

THE MINERAL INDUSTRY OF GUINEA-BISSAU

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In 1999, the development of mineral operations in Guinea-Bissau were affected by the continuation of conflicts that followed the military coup in June 1998. Mineral production, except for that of the construction industry, was not significant during the year. Agriculture accounted for 63.6% of Guinea-Bissau's gross domestic product (GDP). The country's annual GDP growth rate was estimated to be 8.7% in 1999 (World Bank Group, September 6, 2000, Guinea-Bissau at a glance, 1999, accessed November 2, 2000, at URL http://www.worldbank.org/data/countrydata/aag/gnb_aag.pdf). The country's proven mineral reserves comprised 110 million metric tons (Mt) of bauxite with average grades of 44% Al_2O_3 and 3% SiO_2 (European Union, West & Central Africa mining forum, [undated], Boé bauxite—Guinea Bissau GW-02, accessed March 11, 2001, at URL <http://www.mines98.com/projects/61.htm>) and 166 Mt of phosphate rock containing 29% P_2O_5 (Champion Resources Inc., [undated], Farim phosphate project—Guinea Bissau—West Africa, accessed March 11, 2001, at URL <http://www.championresources.com/proj/farim.htm>). Phosphate deposits are located in the Farim area 75 kilometers (km) northeast of Bissau, and bauxite deposits are located in the Boé region approximately 150 km east of Bissau. Mining activities in the country were limited to small-scale production of construction materials, such as clay, granite, limestone, and sand. Bauxite, gold, and phosphate were among the most promising minerals in the country owing to their potential for economic development.

In November 1999, the Government of Guinea-Bissau passed a new mining law to reform mineral exploration and mine development and production. The new Mines and Minerals Act allows a maximum lease size of 10,000 hectares (ha) for exploration and mining, an unlimited area for prospecting licenses, and 1 to 4 ha (contiguous) for artisanal mining. Mining leases are valid for 25 years and can be automatically renewed upon application. Prospecting licenses are granted for 2-year periods with unlimited renewals.

Champion Resources Inc. (CRI) of Canada, obtained mining rights for four new leases in 1999. CRI has been evaluating the

Farim phosphate deposit since 1997. Production of phosphate rock was scheduled to begin in 2002. An output of 750,000 metric tons per year was originally planned; but in November, CRI proposed to double the original planned production with an increase in its financing for the project to \$112 million from \$84 million (Champion Resources Inc., November 8, 1999, Champion Resources Inc. announces Farim financing increased to \$112, accessed September 2, 2000, at URL <http://www.infomine.com/index/pr/Pa032425.PDF>). The soft nature of the Farim deposit will allow mining without drilling or blasting. Companies involved in the construction and operation of the plant included Bateman Projects Ltd., Met-Chem Canada Inc., and Time Mining (PTY) Ltd.

In 1958, oil was discovered offshore Guinea-Bissau near the border with Senegal. Marine seismic surveys supported by the World Bank were conducted during the 1980's. Although foreign oil companies were interested in exploration at the time, a boundary dispute between Bissau and Senegal adversely affected proposed exploration operations. In 1995, the dispute was settled, and joint exploitation was permitted by the ratification of a treaty in which 85% of the proceeds from the activities in the area went to Senegal and 15% to Guinea-Bissau.

The offshore region of Guinea-Bissau is divided into four blocks. The oil and gas industry in Guinea-Bissau is regulated by the Ministry of Natural Resources and Industry. Refined petroleum products were imported. Fuel products were distributed by Distribuidora de Combustiveis e Lubrificantes and Petrogal, which was a Portuguese oil company operating in Bissau.

Major Source of Information

The Ministry of Energy, Industry, and Natural Resources
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