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Guinea Politics Looming for RusAl

By The Moscow Times

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Guinea's new President Alpha Conde is likely to ask for better terms from foreign miners operating in the West African nation, including United Company RusAl, the world's biggest aluminum maker, according to President Dmitry Medvedev's envoy to Africa.

"There is a global battle for Guinean bauxite," Alexei Vasiliyev said in an interview in Moscow on Dec. 22. "It would be logical for Guinea to demand more favorable terms for the operations of foreign companies."

Conde, a long-time opposition leader who was named winner in the Nov. 7 runoff vote and was inaugurated Dec. 21, vowed ahead of the election that he would review all mining deals to make them more favorable to the state. Guinea holds as much as 50 percent of global reserves of bauxite, an ore used to make aluminum, according to the U.S. State Department.

Any review of contracts should be resolved "on the basis of compromise and in the interests of all sides," Vasiliyev said. If Guinea is embarking on "a democratic path," it must respect existing laws, he said.

RusAl is the largest foreign employer in Guinea with 2,300 employees and relies on the African nation for 40 percent of its bauxite needs. The aluminum producer has said it plans to invest $5.5 billion in a new mine there, Dian Dian.

The company doesn't expect any new demands from Guinea, it said in an e-mailed statement. "As one of the biggest employers in the country, we operate fully within the law and play an important socio-economic role, carrying out major social projects in the cities where we operate," RusAl said.

Along with other foreign companies in Guinea, RusAl may have to negotiate with Conde's government on its tax and social contributions, Vasiliyev said. RusAl may also need to hold talks about the terms of Dian Dian, he said.

Guinea's Mines Minister Mahmoud Thiam didn't answer calls to his mobile phone when Bloomberg News called seeking comment, and didn't immediately respond to e-mailed questions. Prime Minister Jean Marie Dore's resignation was accepted on Dec. 22 and Conde is yet to appoint his replacement, who will then name a new cabinet.

RusAl, along with London-based Rio Tinto Group, has already faced difficulties in Guinea after the military junta that seized power in December 2008 following the death of long-serving President Lansana Conte opened a review of all foreign mining deals.

Rio faced a dispute over its ownership of the Simandou iron-ore project. The junta also threatened to revise the terms of RusAl's license to develop Dian Dian, take back state control of a bauxite and alumina plant sold to the company in 2002, and levy tax claims of $860 million.

RusAl on June 15 said it had reached "a number" of accords, including to develop Dian Dian and to continue its current tax and customs system, after the company's billionaire chief executive Oleg Deripaska met the country's government for talks in Conakry, the capital.

Dian Dian, located 350 kilometers north of Conakry, contains about 1 billion metric tons of bauxite ore with a high aluminum content, according to RusAl.

Other companies operating in the country include Aluminum Corporation of China, AngloGold Ashanti — Africa's biggest gold miner — and Brazil's Vale, the largest iron-ore producer.

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