

# 5 • BELINGA IRON ORE MINE, GABON

Taking civil society input seriously

## ABOUT THIS SERIES

China is increasingly investing overseas, meeting with environmental and social challenges in the process. A detailed regulatory framework to guide Chinese overseas investment exists on paper. This series examines cases where environmental and social responsibility have been implemented in an

exemplary fashion, effectively contributing to the avoidance of harm and a positive image of China as a responsible global player. The series aims to encourage local groups to constructively engage Chinese investors with these best practice references in mind. It also aims to help Chinese authorities in their efforts to effectively guide Chinese overseas investors towards routinely achieving an excellent environmental and social responsibility performance.

## OVERVIEW

The Belinga Iron Ore Mine was going to be located in a remote area of Northeast Gabon and to be powered by a new dam which was going to cover famous waterfalls inside a National Park, as well as connected to a new deepwater port through a new railway. The overall project required an investment of 3.5 billion USD, but did not have an environmental impact assessment and threatened forests, biodiversity and local livelihoods such as fishing, as well as thriving on corruption. After Gabonian civil society protested against the project and its manifold negative impacts, China Export-Import Bank which was planning to bankroll the project withdrew its support.



Map of Gabon with Belinga visible in the Northeast and Santa Clara in the Northwest

### Chinese institutions involved

- China Export Import Bank
- China National Machinery and Equipment Import and Export Corporation (CMEC)
- Bank of China
- Sinohydro

### Key actors in Gabon

- Ministry of Mines
- Ministry of Environment
- Compagnie Minière de Bélinga (COMIBEL)
- Société Equatoriale des Mines (SEM)
- Brainforest (NGO)
- Environment Gabon (Coalition of NGOs)

## THE PROJECT

With an estimated production of 30 million tons of iron ore per year, the Belinga project required a significant investment in infrastructure: the ore is located several hundred kilometers inland in a country covered by rainforest and with no significant infrastructure usable for the project. A 560 km railroad from Belinga to Santa Clara and a sea port at the latter location would have to be built, and two dams to power the mine: one with 50 MW at the famous Kongou Falls in Ivindo National Park and the other with 160MW at Grand Poubara in the South of the country near Franceville. Total cost of the project would have been USD 3.5 billion. It was to be developed by the joint venture Compagnie Minière de Bélinga (COMIBEL) in which CMEC held 75% of the shares and the rest was shared between the Gabonese state and Panzhihua Iron & Steel Group. The mine was supposed to be operated by CMEC, the main contractor of the project. The Gabonese government expected that 30 000 direct and indirect jobs would be created by the project.

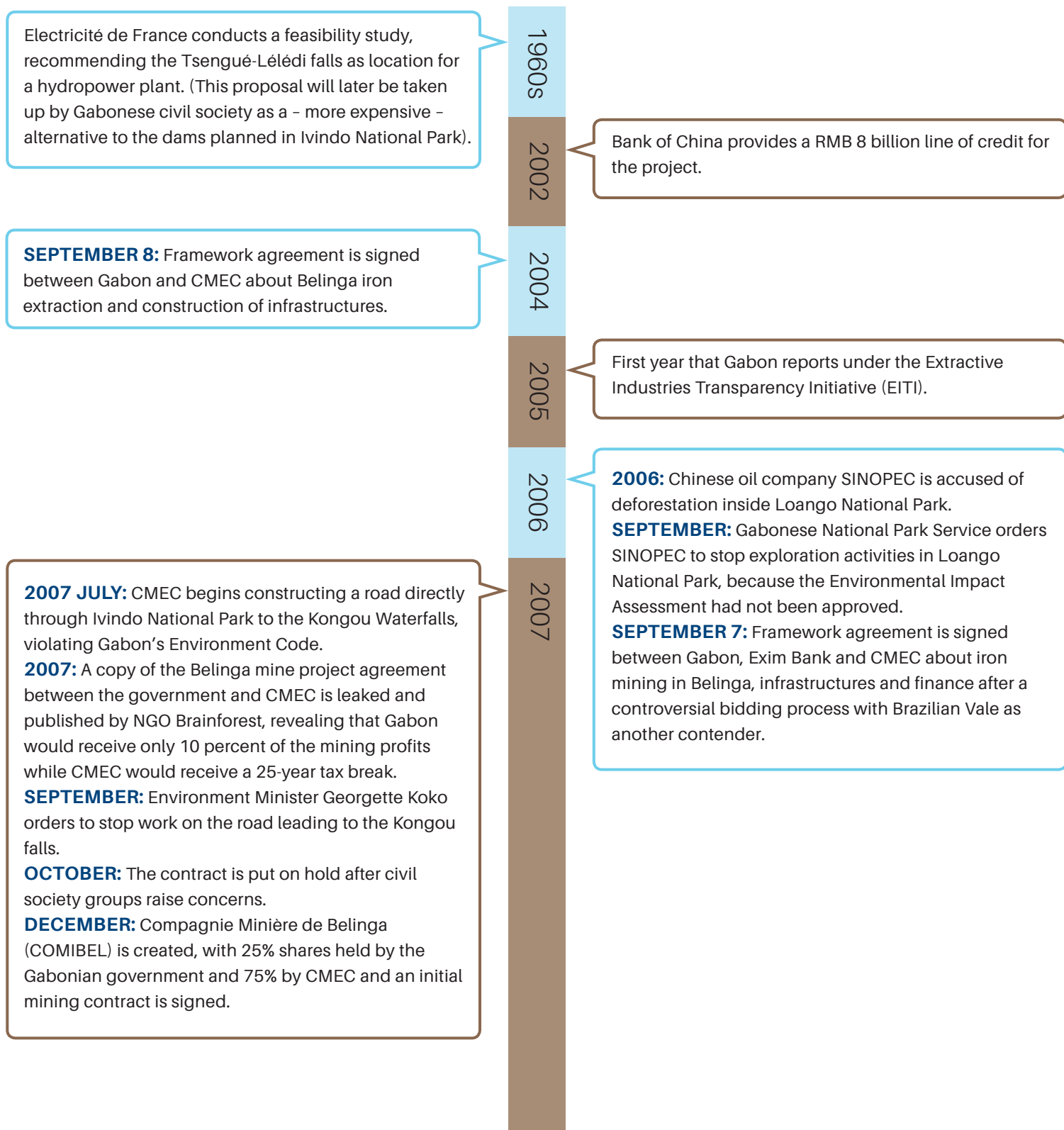


The Kongou Waterfalls. Source: CNN

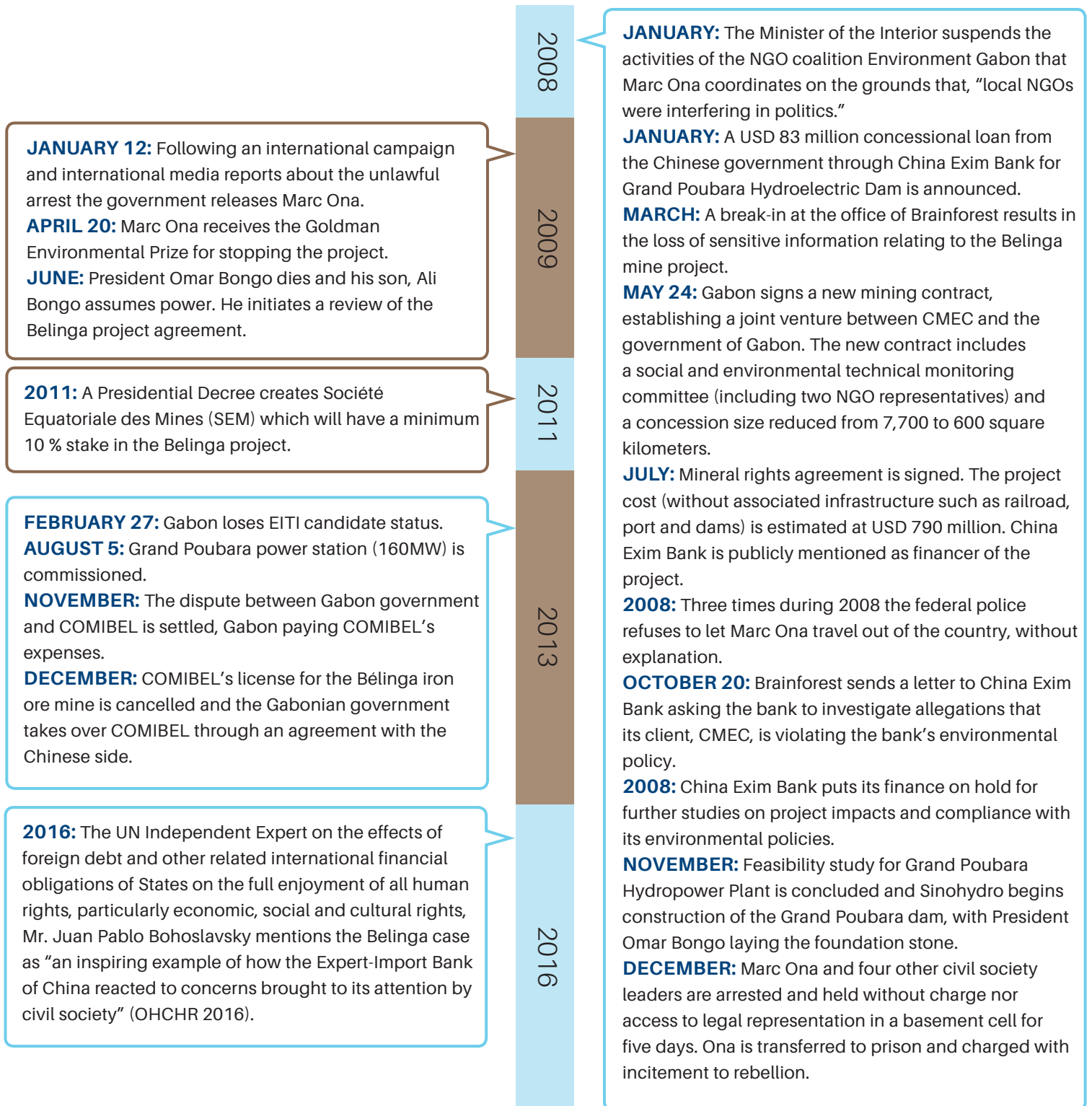


Brainforest's Marc Ona received the Goldman Environmental Prize in 2009 for stopping the project

## TIMELINE



## TIMELINE



## POLICY RELEVANCE

### China's reputation

Starting environmentally destructive and socially disruptive projects without proper process is highly damaging to China's reputation and feeds the story that China cares about resources, but not about people and the environment. In this case, a deforestation scandal involving Chinese oil company Sinopec had happened shortly before the details of the Belinga deal were made public, further tarnishing the Chinese reputation.

### Transparency & corruption

The project had been developed and even started implementation without any consultation with local communities, civil society or even other government departments. This kind of proceeding is characteristic of countries with weak governance and should not be supported or even further encouraged by Chinese actors. Rather, Chinese projects should help raise the standards of transparency (as can be seen in other case studies in this series) and make corruption increasingly difficult - both in China and in the host country.

### Following due process

Construction of any project can only start after all required permissions have been acquired, including environmental permits. This is especially relevant in important biodiversity areas like a national park in this case. The Chinese Embassy should be monitoring the activities of Chinese companies in the country and if necessary remind them of their legal obligations.

## POLICY RECOMMENDATIONS

- The Embassy in each country should pay close attention to public sentiment around each project, as well as on China in general.
- Due diligence should include relevant local laws and regulations as well as interviews with civil society and impacted local communities.

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