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Press release

Liberian legislature must be given time to review US\$2.6 billion Chinese contract; Government should disclose contract and usage of US\$40 million up-front payment

A new US\$2.6 billion dollar mining agreement could give a major boost to Liberia's post-conflict reconstruction, but must be subject to genuine legislative scrutiny, say Publish What You Pay Liberia (1) Green Advocates (2) and Global Witness (3).

The Mineral Development Agreement signed on 21 January 2009 by the Liberian government and China Union Investment Company paves the way for the largest ever foreign investment in Liberia and the rehabilitation of the Bong iron ore mine. However, very little information has been publicly disclosed about the content of the contract and the revenues it will return to Liberia over its 25 year duration. This makes it all the more important that the Liberian legislature is given adequate time to review the agreement, and request amendments, prior to ratification, if required.

"At a time when the country desperately needs investment, this agreement makes some impressive promises," said Francis K. Colee, Secretary, Publish What You Pay Liberia, "But Liberian legislators, as representatives of the people, must be given scope to scrutinise the small print, hold public hearings and invite expert opinion, to make sure the country gets real, sustained benefits in return for handing over one its most valuable public assets."

This is not the first large scale natural resource concession to be granted in Liberia. Unfortunately, in two previous cases the legislature had insufficient time to analyse and debate the contract, removing important checks and balances in the allocation of the country's natural resources. In October 2006 the Government of Liberia signed a US\$900 million contract with Mittal Steel (4). The legislature was only given a sample of the Act to review (5). In February 2008 the Government of Liberia announced that it had signed the Amended and Restated Concessions Agreement with Firestone Liberia. In this case the legislature was only given two days to review the contract (6).

Part of the agreement on the Bong iron ore concession is that China Union will pay the Government of Liberia a US\$40 million up-front signature bonus. In other resource-rich countries signature bonuses have often been kept secret, raising the risks of corruption. The fact that the Liberian government, which is a strong supporter of the Extractive Industries Transparency Initiative (EITI) (7), has declared the size of the payment should therefore be welcomed. PWYP Liberia and Global Witness are now encouraging the government to extend this transparency to

the way the US\$40 million is spent and accounted for, together with the terms of the contract it has signed with China Union.

“The Liberian government has made impressive progress towards making its EITI commitments a reality,” said Global Witness Campaigner Natalie Ashworth. “Publicly disclosing concession contracts and the size and management of signature bonuses would establish Liberia’s credentials as a global leader, while giving its citizens the assurance that investment really does mean development.”

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- (1) Publish What You Pay (PWYP) is a global civil society coalition that helps citizens of resource-rich developing countries hold their governments accountable for the management of revenues from the oil, gas and mining industries. PWYP works with civil society groups in nearly 70 countries. Together, we campaign for the mandatory disclosure of company payments and government revenues from the oil, gas, and mining sector. The coalition also calls for the disclosure of licensing arrangements and extractive industry contracts. PWYP Liberia is the Liberian charter of this global campaign. It is credited with the public awareness and lobby on Liberia’s participation in the EITI. The Coalition reflects eighteen-lead civil society organizations in Liberia.
- (2) The Association of Environmental Lawyers of Liberia (Green Advocates) was founded in 2001 by a group of progressive law school graduates. Green Advocates is Liberia’s first and only public interest environmental law organization. Through advocating for strong environmental laws, working to enforce existing laws, and empowering citizens to participate in environmental decision-making, Green Advocates is helping to build a sustainable future for Liberia.
- (3) Global Witness exposes the corrupt exploitation of natural resources and international trade systems, to drive campaigns that end impunity, resource-linked conflict, and human rights and environmental abuses. Global Witness was co-nominated for the 2003 Nobel Peace Prize for its leading work on ‘conflict diamonds’ and awarded the Gleitsman Foundation prize for international activism in 2005. For more information on Liberia, see other Global Witness reports and briefing documents, available at www.globalwitness.org
- (4) Mittal Steel is now named 'Arcelor Mittal'. For More information see Global Witness Report Heavy Mittal <http://www.globalwitness.org/reports/index.php?section=liberia>
- (5) The contract was renegotiated on 28th December 2006 the Government of Liberia and Mittal Steel AG signed an amended contract which was passed into law by the Liberia Parliament in May 2007.
- (6) See Global Witness press release “Liberia needs to learn lessons from Firestone contract renegotiation” 28/11/2008
http://www.globalwitness.org/media_library_detail.php/694/en/liberia_needs_to_learn_lessons_from_firestone_cont
- (7) The Extractive Industries Transparency Initiative (EITI) was launched in June 2003 by the UK government as a response to the growing international concern that lack of transparency in

the flow of revenues from oil and mining companies to developing countries can hide gross corruption and waste of these revenues, contributing to political instability and even violent upheaval. The EITI is a coalition of governments, companies, civil society groups, investors and international organizations. The crucial feature of EITI is that companies disclose their payments, and governments disclose their receipts, enabling citizens to cross-check the accuracy of each set of figure. The EITI aims to strengthen governance by improving transparency and accountability in the extractives sector.