

## THE MINERAL INDUSTRY OF

# CONGO

By George J. Coakley

The Republic of Congo, in western Africa, has a population of about 2.5 million in a 342,000-square-kilometer area. Congo's economy is based largely on crude oil and natural gas, which accounted for approximately 87% of the country's exports of \$1.15 billion and about 15% of the gross domestic product of \$6.7 billion<sup>1</sup> in 1995, which represented an annual growth equal to minus 2.2%. The inflation rate was 30%.

In 1995, the Government's economic reform process included plans to reduce the civil service, increase private sector employment, reduce the budget deficit, and privatize state-owned companies. These reforms are overseen by the International Monetary Fund, which may provide financial aid contingent on deficit reduction.

Congo produced about 175,000 barrels per day (bbl/d) of crude oil in 1995 compared with 180,000 bbl/d in 1994. More than 90% of crude oil is produced from offshore sources. New hydrocarbon discoveries are in the development stages, which would eventually contribute to overall export earnings. The production of other minerals, mainly copper, gold, lead, and zinc, had declined or been terminated for an indefinite period. Small private firms involved in gold mining were closing and exploration remained at a standstill, which was one reason for the mining downturn. Gold production is currently localized and at an artisanal level.

The Government actively encourages foreign investment. The investment code of 1992 should facilitate increased business opportunities and profit reinvestment through tax breaks and easing the bureaucratic process. Congo introduced a new hydrocarbon law called Production Sharing Agreements (PSAs) in 1994. PSAs were provided to replace the previous joint-venture agreements which had been in existence since 1968. In 1995, foreign oil companies also were given the option of converting existing exploration and production joint-venture contracts to PSAs. Mining legislation in Congo was based on Law 29-62 of June 1962. The law was amended several times, most recently with Decree No. 86/814 of June 11, 1986. In general, mining is carried out by the State or through joint-venture agreements.

The state-owned companies, Societe Congolaise de Recherche et d'Exploitation Miniere is involved with the exploitation of all nonfuel ores and minerals, the Hydro-Congo is involved in upstream crude oil production and petroleum products distribution, and Societe de Cimenterie du Congo is charged with cement production and

sales.

The country exported about 168,000 bbl/d of crude oil, mainly to the United States and France, in 1995. In recent years, France supplied about 50% of Congo's imports, which included heavy machinery, vehicles, clothing, consumer goods, medicines, business equipment, and foodstuff. The United States accounted for only 2% to 4% of Congo's total imports because of high transport costs.

Congo is not a member of the Organization of Petroleum Exporting Countries (OPEC) and not subject to OPEC-imposed production quotas. Foreign companies and expertise played a primary role in the continuing development of the hydrocarbons sector. The two main foreign oil companies operating in Congo are France's Societe Nationale Elf Aquitaine (Elf), operating through its subsidiary Elf-Congo and Italy's Azienda Generali Italiana Petroli S.p.A. (Agip) which operates through its subsidiary Agip Recherches Congo. Elf is the primary petroleum producer, with about 71% of Congo's total crude oil output in 1995. Elf's most prolific oilfield in Congo was the offshore Tchibouela Field. In 1994, Elf sold a 7.5% share of its stake in the offshore N'Kossa Field to Engen Exploration Ltd. of South Africa. Hydro-Congo will maintain its 15% interest in the project. The N'Kossa Field represented Congo's deepest offshore development and is anticipated to produce a total of 100,000 bbl/d of crude oil and condensates upon completion in 1996.

Accounting for much of the remaining 29% of Congo's 1995 oil production is Agip. Agip's most prolific oilfield in Congo was the offshore Zatchi Field. In mid-1994, Agip signed three agreements for exploration and production-sharing for the offshore Kitina, Marine VI, and Marine VII Oilfields.

In March 1995, the Congolese Parliament ratified Hydro-Congo's proposed sale of its shares in Elf-Congo (25%) and Agip Recherches Congo (20%). Elf bought the Government's share in the former joint-venture in March 1995 and Agip was expected to follow suit in early 1996.

According to the Oil and Gas Journal, estimated petroleum reserves in Congo totaled 1.5 billion barrels in 1995; however, this figure could increase pending new oilfield discoveries and enhanced recovery techniques. Reserves of natural gas have been estimated at 77 billion cubic meters. Congo's state-owned Pointe Noire refinery has a capacity of 21,000 bbl/d.

The Government's Ministry of Mines stated that exploitable minerals in Congo include copper, diamonds, gold, and platinum. Coastal deposits of phosphate and potash have yet to be fully exploited. There are also deposits of bentonite, granite, gypsum, kaolin, marble, and talc in Congo. One of the largest impediments to mineral development in Congo is the poor transportation infrastructure.

Environmentally, Congo has experienced some offshore oil spills and a decline in forest ecosystems in recent years.

Also, unregulated logging has destroyed some forest animal habitats. Congo is second only to Zaire in its range of tropical forests, accounting for 62% of the country's territory.

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<sup>1</sup>Where necessary, values have been converted from Communaute Financiere Africaine francs (CFA) to U.S. dollars at the rate of CFA497=US\$1.00.

### **Major Source of Information**

Ministry of Mines  
Director of Mineral Resources  
Brazzaville, Congo  
Telephone: (242) 83 58 73; Fax: (242) 83 62 43

### **Major Publications**

Africa Energy & Mining, annual.  
U.S. Department of Energy, Energy Information Administration Report, annual.

TABLE 1  
 CONGO: PRODUCTION OF MINERAL COMMODITIES 1/

(Metric tons unless otherwise specified)

Commodity	1991	1992	1993	1994	1995 e/
Cement, hydraulic	102,571	114,854	114,000 e/	121,000 r/	121,000
Gas, natural: e/					
Gross	368	360	360	368 r/	368
Marketed	350	350	350	350	350
Gold, mine output, Au content	12	5	5 e/	12 r/	12
Lime	300	240	240 e/	390 r/	390
Petroleum, crude	56,575	58,035	61,000 r/	65,700 r/	63,875 2/

e/ Estimated. r/ Revised.

1/ Includes data available through May 1997.

2/ Reported figure.