

THE MINERAL INDUSTRY OF CONGO (BRAZZAVILLE)

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The economy of the Republic of the Congo [Congo (Brazzaville)] was based largely on the production of crude oil. Located in equatorial central Africa and bounded by the Cabinda enclave of Angola and the Democratic Republic of the Congo [Congo (Kinshasa)] to the south and east and by Cameroon, the Central African Republic, and Gabon to the west and north, Congo (Brazzaville) has an area of 342,000 square kilometers that supported a population of about 3 million. In 2004, the country had a gross domestic product (GDP) at current prices of \$4.6 billion,¹ a GDP based on purchasing power parity of \$4.1 billion, and a GDP per capita based on purchasing power parity of \$1,267. Real GDP increased by 4% in 2004 compared with a growth rate of 0.8% in 2003. In 2004, oil accounted for about 90% of export earnings, 66% of the Government's fiscal revenues budget, and more than 50% of the country's GDP. The value of oil exports was estimated to be \$2.7 billion in 2004 and \$2.1 billion in 2003 (International Monetary Fund, 2005, p. 19; 2004§,² 2005§).

Government Programs

The Kimberley Process is an international system that regulated trade in rough diamond. The program resulted from international concern about illegally mined diamond in global diamond trade and diamond revenues being used to support civil conflicts in Angola, Sierra Leone, and elsewhere. The Kimberley Process Certification Scheme, which officially was inaugurated in January 2003, requires that rough diamond shipped from participant countries, regional economic unions, and rough-diamond trading concerns be exported in tamper-resistant containers and that shippers provide certificates of origin.

At the beginning of the year, Congo (Brazzaville) participated in the Kimberley Process and was working with the International Monetary Fund to improve the quality of the national statistics. In June, the Government began the procedure to join the Extractive Industries Transparency Initiative.

Commodity Review

Metals

Gold.—Production from the Yangadou Mine of Société d'Exploitation Minière S.A. of Italy tailed off dramatically to about 4 kilograms per month because of technical problems. The mine in the Sangha Department, which opened in 2003,

originally had been projected to produce about 1,500 kilograms per year of gold (Officiel d'Information et de Conseil sur le Congo, 2004§).

Magnesium.—In 2004, bankable feasibility studies of the development of the magnesium salt deposits in the Kouilou region and a magnesium smelter were underway for Magnesium Alloy Corp. (MagAlloy) of Canada. MagAlloy Congo S.A., which was a partnership of MagAlloy (90%) and the Government (10%), was to manage the solution mining operation. In December 2004, MagAlloy proposed changing its name to MagIndustries Corp. and creating the 100% subsidiary MagMetals Inc., which would develop a 72,000-metric-ton-per-year (t/yr)-capacity smelter at Point Noire with initial production at the rate of 60,000 t/yr (Magnesium Alloy Corp., 2004, p. 1; MagIndustries Corp., 2005, p. 1; 2005§).

Industrial Minerals

Cement.—Rehabilitation of the cement plant of Société Nouvelle des Ciments du Congo (SONOCC) continued in 2004. The plant at Loutété, which had been operated by Cimenterie du Congo, had been severely damaged during the 1997 civil war. SONOCC's Chinese majority interest owner managed the reconstruction of the 250,000-t/yr-capacity plant (Elion, 2004a§).

Diamond.—As a participant in the Kimberley Process, Congo (Brazzaville) hosted a Kimberley Process fact-finding mission in 2004, which reportedly indicated that diamond exports, which ranged from 3 million to 5 million carats per year, significantly exceeded domestic production. This finding resulted in the removal of Congo (Brazzaville) from the list of Kimberley Process participants in July and effectively suspended legal exports of diamond from Congo (Brazzaville). The Government responded that its national statistics program did not track diamond production and that the Government did not get involved until the diamond was exported. Additionally, because of Congo (Brazzaville)'s uncontrolled borders, the Government stated that it was unable to control smuggling, especially of diamond from other countries [particularly Congo (Kinshasa)] (Kimberley Process, 2004; Elion, 2004b§).

Potash and Salt.—In December 2004, MagAlloy proposed the creation of the 100% subsidiary MagMinerals Inc., which would develop the potash and salt resources of the Kouilou deposit. Initial plans called for a 300,000-t/yr-capacity potash fertilizer plant and a 400,000-t/yr-capacity salt plant at Point Noire (MagIndustries Corp., 2005, p. 1).

Mineral Fuels

Natural Gas and Petroleum.—Several subsidiaries of the state-owned Société Nationale des Pétroles du Congo (SNPC) managed the Government's interest in petroleum and natural gas. Société Nationale de Recherche et d'Exploration Pétrolière

¹Where necessary, values have been converted from Communauté Financière Africaine francs (XAF) to U.S. dollars (US\$) at the average rate of XAF549.16=US\$1.00 for 2004 and XAF590.97=US\$1.00 for 2003.

²References that include a section mark (§) are found in the Internet References Cited section.

was the SNPC's exploration and production company. In 2002, the SNPC ended operations at the Congolaise de Raffinage (CORAF) refinery at Pointe Noire and proposed privatizing the operation. The SNPC also divested 75% interest in its refined hydrocarbon distribution, storage terminal, and transport function to the Société Commune de Logistique (SCLOG). Other partners in the SCLOG included ChevronTexaco Global Energy Inc., Total Congo S.A., and a consortium that comprised Puma International Congo and X-Oil Congo S.A.

Some produced natural gas was stripped of liquids on the Nkossa offshore barge, some was reinjected to maintain reservoir pressure, but most gas produced in Congo (Brazzaville) was flared. The Government estimated that about 3 million cubic meters per day was flared and began to consider economic options for the gas (Kiwano Ltd., 2003§).

Total Exploration & Production Congo (Total E&P Congo) (a subsidiary of Total S.A. of France) was the major private operator in the petroleum sector of Congo (Brazzaville). Total operated eight oilfields for various partners through production-sharing agreements with the SNPC. Agip Congo S.A. (a subsidiary of Eni S.p.A. of Italy) operated five oilfields; Maurel & Prom of France, three; and the Perenco Group of France and the United Kingdom, two.

Outlook

Congo (Brazzaville)'s recovery from the 1997 civil war has included the adoption of a new constitution, restoration of the Government, restructuring of state-owned companies, and resettling refugees who were displaced during the war. Despite Congo (Brazzaville)'s recent oil production decline, the petroleum sector will remain the cornerstone of the economy for the immediate future. The decline in national production was attributed to the maturing of existing fields, but production is expected to rebound with the development of the Bilondo, the Libondi, the Litanzi, the Moho Nord, the Moho Sud, the Nkoso Sud, the N'Soko, and the Yanga Sud oilfields and the offshore K/A-IMI unit [which included the former block 14 in Angola and the former Haute Mer concession in Congo (Brazzaville)]. Exploration wells on the deepwater Mer Très Profonde Sud permit, especially Total E&P Congo's Pégase Nord Marin 1, are expected to encourage additional evaluation of deepwater prospects.

The proposed Kouilou magnesium project could significantly stimulate the postwar economy and aid development of the

country's power infrastructure. At the end of 2004, however, the project was still awaiting completion of a favorable bankable feasibility study.

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Major Source of Information

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TABLE 1
CONGO (BRAZZAVILLE): PRODUCTION OF MINERAL COMMODITIES¹

Commodity ²	2000	2001	2002 ^c	2003 ^c	2004 ^c
Cement, hydraulic thousand metric tons	20	--	--	--	--
Diamond ^c carats	50,000	50,000	25,000	30,000	50,000
Gold, mine output, Au content ^c kilograms	10	10	10	75 ^r	60
Lime ^c metric tons	390	390	390	390	400
Liquid petroleum gas, propane thousand 42-gallon barrels	3,910	3,734	3,000 ^r	1,900 ^r	919
Petroleum:					
Crude do.	100,375	98,920	94,170 ³	81,646 ^{r,3}	82,069 ³
Refined do.	2,573	2,752	2,800	--	--

^cEstimated; estimated data are rounded to no more than three significant digits. ^rRevised. -- Zero.

¹Includes data available through June 2005.

²Natural gas is also extracted, but all is vented or flared.

³Reported figure.

TABLE 2
CONGO (BRAZZAVILLE): STRUCTURE OF THE MINERAL INDUSTRY IN 2004

(Thousand 42-gallon barrels unless otherwise specified)

Commodity		Major operating companies and major equity owners	Location of main facilities	Estimated annual capacity
Cement	metric tons	Société Nouvelle des Ciments du Congo (Société National Chinoise des travaux des ponts et chaussées, 56%, and Government, 44%)	Loutete	250,000 ¹
Diamond	carats	Artisanal production	Likouala Dept.	50,000
Gold	kilograms	Société d'Exploitation Minière S.A.	Yangadou	1,500
Liquefied petroleum gas		Total Exploration & Production Congo, 51%; Chevron Overseas (Congo) Ltd., 20%; Société Nationale des Pétroles du Congo, 15%; Energy Africa (subsidiary of Tullow Oil plc), 4%	Nkossa Field	92
Petroleum, crude		Total Exploration & Production Congo, 51%; Chevron Overseas (Congo) Ltd., 20%; Société Nationale des Pétroles du Congo, 15%; Energy Africa (subsidiary of Tullow Oil plc), 4%	Nkossa Field	25,000
Do.		Agip Congo S.A., 35.75%; Société Nationale des Pétroles du Congo, 35%; Chevron Overseas (Congo) Ltd., 29.25%	Kitina Field	15,000
Do.		Total Exploration & Production Congo, 65%, and Agip Congo S.A., 35%	Tchibouela Field	15,000
Do.		Agip Congo S.A., 65%, and Total Exploration & Production Congo S.A., 35%	Zatchi Field	12,000
Do.		Zetah Maurel & Prom Congo S.A.R.L. [Maurel & Prom, 54%; Tacoma Resources Ltd. (subsidiary of Burren Energy PLC), 35%; Energy Africa (subsidiary of Tullow Oil plc), 11%]	M'Boundi Field	7,300
Do.		CMS NOMECO Congo (Société Nationale des Pétroles du Congo, 50%; Perenco Group, 25%; Nuevo Congo Co. ² , 18.75%; Kuwait Foreign Petroleum Exploration Co. (K.S.C.), 6.25%)	Youmbo Field	6,100
Do.		Total Exploration & Production Congo, 55.25%; Agip Congo S.A., 29.75%; Société Nationale des Pétroles du Congo, 15%	Sendji Field	6,000
Do.		Total Exploration & Production Congo, 65%, and Agip Congo S.A., 35%	Likalala Field	3,900
Do.		Total Exploration & Production Congo, 65%, and Agip Congo S.A., 35%	Kombi Field	3,800
Do.		Likouala S.A., 65%, and Agip Congo S.A., 35%	Likouala Field	3,800
Do.		Total Exploration & Production Congo, 65%, and Agip Congo S.A., 35%	Tchibeli Field	3,700
Do.		Total Exploration & Production Congo, 55.25%; Agip Congo S.A., 29.75%; Société Nationale des Pétroles du Congo, 15%	Yanga Field	3,500
Do.		Congorep (subsidiary of Perenco Group), 51%, and Société Nationale des Pétroles du Congo, 49%	Emeraude Field	3,300
Do.		Agip Congo S.A., 52%; Société Nationale des Pétroles du Congo, 35%; Sasol Ltd., 13%	Foukanda Field	3,000
Do.		Total Exploration & Production Congo, 65%, and Agip Congo S.A., 35%	Tchendo Field	3,000
Do.		Agip Congo S.A., 65%, and Société Nationale des Pétroles du Congo, 35%	Mwafi Field	2,800
Do.		Agip Congo S.A., 52%; Société Nationale des Pétroles du Congo, 35%; Sasol Ltd., 13%	Djambala Field	1,500
Do.		Zetah Maurel & Prom Congo S.A.R.L. [Maurel & Prom, 50%; Heritage Congo Ltd., 25%; Tacoma Resources Ltd. (subsidiary of Burren Energy PLC), 25%]	Kouakouala Field	500
Do.		Zetah Maurel & Prom Congo S.A.R.L. [Maurel & Prom, 65%, and Tacoma Resources Ltd. (subsidiary of Burren Energy PLC), 35%]	Pointe-Indienne Field	50

¹Plant rehabilitation underway.

²The sale of the stock of the Nuevo Congo Co. that had been owned by Nuevo Energy Co. of the United States to Perenco S.A. was completed in July 2004 by Plains Exploration & Production Co., which merged with Nuevo Energy Co. in May 2004.