

5 · BELINGA IRON ORE MINE,GABON

Taking civil society input seriously

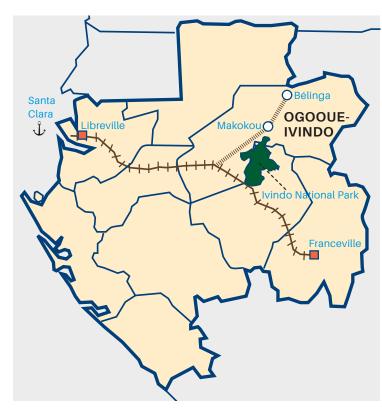
ABOUT THIS SERIES

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

1960s

Electricité de France conducts a feasibility study, recommending the Tsengué-Lélédi falls as location for a hydropower plant. (This proposal will later be taken up by Gabonese civil society as a – more expensive – alternative to the dams planned in Ivindo National Park).

SEPTEMBER 8: Framework agreement is signed between Gabon and CMEC about Belinga iron extraction and construction of infrastructures.

2007 JULY: CMEC begins constructing a road directly through Ivindo National Park to the Kongou Waterfalls, violating Gabon's Environment Code.

2007: A copy of the Belinga mine project agreement between the government and CMEC is leaked and published by NGO Brainforest, revealing that Gabon would receive only 10 percent of the mining profits while CMEC would receive a 25-year tax break.

SEPTEMBER: Environment Minister Georgette Koko orders to stop work on the road leading to the Kongou falls

OCTOBER: The contract is put on hold after civil society groups raise concerns.

DECEMBER: Compagnie Minière de Belinga (COMIBEL) is created, with 25% shares held by the Gabonian government and 75% by CMEC and an initial mining contract is signed.

Bank of China provides a RMB 8 billion line of credit for the project.

First year that Gabon reports under the Extractive Industries Transparency Initiative (EITI).

2006: Chinese oil company SINOPEC is accused of deforestation inside Loango National Park.

SEPTEMBER: Gabonese National Park Service orders SINOPEC to stop exploration activities in Loango National Park, because the Environmental Impact Assessment had not been approved.

SEPTEMBER 7: Framework agreement is signed between Gabon, Exim Bank and CMEC about iron mining in Belinga, infrastructures and finance after a controversial bidding process with Brazilian Vale as another contender.

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2006

TIMELINE

2008

JANUARY 12: Following an international campaign and international media reports about the unlawful arrest the government releases Marc Ona.

APRIL 20: Marc Ona receives the Goldman Environmental Prize for stopping the project.

JUNE: President Omar Bongo dies and his son, Ali Bongo assumes power. He initiates a review of the Belinga project agreement.

2011: A Presidential Decree creates Société Equatoriale des Mines (SEM) which will have a minimum 10 % stake in the Belinga project.

FEBRUARY 27: Gabon loses EITI candidate status. **AUGUST 5:** Grand Poubara power station (160MW) is commissioned.

NOVEMBER: The dispute between Gabon government and COMIBEL is settled, Gabon paying COMIBEL's expenses.

DECEMBER: COMIBEL's license for the Bélinga iron ore mine is cancelled and the Gabonian government takes over COMIBEL through an agreement with the Chinese side.

2016: The UN Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights, Mr. Juan Pablo Bohoslavsky mentions the Belinga case as "an inspiring example of how the Expert-Import Bank of China reacted to concerns brought to its attention by civil society" (OHCHR 2016).

JANUARY: The Minister of the Interior suspends the activities of the NGO coalition Environment Gabon that Marc Ona coordinates on the grounds that, "local NGOs were interfering in politics."

JANUARY: A USD 83 million concessional loan from the Chinese government through China Exim Bank for Grand Poubara Hydroelectric Dam is announced.

MARCH: A break-in at the office of Brainforest results in the loss of sensitive information relating to the Belinga mine project.

MAY 24: Gabon signs a new mining contract, establishing a joint venture between CMEC and the government of Gabon. The new contract includes a social and environmental technical monitoring committee (including two NGO representatives) and a concession size reduced from 7,700 to 600 square kilometers.

JULY: Mineral rights agreement is signed. The project cost (without associated infrastructure such as railroad, port and dams) is estimated at USD 790 million. China Exim Bank is publicly mentioned as financer of the project.

2008: Three times during 2008 the federal police refuses to let Marc Ona travel out of the country, without explanation.

OCTOBER 20: Brainforest sends a letter to China Exim Bank asking the bank to investigate allegations that its client, CMEC, is violating the bank's environmental policy

2008: China Exim Bank puts its finance on hold for further studies on project impacts and compliance with its environmental policies.

NOVEMBER: Feasibility study for Grand Poubara Hydropower Plant is concluded and Sinohydro begins construction of the Grand Poubara dam, with President Omar Bongo laying the foundation stone.

DECEMBER: Marc Ona and four other civil society leaders are arrested and held without charge nor access to legal representation in a basement cell for five days. Ona is transferred to prison and charged with incitement to rebellion.

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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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