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Liberia: China Union to Close Operation? - Management Explains

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There are reports that the Chinese multi-billion dollar iron ore mining company, China Union has allegedly gone bankrupt and is gradually selling its assets.

The sources said in recent days that frantic efforts are being made by China Union in consultations with its shareholders in China to close down its mining activities in Liberia due to the unfavorable price of a metric ton of iron ore on the world Market.

Many employees talked to on the issue expressed serious concern about the situation and noted that "Where there is no smoke without fire as in many instances, rumors turn out to be the reality of an unfolding situation".

The employees called on government to investigate the matter since such an issue has serious consequences in terms of job-loss considering the prevailing economic hardship experienced in the country.

In recent time pay and benefits became a problem for the company's employees which subsequently resulted into a prolonged strike action that ended following the intervention of the Government of Liberia and other related labor union groupings.

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The employees also observed that because the company has gone bankrupt, it was selling out its assets to other foreign companies that have expressed interest in taking over the mining concession.

However the management of China Union Investment, (Liberia) Bong Mining Company, LTD has refuted reports that it has gone bankrupt and plans on closing down its mining operations in Liberia.

The management of China Union said it is still financially capable of continuing its mining activities despite the very low price of iron ore on the world market and has not gone bankrupt or faced with closure.

Speaking in an exclusive interview with this paper in Bong Mines recently, China Union's Public Relations Manager, Mr. Allen Fu said China Union is still financially viable and even if the company is facing serious financial pressure, it has not reached any point in its operations where it has gone bankrupt as it is being perceived by the public.

Mr. Fu further mentioned that China Union is still very far away from bankruptcy and the company has held several meetings to discuss how to reform its structure which is aimed at cutting down cost and improve efficiency.

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China Union is the second largest mining company with an investment portfolio of US\$ 2.6 Billion next to

Arcelor Mittal located in Yekepa, Nimba County.

Mr. Fu said the current world market per metric ton of iron ore is fluctuating between US\$ 45.00 to US\$50.00 and the management is losing heavily on every ton produced.

He disclosed that the more iron ore they produce, the more losses they sustain due to the current low price of iron ore on the world market.

"We however have not adjusted production yet, the monthly production from ninety thousand tons to sixty thousand, and the fluctuation is natural because sometimes we need to maintain our facilities," the China Union Official said.

He said the re-adjustment policy that is currently in effect will cause the management of China Union to reduce some of its Chinese expatriates because they are being paid more than their Liberian counterparts and disclosed that some Liberian workers could also be affected.

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He however said on the overall, China Union insists on recruiting more Liberian workforce which keeps a growing Liberian workforce tendency.

"We are trying to find a way of reforming the company's structure, which includes the rice farm and cafeteria that we are working on now," he said.

He also explained that though some might have heard about these areas being outsourced by the management of China Union, they are working on a full reformation of them.

Mr. Fu also revealed that on every ton of iron ore produced by China Union, it sustains huge losses something which he said was seriously affecting its mining operations in the country.

China Union Investment Bong Mining Company currently has in its employ about little over 422 Liberians.

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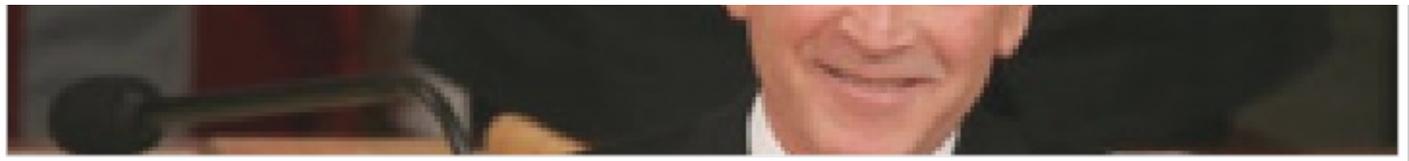
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