chain, scared off customers and closed access to most western credit lines.<sup>58</sup> Rusal's share price halved.<sup>59</sup> Deripksa's resignation was an attempt to shield his companies from the effect of sanctions and enable them to restart their activities.<sup>60</sup>

Deripksa's efforts to mitigate the effects of sanctions on his interests will enable Rusal to pursue its mining endeavours. These developments will come as a relief to Guinean government, as it is dependent on bauxite production to fund public expenditure. Guinea is still suffering reputational damage from the involvement of controversial **French-Israeli** billionaire **Beny Steinmetz** in the **Simandou** iron ore project (see previous *ARC Briefing Guinea*). Due to perceived corruption risk in the Guinean mining sector, Rusal's inability to continue operations would have made it difficult for the Guinean government to easily find a willing buyer.

---

<sup>48</sup> Reuters, 20 Jun 2018

<sup>49</sup> Reuters, 20 Jun 2018

<sup>50</sup> Reuters, 20 Jun 2018

<sup>51</sup> Jeune Afrique, 11 Jun 2018

<sup>52</sup> Jeune Afrique, 11 July 2018

<sup>53</sup> Jeune Afrique, 11 July 2018

<sup>54</sup> Jeune Afrique, 11 Jun 2018

<sup>55</sup> CNBC, 25 May 2018

<sup>56</sup> Forbes, 6 Apr 2018

<sup>57</sup> BBC, 25 May 2018

<sup>58</sup> BBC, 25 May 2018

<sup>59</sup> CNBC, 25 May 2018

<sup>60</sup> BBC, 25 May 2018

## Planner

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

October 2018 **(Guinea)** Guinea celebrates 60 years of independence

## Chronology

11 June 2018 **Conakry (Guinea)** *Jeune Afrique*. **UC Rusal** recommences aluminum production at **Friguia** plant after 6-year stoppage;

11 June 2018 **Conakry (Guinea)** *Reuters*. **Aluminum Corp of China** will invest \$708m in bauxite mine at **Boffa**;

8 June 2018 **(Guinea)** *Yicai Global* **China-based Aluminium Corp of China (Chalco)** signs agreement with the Guinean government to develop **Boffa** bauxite mine in western Guinea and construct ancillary infrastructure;

7 June 2018 **(Guinea)** *Jeune Afrique* **Rusal** announces it will ship bauxite from the **Dian-Dian** mine to other countries;

6 June 2018 **(Guinea)** *Reuters* **Russia-based UC Rusal** recommences production at its **Friguia** alumina factory;

4 June 2018 **Conakry (Guinea)** *Aminata.com*. Prime minister **Ibrahima Kossary Fofana** meets with opposition leader **Cellou Dalein Diallo** in a bid to restart inter-Guinean dialogue;

2 June 2018 **Conakry (Guinea)** *RFI*. Government establishes steering committee to investigate crimes related to the September 2009 **Conakry** stadium massacre;

27 May 2018 **Conakry (Guinea)** *Jeune Afrique*. Prime minister **Ibrahima Kossary Fofana** appoints 33-member cabinet;

25 May 2018 **(Russia)** *CNBC* **Oleg Deripska** resigns as **Rusal** director;