

NEWS

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CARTER CENTER



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In Atlanta: Soyia Ellison, soyia.ellison@cartercenter.org

In DRC: Daniel Mulé, daniel.mule@cartercenter.org

Carter Center Urges DRC to Disclose Sale Contract for State-owned Mining Company's Metalkol Share

The Carter Center urges the government of the Democratic Republic of the Congo to release the contract under which state-owned mining company Gécamines sold its interests in the Kolwezi Tailings project.

The sale apparently took place in April 2016, but that fact became known only yesterday when Bloomberg News reported that Gécamines and its subsidiary, Société Immobilière du Congo (SIMCO), sold their collective 25 percent stake in Metalkol, the joint venture with Eurasian Resources Group, which owns the Kolwezi Tailings permit. In order to allow for transparent review, the public release of the contract should indicate the sale price and the destination and proposed use of the proceeds.

The government has repeatedly expressed its strong commitment to contract transparency and adherence to the Extractive Industries Transparency Initiative Standard, which requires that all state entities, including state-owned companies, disclose their revenues. Publishing such information allows the Congolese public to review whether transactions are fair and could potentially contribute to sustainable development.

"The Metalkol asset sale is the latest in a growing list of undisclosed Gécamines transactions," said Daniel Mulé, the Carter Center's extractive industries governance program manager. "It is essential that the government immediately release the contracts for the sale of the Metalkol stakes and other undisclosed transactions for which the government—mandated 60-day publication deadline has long past."

The Kolwezi Tailings' peculiar history warrants scrutiny. In August 2009, the government cancelled a contract for the Tailings after negotiations with Canadian investor First Quantum Minerals broke down over the size of Gécamines' then-12.5 percent stake. Five months later, Gécamines entered into the Metalkol agreement with subsidiaries affiliated with Israeli businessman Dan Gertler, a close friend of President Joseph Kabila, sparking ownership disputes in three arbitration courts. Gertler then transferred his interests to Eurasian Resources Group, and now, six years later, Gécamines appears to be trying to quietly sell off the same asset without disclosing financial terms.

The release of information should also clarify how much the transaction generated for Gécamines subsidiary SIMCO, which held a five percent stake in Metalkol. Gécamines has previously asserted that SIMCO should not have to disclose its revenues

under the Extractive Industries Transparency Initiative, even though the DRC indirectly holds 100 percent of SIMCO's shares. Shielding SIMCO from such disclosure creates an EITI reporting loophole, because SIMCO might collect significant revenues from Metalkol and other mining projects. At a minimum, this undermines DRC's EITI compliance and may jeopardize its standing within the initiative.

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