

DRUM COMMODITIES LIMITED (DCL) – COUNTRY REPORT

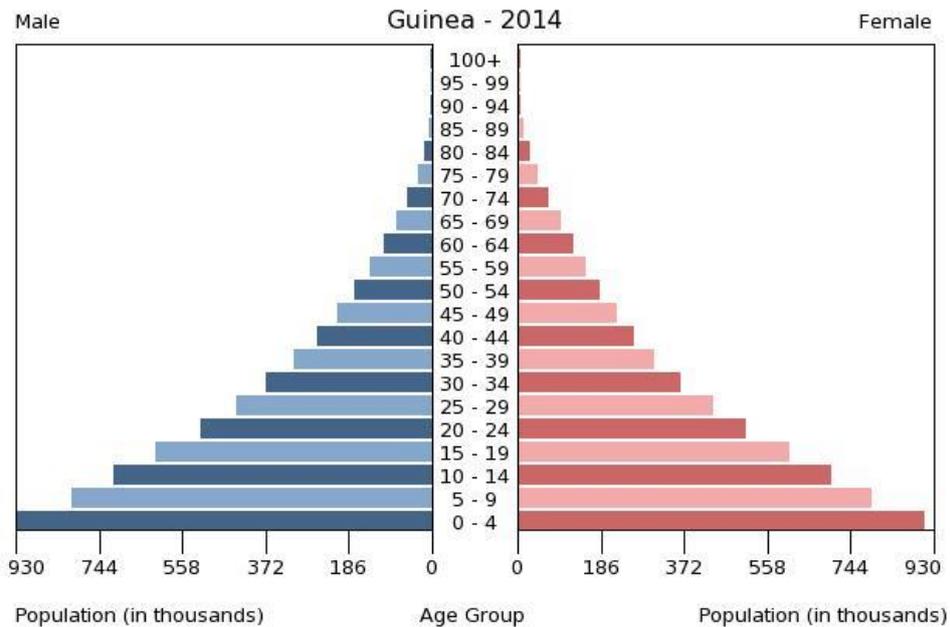
GUINEA

1. INTRODUCTION

1.1 The Republic of Guinea is a country in Western Africa bordered by Guinea Bissau and Senegal to the north, Mali to the north east, Sierra Leone and Liberia to the south and Cote d'Ivoire to the south east. To the west, it has an Atlantic Ocean coastline of 320km along which its capital city Conakry lies.



- 1.2 At 245,857 km² Guinea is the world's 79th largest country.
- 1.3 Guinea is divided into 7 regions and one governate, these being Boke, Faranah, Kankan, Kindia, Labe, Mamou, N'Zerekore and Conakry, respectively.
- 1.4 The population of Guinea is 11,474,383 (July 2014 est.) with 1.597 million estimated to be living in the capital Conakry. Its population growth rate is 2.63% (2014 est.).
- 1.5 The population pyramid below shows the age structure of the country's population, where more than 40% are under the age of 14, with the average median age being 18.7 years. According to figures from 2014, average life expectancy in Guinea is 59.6 years.



Guinea population pyramid (Ref: CIA World Factbook).

- 1.6 The currency of Guinea is the Guinean Franc (GNF). At the time of this report the exchange rate was as follows; US\$1 = 6,904 GNF and GBP 1 = 11,591.
- 1.7 Guinea's international telephone country code is 224, its internet country code is .gn
- 1.8 French is the official language, although each of the 24 ethnic groups have their own languages. The three main indigenous languages are Fula, Susu and Maninka.
- 1.9 The climate is generally hot and humid with a monsoonal-type rainy season with south-westerly winds from June to November. The dry season is between December and May, with predominantly north-easterly Harmattan¹ winds.
- 1.10 Below is an image of the Guinean flag, which uses the popular Pan-African colours of Ethiopia. The red represents the people's sacrifice for liberation and work, yellow stands for the sun, the riches of the earth and justice, while green symbolises the country's vegetation and unity.



Guinea flag (Ref: CIA World Factbook).

- 1.11 A 2012 survey into the prevalence of poverty *Enquête légère pour l'évaluation de la pauvreté* (ELEP-2012) revealed that the great majority of the population (72.2%) were uneducated. Just over 10% had completed primary or secondary schooling and 8% had graduated from university or carried out professional training. The literacy rate among over 15 year-olds was 34% in 2012, compared with 32.9% in 2007. (Ref 13.13)

2. HISTORY

- 2.1 The settlement of the land now occupied by the Republic of Guinea is complex, having seen successive migration cycles over centuries by ethnic groups from neighbouring countries.
- 2.2 In the 13th and 16th centuries, Fulanis and Mandingo people arrived from Fouta Toro in Senegal and Macina in Mali. They brought along their custom, habits, practices and especially their religion, Islam. The newcomers eventually started a Holy War in 1727 as relations between themselves and existing settlers deteriorated. Having won the war, the Muslims continued the islamization of middle Guinea, and this is the dominant religion in the country today.
- 2.3 There are currently three main ethnic groups in the country: Peuhl, Malinke and Soussou, with further smaller ethnic groups, each with its own language.
- 2.4 Guinea's first contact with Europeans dates back to the 15th century when Portuguese explorers engaged in the trade of slaves, gold and ivory along the West African coast. Place names derived from Portuguese still exist, as a reminder of the explorers including: Rio Nunez, Rio Pongo, Cap Verga.
- 2.5 After the Portuguese, came French invaders who exercised a system of direct rule over Guinea as a French colony. The country was organised into 20 territorial divisions, each under the authority of a colonial administrator dispatched from France.
- 2.6 In order to exploit the country's natural wealth, France set up large import/export companies to control trade. These included: Compagnie Française d'Afrique Occidentale (CFAO) – French Company for West Africa (FCWA); Société Commerciale de l'Ouest Africain (SCOA) – West African Trading Company – Company of French Niger. A tax system and forced unpaid labour were used to maximise profits from Guinea's resources.
- 2.7 In May 1958, the collapse of the 4th French Republic prompted General de Gaulle's return to power. A new constitution was approved and with it all of the semiautonomous overseas territories held a referendum, following a visit from De Gaulle, to choose whether to become independent or remain as part of the French community.
- 2.8 On 28th September 1958, unlike all other territories, Guinea voted against being part of the community and in favour of independence, with 1,136 324 votes, against 56,981. The independence of Guinea was proclaimed on 2nd October by the Territorial Assembly subsequently transformed into National Assembly. The Guinean Constitution was approved on 10 November, with Mr. Sekou Touré becoming the first President.
- 2.9 The newly independent State became the 82nd member of the United Nations on 13 December following a unanimous vote. France abstained during the vote after having refused to sponsor Guinea's membership.
- 2.10 In 1984, the people revolted against living conditions, economic collapse and abuses of power by political officials. The sudden death of President Ahmed Sekou Touré in a hospital in Cleveland in the USA on 26th March was the spark that led to a struggle for succession by various clans. On the night between the 2nd and 3rd of April 1984, following an emergency meeting the top hierarchy of the army arrested high ranking political and administrative officials, along with army officers who remained faithful to them, and seized power without bloodshed, suspending the constitution and dissolving the national assembly.
- 2.11 The Military Committee for National Recovery (CMRN) was established under Colonel Lansana Conté who on 2nd October 1989 announced new political trends aiming at establishing a democratic society.
- 2.12 A national commission was set up to prepare the country's Basic Law, which included the setup of a Provisional Council for National Recovery (CTRN) including civilians as well as military personnel, to replace the CMRN.
- 2.13 On 23rd December 1990, a referendum on the approval of the Basic Law was held. The overwhelming adoption of the new constitution acted as a trigger for the return to constitutionally

normal life and marked the advent of the 3rd Republic. The Basic Law provides for a presidential system of government, the principle of separation of powers (executive, legislative and judicial) and multi-party system.

3. POLITICS

- 3.1 Guinea is a democratic republic with President Alpha Condé (since 21 December 2010) being chief of state, while the head of government is Prime Minister Mohamed Said Fofana (since 24 December 2010).



Alpha Condé – President of the Republic of Guinea (Ref: World Economic Forum)

- 3.2 The President is elected by popular vote for a five-year term (eligible for a second term). The candidate must receive a majority of the votes cast to be elected president. The last elections were held on 27 June 2010 with a runoff election held on 7 November 2010.
- 3.3 The country's cabinet is made up of a Council of Ministers appointed by the President. According to CIA information updated in October 2012, Guinea has 34 Ministers, including a Minister for Literacy and the Promotion of National Languages, a Minister for Mines and Geology and a Minister of Livestock.
- 3.4 There are more than 140 registered political parties in Guinea. The top 5 are as follows:
- 3.4.1 Rally for the Guinean People (RPG) – led by the current President, Alpha Condé
 - 3.4.2 National Party for Hope and Development (PEDN) – led by Lansana Kouyate
 - 3.4.3 Union for the Progress of Guinea (UPG) – led by Jean Marie Dore
 - 3.4.4 Union of Democratic Forces of Guinea – (UFDG) led by Cellou Dalein Diallo
 - 3.4.5 Union of Republican Forces (UFR) – led by Sidya Toure
- 3.5 Guinea's socio-political situation in recent years has been characterised by an internal crisis, with poverty being the main problem, having increased from 53% in 2007 to 55.2% in 2012 (ELEP-2012), with disparities between regions and gender. The government is taking steps to improve some of the major stumbling blocks in the country, namely; combating corruption, amateurism and nepotism in all state affairs, tackling the lack of clean water and electricity and the construction of new infrastructure.
- 3.6 Guinea ranked 150 out of 177 in the Corruptions Index 2013 published by Transparency International (Ref: 13.5). According to the US State Department's 2014 International Narcotics Control Strategy Report: "official corruption is endemic and generally accepted as a fact of life in Guinea."

- 3.7 In economic terms, the government has reduced its deficit from 13% in 2010 to 2% in 2012, while inflation also decreased from 25% to 16% in the same time period. Spending on the army has also reduced, with thousands of soldiers being retired from duty in recent years.

4. MAIN INDUSTRY AND ECONOMY

- 4.1 Guinea is a poor country, with 47% of the population below the poverty line (according to 2006 estimates). It is however rich with major mineral, hydropower, and agricultural resources. The country has almost half of the world's bauxite reserves and significant iron ore, gold, and diamond deposits. It has however been unable to profit from this potential due to widespread corruption, dilapidated infrastructure, and political uncertainty.

- 4.2 The table below shows the commodities mined in Guinea between 2001 and 2005.

Commodity	Units	2001	2002	2003	2004	2005
Bauxite	Tonnes	17 312 100	17 480 000	17 072 000	18 799 800	19 236 900
Alumina	Tonnes Al ₂ O ₃ content	674 300	669 835	723 026	778 000	729 600
Diamond	Carat	323 232	491 160	666 000	739 784	740 000
Gold, mine	Kg	16 256	16 666	16 631	15 236	17 474
Salt	Tonnes	*15 000	*15 000	*15 000	*15 000	*15 000

*(Estimated quantities)

- 4.3 The country's main agricultural products include: rice, coffee, pineapples, palm kernels, cassava (manioc), bananas, sweet potatoes, cattle, sheep, goats and timber.
- 4.4 Rice production rose by more than 8% in 2012 thanks to good rainfall and a good harvest distinguished by the launch of a government support fund and the distribution of agricultural inputs and equipment in the production areas. Crops varied between 2 and 4.5 tonnes a hectare. Production of maize and fonio was estimated to have risen by 4.5% and 6.4%, respectively, mainly because of an increase in the cultivated area. (Ref: 13.13)
- 4.5 Guinea's vast iron ore reserves have attracted attention from international investors, which could propel the country's growth. The scramble for mining rights in the country has been ongoing for years, with big investors such as Rio Tinto and Israeli billionaire Beny Steinmetz fighting over rights to mine the iron ore rich deposits at Simandou.
- 4.6 In April 2013 the government amended the mining code to reduce taxes and royalties. Longer range plans to deploy broadband internet throughout the country could also spur economic growth. The biggest threats to Guinea's economy are political instability and low international commodity prices.
- 4.7 International donors, including the G-8, the IMF, and the World Bank, significantly curtailed their development programmes following the 2008 coup, but two years after the December 2010 presidential elections, the IMF approved a new 3-year ECF arrangement. Further international assistance and investment are contingent on the ability of the government to be transparent, combat corruption, reform its banking system, improve its business environment, and build infrastructure.
- 4.8 Guinea ranks 175 out of 189 countries in the Doing Business report 2014. (Ref 13.1)
- 4.8.1 According to Doing Business, starting a business in Guinea requires 5 procedures, takes 16 days, costs 81% of income per capita and requires paid-in minimum capital of 313.8% of income per capita.

- 4.8.2 Data collected by Doing Business shows that exporting a standard container of goods requires 7 documents, takes 36 days and costs \$915. Importing the same container of goods requires 9 documents, takes 31 days and costs \$1390.
- 4.8.3 Globally, Guinea stands at 136 in the ranking of 189 economies on the ease of trading across borders.

5. BAUXITE

- 5.1 Bauxite is the principle ore of aluminium. Almost all of the aluminium that has ever been produced has been extracted from bauxite (Ref: 13.10). Bauxite is normally strip mined because it is usually found near the surface. Between 70% and 80% of the world's dry bauxite production is processed first into alumina, and then into aluminium by electrolysis.



Bauxite (US Geological Survey)

- 5.2 Guinea is the world's 5th largest producer of Bauxite, after Australia, China, Brazil and Indonesia. (Ref 13.9). Some of its reserves are considered among the best in the world, but are not yet explored to their full potential.
- 5.3 The table below shows the quantity in metric tonnes of bauxite mined in Guinea as well as the other top four producers worldwide between 2008 and 2012.

Country	2008	2009	2010	2011	2012
Guinea	17 682 330	14 774 240	16 427 300	17 593 100	17 400 000
Indonesia	*18 000 000	*15 000 00	*27 000 000	*41 000 000	*30 000 000
Brazil	28 097 500	26 074 400	32 028 000	33 624 600	34 955 800
China	25 176 900	29 213 100	36 837 200	37 173 800	*40 000 000
Australia	64 038 000	66 168 000	68 585 000	70 232 000	76 282 000
World Total	214 000 000	198 000 000	227 000 000	248 000 000	248 000 000

* Estimated figures. The table includes the production of refractory bauxite.

- 5.4 At the end of 2013, it was reported that Abu Dhabi and Dubai are to invest \$5 billion in Guinea to develop a bauxite mine and alumina refinery. The joint venture deal was struck between Dubai Aluminium and Guinea Alumina Corporation (GAC), which is owned by Abu Dhabi's development company Mubadala. The agreement will see the development of an export mine and a port, to be operational by 2017, as well as an alumina refinery with an initial capacity of 2 million tonnes per year, with first commercial production estimated to start in 2022. (Ref: 12.11)

6. ENVIRONMENT

- 6.1 The quality of Guinea's environment has been progressively deteriorating due to land clearance for farming, timber felling, brush fires and mining. According to the African Economic Outlook Report, the rate of deforestation is estimated to be 502,500 hectares a year, with areas of poverty and extreme poverty suffering the most damage to their ecosystems. (Ref: 13.12)
- 6.2 According to 2012 data, only around 68% of the population have access to drinking water (compared with 74.1% in 2007) while the share of people using running water is lower still at 11.6% in 2012, compared to 8.4% the previous year. Around 31% of people have access to hygienic lavatories, and 9.8% of households could dispose of household waste hygienically in 2012. It is unlikely that the targets of the Millennium Development Goals (MDGs) relating to a sustainable environment will be achieved by 2015.
- 6.3 In 2012, the Guinean government drew up a plan to combat the discharge of hydrocarbons into the sea. It also compiled an inventory of the amount of timber felled before 2010 and launched a community-led total sanitation plan. Some 2000 forest wardens were given military and technical training, with revenue from taxes and licences amounting to GNF 20 billion between 2008 (when the environmental protection fund was set up) and 2012.

7. CULTURE

- 7.1 There are around 24 ethnic groups in Guinea, of which the Fulani represent 40% of the population, mainly located in the Futa Jallon region. These are followed by the Mandinka, representing 30% of the population, located mainly in the east of the country, the Soussou representing 20%, distributed in Kindia, Forécariah, and Conakry and the remaining 10% consist of the smaller ethnic groups.
- 7.2 Islam is the dominant religion in Guinea, followed by 85% of the population. Other religions include Roman Catholics, Baha'i faith, Hinduism and Buddhism.
- 7.3 The main sport in the country is football and the country has its own musical styles using instruments such as the guitar, balafon, calabash, ngoni and xylophone. The most renowned group in recent decades is Bembeya Jazz.
- 7.4 Guinean cuisine is quite varied and unique with typical ingredients including fruits, milk, vegetables, and meat products. Popular dishes include grilled meat or fish served with mashed pumpkin seeds and chicken with cream sauce.
- 7.5 Etiquette in Guinea
 - 7.5.1 Greetings are important in Guinea and it is considered rude to ask a question or make a request without first inquiring about someone's health and the well-being of his or her family, followed by a firm handshake. (Ref 13.6)
 - 7.5.2 It is impolite to use the left hand in any social interaction, whether to shake hands, point, pay, or hand an item to someone.
 - 7.5.3 It is impolite to eat while walking. A visitor who arrives while a meal is in progress will be invited to join in, with food often being served in large communal bowls and eaten with spoons.

8. SAFETY AND SECURITY

- 8.1 The Foreign and Commonwealth Office (FCO) advise that those trading gold and diamonds should take particular care as this trade attracts criminal gangs. Trading scams involving diamonds, gold export and gold certification have been reported.
- 8.2 Those travelling to Conakry on a flight after dark should arrange an airport transfer before they travel. Road travel outside cities after dark is also not advised.

- 8.3 According to the FCO, road travel is hazardous during the rainy season between May and October, which can lead to floods and landslides. Taxis and buses are often poorly maintained with unqualified drivers and no insurance. Major hotels and travel agencies can assist with hiring cars and chauffeurs.
- 8.4 Carrying emergency fuel and drinking water, especially when making a long journey is recommended as supplies may run low from time to time.
- 8.5 According to the U.S. State Department's 2014 International Narcotics Control Strategy Report, Guinea is a growing transshipment point for cocaine originating from South America. Despite some genuine efforts by the Government of Guinea to combat the illicit narcotics trade, the issue remains a secondary priority. Cocaine is smuggled into Guinea via sea and air by Colombian drug trafficking organisations. Cocaine transiting Guinea is usually destined for European markets. Onward shipment to Europe occurs via overland routes, private aircraft, commercial air couriers, vessels and container cargo. (Ref 13.14)

9. INFRASTRUCTURE

- 9.1 Guinea has a total of 16 airports, only four of which have paved runways. There is a total of 1,185km of railway lines and 44,348km of roadways, of which only 4,342km are paved.
- 9.2 The country's major ports are Kamsar port and Conakry port. Conakry is the main port and its facilities include; Ro/Ro, containers, towage, dry bulk, general cargo bulk, airport, petroleum and bunkers. Kamsar port is located on the mouth of the Nuñez River and features a standard gauge railway line used to transport bauxite from the Sangarédi mine to the port for export.
- 9.3 Power and water cuts are a daily occurrence in Conakry, which the government and power company officials blame on the drought of February 2001 that caused a failure of the hydro-electric supply to the capital, as well as the general aging of machinery.

10. HEALTH

- 10.1 All travellers to Guinea must be vaccinated against yellow fever and should carry a supply of all prescription medication, including anti-malaria medication; enough for their entire stay.
- 10.2 According to the FCO, medical facilities are poor in Guinea and equipment is basic and often not sterile. Travellers should carry basic medical supplies and have travel health insurance and accessible funds to cover the cost of any medical treatment and repatriation. There are minimal facilities for dealing with heart problems and major trauma. For serious medical treatment, medical evacuation to Europe is necessary.
- 10.3 There are no central contact numbers for hospitals in Guinea. Only private clinics can be contacted by telephone. In Conakry, Clinique Pasteur can be reached on (+224) 621350101 or 664269853.
- 10.4 An outbreak of Ebola virus has been confirmed in Guinea this year. The outbreak is concentrated in south-eastern Guinea, in the districts of Macenta, Guekedou and Kissidougou; with cases also confirmed in Conakry, leading to more than 80 deaths countrywide. The Guinea Ministry of Health, WHO and other international partners are assisting in the investigation and management of the outbreak, which has spread to Liberia and Sierra Leone. The outbreak is rapidly evolving and case numbers are expected to increase as investigations progress. As a result, neighbouring countries have begun closing their land borders with Guinea and flight restrictions are being put in place.
- 10.5 Diseases prevalent in Guinea include; malaria, cholera and other waterborne diseases, and measles, of which 2,000 cases have been reported so far in 2014. HIV/ AIDS is also prevalent in Guinea, with an estimated 70,000 adults aged 15 or over living with the virus according to the 2010 Report on the Global AIDS Epidemic by UNAIDS/WHO Working Group.

11. SUMMARY

- 11.1 Overall, Guinea is a very mineral rich country with a lot of potential for growth, although corruption and poor governance has led to widespread poverty and poor infrastructure.
- 11.2 The country rarely attracts external attention even though it is home to one of the world's largest reserves of Bauxite, as well as iron ore, gold and diamonds. The scramble for mining rights in the country has been ongoing for years, with big investors such as Rio Tinto and Israeli billionaire Beny Steinmetz fighting over rights to mine the iron ore rich deposits at Simandou. Late last year, new investors from the Middle East emerged and signed agreements to develop bauxite mining and an alumina refinery.
- 11.3 Despite its extraordinary mineral wealth, Guinea faces some major challenges in the coming years to stimulate economic and social development by tapping into this vast natural potential. It must also work to reduce poverty and meet the social needs of the population as well as improve infrastructure and electricity supply.
- 11.4 Guinea has been thrust into the media spotlight in recent months due to the recent outbreak of Ebola. The epidemic has led to border closures with neighbouring countries, negatively affecting trade and travel.
- 11.5 Drugs trafficking is an issue in Guinea, however recent government measures and continued support from the international community could lead to the issue being successfully addressed in the future. The Government of Guinea however should also take steps to investigate allegations of military involvement in the drug trade, and vigorously crack down on any such corruption found.

12. NOTES

1. The Harmattan is a dry and dusty West African trade wind that blows from the Sahara into the gulf of Guinea.

13. REFERENCES

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