

THE MINERAL INDUSTRY OF CENTRAL AFRICAN REPUBLIC

By Thomas P. Dolley¹

In 1994, the Central African Republic's mining industry remained dominated by the production and export of alluvial diamonds of gem quality and the production and export of gold. Indeed, diamonds were the most important commodity produced in the landlocked country, which remained 1 of the top 10 diamond-producing countries of the world. The mining sector of the Central African Republic has historically contributed about 4% of the Nation's gross domestic product (GDP), which was \$2.5 billion in 1993.² Increased production and export of diamonds were due partly to the Government's recent administrative and regulatory reforms with regard to the diamond sector.

Diamond production supported an artisanal labor force of about 40,000, primarily in the riverbeds surrounding Carnot and Berberati, where the stones are more abundant, but of lower quality. Additionally, diamonds were mined at Bria. Diamond mining cooperatives also were present in the country. Officially, 9,052 miners were registered in 1992. The balance of the artisanal miners are subject to paying a license fee to the Government.

The highest recorded diamond production, which started in 1925, was in 1968 at 636,000 carats. In 1994, Canada's United Reef Ltd., through their local subsidiary, Howe Centrafrique Ltd., was the sole foreign company actively mining diamonds.

In general, accurate production and export figures for both diamonds and gold were unavailable due to widespread smuggling. Additionally, Government statistics were underreported, reflecting perhaps only 50% of the total diamond exports and the avoidance of the 12% export tax that took effect in 1992. In 1993, the Government reduced the export tax to 10% with the resultant higher legal exports of diamonds.

Mining legislation in the country was based on the Mining Code, Law No. 61/208, of April 11, 1961. The law was subsequently modified, beginning in 1979. Additional amendments have been made to the law to provide guidelines for the ownership, exploitation, possession, and marketing of gold and raw diamonds. Permission of the Ministry of Mines was required for mining and purchasing of precious stones and minerals. In 1994, three types of mining permits existed, the first being a prospecting and reconnaissance license, and the second, an exploration license. Two Canadian, one French, and a South African company hold some of the latter permits. Only one company, United Reef Ltd., had the third type of permit in 1994, a mining license. According to the

Mining Journal (London) of December 16, 1994, United Reef completed its first sale of diamonds from its concession totaling 416.76 carats valued at \$75,000.

Hydrocarbon legislation was based on the Petroleum Code, Ordinance No. 73/016, of February 10, 1973. Rewritten in 1990, the Central African Republic's Investment Code encouraged foreign investment through guarantees against nationalization, expropriation, and freedom from political or economic interference under certain circumstances.

The export market of the country was dominated by diamonds, followed by cotton, coffee, tobacco, and livestock. In any given year, diamonds account for 40% to 50% of export earnings. The Government reported that total sales of diamonds were valued at about \$76 million in 1994. France remained the major trading partner of the Central African Republic and supplied 50% of total imports. Other European Union countries were the source of another 14% of imports.

The Central African Republic had no crude petroleum or natural gas production and no hydrocarbon refining capacity. All petroleum needs were imported by the parastatal (State-owned or controlled) Petroca. However, a large percentage of petroleum products were smuggled and sold illegally. Crude oil reserves were indicated in the northern regions of the country. Prior seismic exploration activities, conducted between 1975 and 1985 by Petty Ray, Rogers, and Geosource of the United States, were financed by a consortium of oil companies comprised of the Netherlands' Royal Dutch/Shell and Chevron, Conoco, and Exxon of the United States. A wildcat well, drilled at Aoukale between 1985 and 1986 near the Chadian border, revealed no significant hydrocarbon deposit. In mid-1993, Western Atlas International Inc. of the United States was contracted by the Government to supply seismic data to interested foreign investors.

Other minerals found in the Central African Republic include copper, iron ore, limestone, manganese, and uranium. A lack of adequate transportation and industrial infrastructure, including the absence of a railway system, continues to hinder the Nation's development of a viable mineral industry. However, the diamond and gold sectors were expected to continue to benefit from further Government administrative and regulatory reforms. (*See table 1.*)

¹Text prepared June 1995.

²Where necessary, values have been converted from Communauté Financière Africaine francs (CFAF) to U.S. dollars at the rate of CFAF555.20=US\$1.00.

TABLE 1
CENTRAL AFRICAN REPUBLIC: PRODUCTION OF MINERAL COMMODITIES 1/ 2/

| Commodity 3/ | | 1990 | 1991 | 1992 | 1993 | 1994 e/ |
|-----------------|-----------|---------|---------|---------|---------|---------|
| Diamond: | | | | | | |
| Gem | carats | 303,000 | 296,000 | 307,000 | 370,000 | 400,000 |
| Industrial | do. | 78,000 | 82,000 | 107,000 | 125,000 | 131,000 |
| Total | do. | 381,000 | 379,000 | 414,000 | 495,000 | 531,000 |
| Gold | kilograms | 241 | 176 | 155 | 180 | 87 |

e/ Estimated.

1/ Previously published and 1994 data are rounded by the U.S. Bureau of Mines to three significant digits; may not add to totals shown.

2/ Includes data available through June 1995.

3/ In addition to the commodities listed, modest quantities of unlisted varieties of crude construction materials (clays, gravel, sand, and stone) presumably are produced, but output is not reported quantitatively, and available information is inadequate to make reliable estimates of output levels.