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Guinea - Boke Project - General Expropriation - 1965 to 1969 - Correspondence - Leste  
Nurick



# Record Removal Notice



<b>File Title</b> Guinea - Boke Project - General Expropriation - 1965 to 1969 - Correspondence - Lester Nurick		<b>Barcode No.</b>  1850542		
<b>Document Date</b> February 13, 1969	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> To: Files From: Frank E. Richardson				
<b>Subject / Title</b> Memorandum on Guinea Boké Engineering Loan - Principal Legal Issues				
<b>Exception(s)</b> Attorney-Client Privilege				
<b>Additional Comments</b>		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.		
		<table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> 17-May-16</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> 17-May-16
<b>Withdrawn by</b> Ann May	<b>Date</b> 17-May-16			

General



# Record Removal Notice



<b>File Title</b> Guinea - Boke Project - General Expropriation - 1965 to 1969 - Correspondence - Lester Nurick		<b>Barcode No.</b>  1850542		
<b>Document Date</b> June 18, 1969	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> Nurick/Roulet				
<b>Subject / Title</b> Comments on Agreement dated October 1, 1963 between Guinea and Harvey				
<b>Exception(s)</b> Attorney-Client Privilege				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> 17-May-16</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> 17-May-16
<b>Withdrawn by</b> Ann May	<b>Date</b> 17-May-16			



# Record Removal Notice



<b>File Title</b> Guinea - Boke Project - General Expropriation - 1965 to 1969 - Correspondence - Lester Nurick		<b>Barcode No.</b> 1850542		
<b>Document Date</b> July 26, 1969	<b>Document Type</b> Letter			
<b>Correspondents / Participants</b> From: United States Department of State, Agency for International Development To: S. Keith Linden, Vice President, Halco (Mining)				
<b>Subject / Title</b> Memorandum of Conditions Precedent March 1965				
<b>Exception(s)</b> Information Provided by Member Countries or Third Parties in Confidence				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> 17-May-16</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> 17-May-16
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Form No. 75  
(2-60)

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE  
CORPORATION

INTERNATIONAL DEVELOPMENT  
ASSOCIATION

**ROUTING SLIP**

Date

July 20, 1965

**NAME**

**ROOM NO.**

Mr. Nurick

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

REMARKS

From

M. P. Benjenk

GUINEA: BOKE - ACTION TO BE TAKEN

The purpose of this memorandum is to describe action to be taken, draft documents to be prepared, and to determine responsibilities with respect thereto, to pave the way for negotiating the proposed Bank loan for the Boke Project. Since at the meeting of July 12 agreement seemed to be reached in principle on most of the points listed in the Bank Position Paper dated June 30, 1965 and since Mr. Linden answered that he would give some more thought to Harvey's counter-proposal, the present memorandum is essentially based on the Bank Position Paper. It is evident, however, that should the Government of Guinea and Harvey make new proposals acceptable to us, changes in the points listed below might have to be made.



1. Establishment of Authority

The Bank should receive for comment from the Guinean Government concrete proposals, possibly in the form of a draft bill. This document should cover the following points (this list is not exhaustive):

- (a) establishment of Authority as autonomous entity;
- (b) relations with Government of Guinea and particularly with the Ministry of Economic Development;
- (c) composition of Authority;
- (d) jurisdiction and powers of Authority (over the entire infrastructure);
- (e) responsibility of Authority for construction, maintenance and operation of infrastructure;
- (f) power of Authority to make any arrangements with respect to construction, maintenance and operation of infrastructure;
- (g) power of Authority to incur debt, if necessary with the guarantee of the Government of Guinea (procedure therefor should also be described);
- (h) revenues of Authority (in particular authorization to levy charges for use of infrastructure); and
- (i) provision for transfer of funds sufficient to cover:
  - (i) local currency component of construction costs; and
  - (ii) initial administrative and operating expenses.

Note: The term "infrastructure" as used above includes the townsite and it is assumed that such townsite would fall within the jurisdiction of the Authority. Should this not be the case, the Government of Guinea should submit proposals to the Bank as well as drafts of the proposed arrangements.

## 2. Staffing of Authority

To save time the Government of Guinea should indicate to the Bank at least tentatively the name of the persons who are likely to fulfill important functions in the Authority. Some persons might be delegates of other Ministries. Some might work part time.

## 3. Agreement between Authority and CBG

The Bank should receive from Guinea, CBG and/or Harvey concrete proposals, possibly in the form of draft agreements, with respect to the construction, operation and maintenance of the infrastructure. These arrangements should cover the following points (list not exhaustive):

### (a) concerning construction:

- (i) CBG will, as agent of Authority and on its behalf, construct the infrastructure (including townsite?) on the basis of designs and under procedures satisfactory to the Authority and under the supervision of consultants satisfactory to the Authority;
- (ii) the Authority will reimburse CBG for the cost of design, construction and supervision of construction; and
- (iii) the Authority will have the right to review the design and inspect the construction of the infrastructure by CBG (this would be done either by its own staff or by consultants);

### (b) with respect to operation and maintenance:

- (i) CBG will, as agent of Authority and on its behalf, maintain and operate the railroad and the bauxite pier (but not the Harbor Channel and general cargo facilities) at its own expense, in a manner satisfactory to the Authority;
- (ii) the Authority will have the right to inspect CBG's action under (i) above (to be done either by its own staff or by consultants);
- (iii) CBG will make payments to the Authority for use of the railroad and bauxite pier, to cover interest and amortization of loans and to yield a reasonable return on the Government's investment in the Project;
- (iv) the above payments should be made at such time and in such amounts that the Authority would be in possession of sufficient funds to meet payment of principal, interest and other charges on the outstanding borrowings of the Authority falling due within the next three months. Particular attention should be given to the type of currencies to be made available; and

- (v) provision should be made for handling traffic other than CBG's traffic on the railroad and bauxite pier (including use of infrastructure by other bulk users).

#### 4. Consultants

The Bank should receive for comment a draft contract to be concluded between CBG (as agent of the Authority) and the consultants describing the terms of reference of the consultants and the conditions under which their services are to be retained.

#### 5. Harbor Channel and General Cargo Facilities

Since these are to be operated by the Authority, the Bank should receive for comment from the Government of Guinea concrete proposals as well as drafts of the proposed arrangements (particularly if operation and maintenance are to be done not by the Authority but by the Port of Conakry Authority). Proposals should also be made with respect to charges to be levied.

#### 6. Operation and Maintenance of Townsite

The Bank should receive for comments from the Government of Guinea concrete proposals and possibly drafts of the proposed arrangements.

#### 7. Construction of Mining Facilities

- (a) Harvey should furnish the Bank with a timetable (to be agreed upon with the Government of Guinea within the spirit of Articles 4 and 7 of the Convention), making clear that the completion of the mining facilities will coincide with the completion of the infrastructure;
- (b) Harvey is expected to make proposals with respect to guarantees that the construction and installation of the mining facilities will be assured in accordance with the above timetable; and
- (c) as a consequence of the negotiations presently conducted between Harvey and other companies for the sale of additional quantities of bauxite, additional investments may become necessary for the construction and installation of the mining facilities. Accordingly, Harvey should provide the Bank with new data for an appraisal of the mining portion of the Project.

#### 8. Financing of Local Costs of Infrastructure

In this connection it is to be noted that all arrangements providing for the financing of the local costs of the infrastructure will have to be under terms and conditions satisfactory to the Bank. Moreover, one of the conditions of effectiveness of the proposed Bank loan is likely to provide that such arrangements shall have become effective. Accordingly, it is suggested that the Bank be informed as soon as

possible about the contemplated arrangements and that drafts of the relevant agreements be subsequently submitted to it for comment.

9. Contracts for Sale of Bauxite

The Bank should be furnished with copies of contracts providing for the sale of bauxite by CBG to:

- (a) Harvey or its subsidiaries;
- (b) third parties.

The Bank will then be in a position to determine whether these contracts constitute adequate guarantees that CBG will receive sufficient funds to make its payments to the Authority. / ?

10. AID Guarantees

The Bank expects to receive shortly copies of the guarantee agreements dated June 9, 1965 between AID and HALCO.

11. HALCO

Since the Convention of October 1, 1963 was concluded between Guinea and HALCO, we should receive information concerning the latter (particularly with respect to its financial resources).

JDRoulet/mct

cc Messrs. El Emary  
Williams  
Benjenk  
Le Clerc  
Cojot  
Nurick  
Roulet  
Baum  
Geolot  
Engelmann  
Brecht  
Sanders  
von Hoffman  
Mehlem

*July 20, 1965*

Mr. Broches.

July 8, 1965

SUGGESTIONS OF CBG HALCO (MINING INC.) WITH  
RESPECT TO THE PROPOSED WORLD BANK LOAN  
SUBJECT TO THE APPROVAL OF REPUBLIC OF GUINEE

1. General

The suggestions made below are designed to fulfill the requirements of the World Bank as indicated at the conference of July 1, 1965, without changing significantly the Agreement of October 1, 1963, between the Government of Guinea and Halco. They constitute a proposal in complete substitution for the proposal set forth in Boke, Bank Position Paper dated June 30, 1965. These suggestions should assure the building of the railway and port infrastructure and the installation of the mining and ore handling facilities in necessary sequence. They should also assure the repayment of the proposed World Bank loan.

Matters involving the Government of Guinea must of course be subject to its approval. Because of the shortness of time there has been no opportunity to communicate with that Government.

2. Organization and Construction of the Project

- a. The Government of Guinea, if it appears reasonable to it, would set up an autonomous governmental Authority to acquire and own the railway and port infrastructure and townsite.
- b. The Authority would retain qualified consultants satisfactory to the Bank and Halco for final design, and preparation of bidding documents and examination and

analysis of tenders and supervision of construction, of the railway and port infrastructure and townsite. The Authority would, with the approval of the Bank and Halco, enter into contracts for the construction of such infrastructure and townsite.

- c. The Authority would enter into an agreement with Compagnie Des Bauxites de Guinee under which CBG would maintain, repair and operate the railway and port infrastructure. The Authority would engage through Halco competent engineering staff satisfactory to the Bank and Halco to inspect and report on the performance of CBG.
- d. CBG would undertake to construct and install the facilities relating to mining and ore handling referred to in the agreement.

3. Structure of the Proposed Loan

- a. The proposed World Bank loan would be made to the Authority with the guarantee of the Government of Guinee.
- b. The Government of Guinee would dedicate a reasonable amount of profits taxes received from CBG to the repayment of the proposed World Bank and by providing for their payment directly by CBG to a bank trustee, approved by Guinee, CBG, Halco and World Bank. The bank trustee would pay interest and principal coming due in each year and pay over to the Government of Guinee any balance remaining in such year.
- c. CBG would undertake to advance to the bank trustee in

each year any additional amounts required to pay interest and principal on the proposed World Bank loan.

Such advances would be advances on future taxes of any character owed by CBG to Guinea.

- d. To insure that CBG would be in a position to make payments as above, CBG would secure long-term contracts for the sale of at least 1,000,000 tons of bauxite annually.

M. Bochen.

COMMENTAIRES RELATIFS AU DOCUMENT EXPOSANT

LA POSITION DE LA BANQUE

Objet : Demande de prêt présentée par le Gouvernement de la République de Guinée pour le financement de l'infrastructure du projet de Boké.

I - CONSIDERATIONS GENERALES :

1) Rentabilité de l'Exploitation Minière.

Ce problème a déjà été examiné d'une manière approfondie lors de la réunion du 4 août 1964. Les représentants de HALCO Mining Inc. avaient alors justifié, chiffres à l'appui, leur capacité d'absorber annuellement une production approximative d'un million de tonnes de bauxite telle qu'indiquée dans l'étude faite par David Lilienthal. Pour mémoire, rappelons que les usines existantes ou en cours de construction dans l'Oregon, dans l'Etat de Washington et en Norvège sont prévues pour consommer respectivement 360,000 tonnes, 400,000 tonnes et 320,000 tonnes de bauxite. Des accords existent en Italie avec Montecatini pour environ 400,000 tonnes, en Espagne les besoins sont estimés à 200,000 tonnes; le Japon et l'Autriche sont fortement intéressés et à eux seuls, la demande serait de l'ordre de 700,000 tonnes.

Bien qu'il n'existe pas un cours mondial de la bauxite, il ressort de l'expérience acquise que le prix de ce minéral reste fortement tributaire de sa richesse en alumine, de sa teneur en silice et de la proximité des gisements par rapport au port d'évacuation. Ces trois facteurs fondamentaux que l'étude précitée a suffisamment approfondis se présentent favorablement dans le cas du projet de Boké.

Certes, la quantité minima d'un millions de tonnes, compte tenu de charges financières diverses, n'assurera-t-elle pas dans les premières années d'exploitation des revenus substantiels au Gouvernement Guinéen, mais l'opération n'en sera pas moins, dès le début, équilibrée et, à terme, bénéficiaire dans une large mesure. Les débouchés commerciaux déjà ouverts ou en perspective dans un proche avenir s'annoncent comme satisfaisants. Une évaluation prudente, sur la base d'éléments aujourd'hui connus, aboutit à une production annuelle minimum de deux millions de tonnes. Dans une optique optimiste, hors de toutes considérations euphoriques, il est permis d'espérer que cette quantité pourrait être fortement accrue et ... peut-être, doublée.



Ces données font désormais que le problème de la rentabilité cesse de constituer une hypothèque contre le projet de Boké.

La signature le 9 juin dernier, par le Gouvernement Américain de l'acte couvrant les futurs investissements de HALCO Mining de garanties contre des risques spécifiques, confirme ces indications.

## 2) Capacités de HALCO Mining, Inc.

Des réserves avaient été émises par la Banque en octobre 1964 sur la possibilité réelle pour cette Compagnie, de faire face, de manière concluante, à ses obligations, dans un projet aussi considérable.

Sur le triple plan des possibilités techniques, technologiques et financières, l'étude par la Banque de divers documents fournis par HARVEY et le résultat des Missions accomplies à ses veines de Californie par les Experts de la B.I.R.D., MM. Engelman et Bréchet, ont conduit à des conclusions favorables. MM. Pierre Moussa et Chardenet, au cours de notre réunion du 9 décembre 1964 firent d'ailleurs à ce sujet une déclaration spécifique dont je pris acte au nom de mon Gouvernement.

La question reste de savoir comment HALCO pourra assurer le financement supplémentaire de l'exploitation minière pour accélérer la production. La rentabilité de l'entreprise étant assurée et, dans l'ensemble la viabilité du projet reconnue, les sources financières de capitaux en Amérique et dans le monde ne resteront pas indifférentes. On doit d'ailleurs à ce sujet, faire confiance à HARVEY qui témoigne suffisamment de dynamisme dans l'expansion de ses projets.

## 3) Possibilités d'association de HALCO Mining avec d'autres Compagnies

Le Gouvernement de la République de Guinée, le 22 mai dernier a donné son accord de principe en vue d'une telle association. A ce sujet, il est important de préciser que les producteurs d'aluminium qui le désiraient, auraient le double choix entre l'association et l'achat de bauxite, sur la base de contrats à long terme. Dans l'un ou l'autre cas, les conditions ci-dessous seraient appliquées.

- a) Toute demande devra être adressée à HALCO Mining avec qui les négociations seraient effectuées;
- b) HALCO Mining soumettra, pour ratification éventuelle, au Gouvernement Guinéen, ses diverses conclusions;
- c) L'association ou la signature de contrats d'achat entraînera ipso facto, de la part de Compagnies, anciennement concessionnaires, la renonciation complète à toutes plaintes contre le

**Gouvernement Guinéen au sujet d'investissements antérieurs;**

- d) Au sein de la Compagnie des Bauxites de Guinée, HALCO aura seul, parmi les participants étrangers, la charge de la gestion, de l'Administration et du Contrôle de la Société;
- e) Les arrangements éventuels seront conclus sur la base de la Convention du 1er octobre 1963 créant la Compagnie des Bauxites de Guinée.

Il est intéressant de constater que "la Banque accueillerait une telle association avec satisfaction."

4) Communication à la Banque des Textes sur les accords de garantie.

La demande de garanties spécifiques a été faite au Département d'Etat (AID), par HALCO Mining et ces garanties en fait, couvrent les investissements prévus par cette Compagnie. La République de Guinée en tant que partenaire au sein de la C.B.G. et dans le cadre de sa coopération avec les U.S.A., s'est seulement associée aux efforts de HALCO pour aboutir à la décision qui est intervenue. Il résulte de cela que HALCO détient les accords qu'il a sollicités.

Le Gouvernement Guinéen espère donc que HALCO et la Banque, ensemble examineront objectivement cette question.

5) Plainte des Bauxites du Midi contre la République de Guinée.

Notons à ce sujet que :

- a) La plainte en question, datée de Paris le 31 mai 1965, est parvenue à Conakry le 3 juin;
- b) Par lettre du 24 juin 1965, Aluminium Limited dont dépendent les Bauxites du Midi, a fait l'offre à HALCO Mining d'un contrat d'achat à long terme, de 500,000 tonnes de bauxite par an, pendant 20 ans;
- c) En attendant la conclusion de ce contrat, les Bauxites du Midi ont adressé au Gouvernement Guinéen, le 26 juin 1965, un télégramme étendant au terme d'une période de 60 jours, expirant le 1er septembre prochain, le délai de réponse de la Guinée.

... / ...

Ainsi paraît s'amorcer une évolution pacifique et coopérative encore trop fragile pour résister au rappel de blessures et pansements anciens.

Dans ces conditions, la Banque verrait-elle un inconvénient majeur à laisser sa demande dans l'oubli ?

## II - ORGANISATION ET CONSTRUCTION DU PROJET

Trois points méritent une attention particulière dans ce chapitre particulièrement important : la création d'un organisme public désigné sous le nom de l'Entité (a) ; le recrutement du personnel technique (e) ; l'accord de location pour l'utilisation de l'infrastructure pour le trafic minéral (g).

### 1) Création de l'Entité.

En vertu de l'article 16 (page 33 - texte français) de la Convention du 1er octobre 1963, "le Ministère du Développement Economique aura tout pouvoir pour mettre en oeuvre la dite Convention pour le compte du Gouvernement..." Il y a donc lieu de retenir tout d'abord le caractère formel de la tutelle du Ministère du Développement Economique. Cette tutelle continuerait donc certainement à s'exercer sur l'Entité qui serait créée. Les Administrateurs Guinéens de la CBC étudieront cette question à leur réunion du 20 juillet prochain et feront au Gouvernement des recommandations précises en ce qui concerne notamment les structures d'une telle entité et son articulation d'une part avec le Conseil d'Administration de la C.B.G., d'autre part avec les Autorités de la Région Administrative de Boké.

### 2) Personnel Technique.

Le document précise que "l'Entité recrutera un personnel technique compétent agréé par la Banque", pour faire face aux obligations figurant à l'alinéa B, c'est-à-dire : la construction, l'exploitation, et l'entretien de l'infrastructure ferroviaire et portuaire.

Par ailleurs, la Convention laisse à la charge de HALCO, le soin de fournir aide et assistance technique à la Société -(Article 8, paragraphe 1er). Le Gouvernement Guinéen, en conséquence, envisagerait favorablement le choix du personnel technique mentionné à l'alinéa (e) avec l'accord de la Banque et l'aide de HALCO.

### 3) Mode de règlement du tarif minéral du chemin de fer.

La Banque propose à cet effet un accord de location (leasing arrangement),

sur une base non encore définie, mais qui serait probablement forfaitaire. Il s'agirait donc d'une innovation fondamentale, qui irait à l'opposé des dispositions de l'article 4 de la Convention (paragraphe 4) qui prévoient "la mise à la disposition de la Société, de l'usage direct ou indirect de l'infrastructure, à des taux qui seront équitables et applicables à tous, et qui seront établis et révisés de temps à autre, d'un commun accord entre les parties."

Le Gouvernement s'en tiendrait à la fixation d'un taux variable, en fonction du prix de la bauxite, avec un prix plancher, sujet à révision suivant une périodicité restant à définir et qui pourrait être, toutefois, environ de cinq ans.

Cependant, il est demandé à la Banque de nous présenter le plus tôt possible une étude complète pour mieux nous faire connaître sa proposition.

Enfin, l'alinéa (h) relatif au transport d'autres produits que la bauxite est aussi conforme aux vues de notre Gouvernement. Le Plan Septennal Guinéen d'une part, l'étude pour le développement Economique de la Région Nord-Ouest de la Guinée déjà effectuée par David Lillenthal d'autre part, constituent déjà une base sérieuse pour la mise en valeur des ressources, autres que la bauxite, de la Région de Boké.

### III - STRUCTURE DU PRET

1) Dans la mesure où le Gouvernement Guinéen acceptera la création de l'Entité et procédera rapidement à sa mise en place définitive, celle-ci pourra, naturellement, au nom et avec l'aval du Gouvernement, recevoir le prêt qui sera consenti par la Banque.

2) L'incorporation dans l'Investissement du Gouvernement Guinéen du coût des travaux déjà effectués par les Bauxites du Midi à Boké soulèverait des problèmes délicats. Il est demandé à la Banque de prendre en considération seulement le prêt qu'elle aura consenti à la Guinée.

3) La viabilité du projet sur la base d'une production annuelle d'un million de tonnes étant établie, cela devrait être jugé suffisant pour rendre le prêt disponible. Autrement dit, il est dans l'intérêt des parties que des contrats à long terme pour la vente de la bauxite soient conclus. Toute extension du Marché entraînerait en effet un accroissement des revenus au bénéfice de tous. Il n'en est pas moins réel que les accords de cette nature exigent des études, donc du temps et que c'est retarder le prêt que d'en faire une éventuelle condition. La Banque pourrait exiger de la CBG

que dans un délai par exemple de deux ans suivant le début de l'exploitation, des possibilités de placement d'une quantité minimum supplémentaire à déterminer soient obtenues. En outre, il appartiendra à la Guinée, d'envisager des arrangements pour l'exploitation des gisements sur une plus grande échelle en conformité avec les besoins de la Guinée et les demandes raisonnables qui pourraient être faites pour satisfaire l'économie mondiale.

#### IV - PROPOSITIONS DE MODIFICATIONS A LA CONVENTION DU 1er OCTOBRE 1963.

Le document présenté par la Banque suggère des modifications préalables à la Convention ci-dessus mentionnée. Il ne s'agit pas à ce sujet d'une proposition nouvelle.

La Banque m'a déjà fait savoir dès le 30 juillet de l'année dernière, les imperfections du Texte élaboré par l'Administration Guinéenne. En fait, il y a des imperfections mais c'est là la marque naturelle de tout produit du genre humain quand, par surcroît, la matière traitée est aussi complète et délicate que la mise sur pied d'une Société Minière mixte.

D'une manière générale, l'attitude du Gouvernement Guinéen demeure que ce texte de base, bien qu'imparfait, devrait subsister tel quel. Dans tous les cas, la preuve devra être faite au préalable que toute modification suggérée répondra mieux à l'intérêt de la Guinée que la clause correspondante prévue dans la Convention.

Il résulte de cela la nécessité pour la partie Guinéenne de souligner comme la Banque l'indique pour les points faibles, les points forts qui confèrent à la Convention du 1er octobre 1963, un caractère assez original en Afrique. Il suffira pour cela de noter que la Guinée :

- 1- Dispose de 49% des actions,
- 2- Couvre le coût de ces actions par les permis miniers qu'elle accorde par tranches à la Compagnie,
- 3- Exerce au sein du Conseil d'Administration une représentation à parité égale avec HALCO (cinq membres de part et d'autre),
- 4- Reçoit 65% des bénéfices nets non taxables,
- 5- A fait admettre par son partenaire la nécessité préalable de construire une usine d'ustensils de ménage et de matériaux de construction et la nécessité ultérieure d'aboutir le plus tôt possible à la fabrication sur place de l'alumine et de l'aluminium.

\*

\* \*

... / ...

Aussi, sans vouloir critiquer aucun Etat ni aucune Entreprise en faisant même la part d'éventuelles clauses dont je n'aurai pas encore eu connaissance, je dois faire constater les réalités suivantes empruntées au journal "La Vie Française" No. 1048, du 25 juin 1965, page 7. (Comparaison faite sur le seul plan du volume des participations).

La Mauritanie possède 5% des actions de la MIFERMA (fer) et 25% dans la SOCUMA (cuivre); le Togo se partage avec deux autres sociétés privées 31% des actions des Mines de Phosphates du Bénin; le Sénégal détient 3,67% des actions de la Compagnie des Phosphates de Taïba et le Congo-Brazzaville a enlevé 15% contre 85% au Groupe Français dans les "Potasses du Congo", à Saint-Paul.

Mieux que ce qui précède, il n'y a aucune trace de participation nationale au "SOMIFER" (fer du Gabon); au "COMILOG" (manganèse du Gabon), dans "MOKTA" (manganèse de Côte d'Ivoire) et dans les mines d'uranium de Franceville au Gabon encore ...

En Guinée même, les accords conclus avant l'indépendance avec FRIA et les Bauxites du Midi étaient basés sur la même règle.

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\* \*

Il importe maintenant d'énumérer les propositions de modifications soumises par la Banque. Celles-ci porteraient sur :

- a) la construction et l'entretien de l'infrastructure
- b) le calendrier de mise en place des installations
- c) le mode de paiement du chemin de fer
- d) la nature et la portée de l'accord de location du chemin de fer
- e) le paiement des redevances dues à l'Entité
- f) l'assurance préalable sur le paiement de ces redevances.

En bref, pas plus ni moins que des problèmes certes très importants, mais de pure procédure technique et administrative.

Au terme d'une année de négociations, je redoute de nouveaux délais, encore une perte de temps et un retard dans le prêt et l'exécution du projet; tant il est vrai que la moindre modification à la Convention entraînerait le recours à l'avis de l'Assemblée Nationale Guinéenne.

La meilleure solution en conséquence, serait un accord sur les points finalement retenus par simple échange de lettres entre la Banque et le Département de Tutelle du projet, le Ministère du Développement Economique de la Guinée.

\*  
\* \*  
... / ...

En conclusion, le document a été préparé avec soin par la Banque. Il come de près le projet et met à jour, les aspects qui contribueront le plus à en accroître la rentabilité. Il saisit le présent, sans perdre de vue l'avenir, bien au contraire. Sans aucun doute, certaines dispositions visent-elles à revêtir notre partenaire d'une solide camisole de force; mais dans l'ensemble, l'intérêt de la Guinée est défendu avec vigueur et constance. Nous apprécions le fait. Et, pour cela même, nous insistons pour que la réunion de la semaine prochaine (12 juillet), permette d'arrêter un calendrier définitif fixant entre autres avant le 2 octobre, anniversaire de l'Indépendance Nationale Guinéenne, la signature du contrat de prêt.

Cet objectif peut et doit être atteint.

La République de Guinée considère l'énoncé simple et clair de la position de la Banque comme un important progrès accompli vers le but recherché.

Tout ce qu'elle pourra, elle le fera pour qu'enfin se réalise ce projet, vital pour l'économie de la Guinée et de l'Afrique de l'Ouest.



BANGOURA Karim  
Ambassadeur de la République de Guinée

Washington, le 6 juillet 1965

## BOKE: BANK POSITION PAPER

### 1. Preamble

A Convention was signed on October 1, 1963 between the Government of Guinea and Harvey Aluminum Co., providing for the mining of bauxite in the Boke region of northwestern Guinea. For this purpose a company known as Compagnie des Bauxites de Guinee (CBG), jointly owned by the Government of Guinea (49%) and Harvey Aluminum Co. (51%), has been set up. Under the agreement, the Government of Guinea has accepted responsibility for building a railway and port to handle the transportation of bauxite from the mine to the coast. It will also build a townsite near the port area. It will place this infrastructure at the disposal of Bauxites de Guinee, which will own the railway rolling stock and certain loading facilities in the port. The Government of Guinea has asked the Bank for a loan of the order of \$25 million for the financing of the railway and port infrastructure and the townsite (hereafter referred to as the Project).

Although a Bank loan has been requested only for the financing of the infrastructure, the justification of the Project depends essentially on the viability of the mining operation, which in turn depends in part on the capacity of the industrial partner, in this instance Harvey Aluminum Co. With regard to the viability of the mining operation, the Bank will have to be assured that a level of production and sales, to be determined during final appraisal, sufficient to assure an adequate return to the mining investment, will be reached within a reasonable time after operations begin. The Bank has satisfied itself as to the capacity of the Harvey Aluminum Co. to execute the mining operation at the level presently proposed and to assist Guinea in the construction and operation of the infrastructure. The question may arise of how Harvey would finance any additional investment required by higher levels of bauxite production. The question may in any case arise of obtaining consents from Harvey's creditors to the incurring by Harvey of financial or other obligations which may be required in connection with the proposed Bank loan.

The Bank is aware of the possibility that other aluminum companies might become associated in the exploitation of the Boke deposits. Since the economic viability of the project would be strengthened by increased production, the Bank would welcome such an association. The structure of the Project and of the Bank loan contemplated below is considered to be consistent with the entrance of additional partners into CBG, but the final position of the Bank might have to be modified to take account of any new arrangement that may result from the entry of additional partners in one form or another.

The Bank has been informed that on June 9 AID had given specific risk guarantees covering Harvey's investment in Guinea subject to certain conditions. The texts of the guarantee agreements have not yet been communicated to the Bank. Since the conditions of the guarantees necessarily have a bearing on the Bank's eventual investment in Guinea, the Bank will wish to be informed as to these conditions and to consult with AID and Harvey as appropriate.



Ever since the request for a loan was made, the Bank has been aware of the possibility of litigation arising out of the termination of the former concession held by Bauxites du Midi. It is our understanding that Bauxites du Midi has filed a complaint with the Government of Guinea and that the Government is considering its reply. The Bank has at various times advised the Guinean Ambassador of its position on this matter, namely that should there be an active claim by the previous concessionaire, it would be necessary for Guinea and the Bank to examine together what the best procedure would be to eliminate any obstacle to a Bank loan. The Bank will accordingly wish to see the text of this complaint.

*Not  
complaint -  
accepted  
for  
arbitration*

2. Organization and construction of the Project

In order to provide a suitable framework for Bank lending, it is suggested that:

- a. The Government of Guinea should set up an autonomous governmental Authority which would acquire and own the railway and port infrastructure.
- b. The Authority would enter into an agreement with CBG whereby the latter would undertake, on behalf of the Authority, to build, operate and maintain the railway and port infrastructure.
- c. Appropriate arrangements will be made for construction, ownership and management of the townsite.
- d. For the preparation and construction of the Project, CBG would retain qualified consultants satisfactory to the Bank and the Authority for final design, and for the preparation of bidding documents and the examination and analysis of tenders and to supervise construction.
- e. The Authority would engage competent engineering staff satisfactory to the Bank to supervise the work done by CBG under paragraph b.
- f. CBG would undertake to construct and install the facilities related to the mining and ore handling operation in accordance with a timetable, to be agreed with the Bank and the Government of Guinea, in conformity with the construction schedule of the Project. There should be furnished to the Government or to the Authority as may be appropriate suitable guarantees that such construction and installation would be assured in accordance with the timetable.
- g. The Authority would enter into a leasing arrangement with CBG for the use of the infrastructure by CBG for its own traffic.
- h. The Authority would also make arrangements with CBG, as operator of the railway and port, for handling traffic other than that covered by the leasing arrangement.

- i. In case the infrastructure should in the future be used by other bulk users, appropriate arrangements would have to be made between the Authority, CBG and the users concerned.

3. Structure of the proposed loan

- a. The proposed loan would be made to the Authority with the guarantee of the Government of Guinea.
  - b. The leasing arrangement with CBG will provide that charges to be paid by CBG for the use of the infrastructure would cover interest and amortization of loans and would yield a reasonable return on the Government's investment in the Project. The Government's investment, as mentioned above, would include that part of the works already carried out by Bauxites du Midi which is incorporated in the Project.
  - c. CBG would undertake to make payments due to the Authority under the lease in such time and in such amounts that the Authority would be in possession of sufficient funds to meet the principal, interest and other charges on the outstanding borrowings of the Authority falling due within the next three months.
  - d. To ensure that CBG would be in a position to make payments in such amounts and at such times as required under (b) and (c) above, CBG would obtain assurances, running to the benefit of the Authority, from Harvey or others that the amounts necessary to make such payments will be forthcoming and in the necessary currencies. Such assurances might, for example, be in the form of long-term take-or-pay contracts or provisions designed to ensure minimum net working capital.
  - e. Appropriate arrangements should be made to ensure that the Boke deposits are exploited on a scale sufficient to justify the investment in the Project as a whole. To this end CBG may be required to secure long-term contracts for the sale of bauxite in additional amounts and on terms to be determined in the light of the Bank's final appraisal. The arrangements to be made should contemplate the eventual exploitation of the deposits on a scale commensurate with their importance to Guinea and the world economy.
4. a. Implementation of the foregoing arrangements may require changes in, clarifications of or supplements to the Convention, depending on the manner in which the arrangements are worked out, particularly in regard to paragraphs 2 (b), (f) and (g) and 3 (b), (c), (d) and (e) above.
- b. In addition, it should be made clear that the right of Harvey or CBG (under Article 10 of the Convention) to be relieved of any obligation to start or continue carrying out the Project if they or other lenders cannot obtain suitable guarantees can not be exercised after the Bank loan is committed.



# Record Removal Notice



<b>File Title</b> Guinea - Boke Project - General Expropriation - 1965 to 1969 - Correspondence - Lester Nurick		<b>Barcode No.</b>  1850542		
<b>Document Date</b> June 2, 1965	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> From: Legal Files To: David Suratgar				
<b>Subject / Title</b> Comments on the Agreement dated October 1, 1963 between the Government of Guinea and Harvey Aluminum Co. of Delaware. relating to the bauxite deposits of the Boke region.				
<b>Exception(s)</b> Attorney-Client Privilege				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"> <tr> <td><b>Withdrawn by</b> Ann May</td> <td><b>Date</b> 17-May-16</td> </tr> </table>	<b>Withdrawn by</b> Ann May	<b>Date</b> 17-May-16
<b>Withdrawn by</b> Ann May	<b>Date</b> 17-May-16			

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON D.C. 20523

June 23, 1965

Mr. John H. Williams  
Dept. Director, Africa Department  
Bank for Reconstruction and Development  
Room 552  
1818 H Street, N. W.  
Washington, D.C.

Dear Mr. Williams:

For your information I am enclosing herewith a copy of the June 15, 1965 press release announcing the issuance of A.I.D. specific risk guaranties to Halco (Mining) Inc. to protect their investment in bauxite mining operations in the Boke region of Guinea.

Sincerely yours,

/s/ G.A. Burgers

G. Anton Burgers  
Guaranty Officer  
Investment Guaranties Division

Enclosure:

Copy of Press Release

C  
O  
P  
Y

AGENCY FOR INTERNATIONAL DEVELOPMENT  
INFORMATION STAFF

For Immediate Release  
Tuesday, June 15, 1965

AID-SX-1  
Dudley 3-7544

BOKE RESERVES  
TO BE EXPLORED

On June 9, 1965, the Agency for International Development announced the issuance of specific risk guaranties to Halco (Mining) Inc., a wholly-owned subsidiary of the Harvey Aluminium Company, Torrance, Calif.

Halco contemplates a \$16-20 million investment in the development of bauxite reserves in the Boke region of Guinea. The guaranties will insure Halco against the specific risks authorized by the Foreign Assistance Act of 1961 as amended.

The Boke bauxite deposits are believed to constitute one of the largest and richest known reserves in the world. The development of these reserves should enable Guinea to accelerate its economic progress.

The United States Government has been informed that the Government of Guinea has noted the desire of certain companies predominantly owned by American citizens to participate with Halco Mining in the development of the Boke bauxite deposits.

The Government of the United States also has been informed that there is a possibility that legal proceedings may be initiated in connection with a prior concession for developing the Boke reserve which terminated in 1961. The Government of the United States takes no position with regard to the validity of the claims. The Government of the United States understands that: (1) an arrangement may be worked out disposing of any claims on the basis of an association of claimant companies with Halco Mining Company within the framework of the Convention of October 1, 1963; and (2) if the companies which do not enter into an association with Halco decide to refer their claims to any competent international tribunal, the Government of Guinea would accede to such a procedure while reserving for itself the possibility to establish all its rights.

Department of State  
Washington, D.C. 20523



# Record Removal Notice



<b>File Title</b> Guinea - Boke Project - General Expropriation - 1965 to 1969 - Correspondence - Lester Nurick		<b>Barcode No.</b>  1850542		
<b>Document Date</b> October 1, 1963	<b>Document Type</b> Agreement			
<b>Correspondents / Participants</b>				
<b>Subject / Title</b> Agreement between The Republic of Guinea and Harvey Aluminum Co. of Delaware				
<b>Exception(s)</b> Attorney-Client Privilege				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> 17-May-16</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> 17-May-16
<b>Withdrawn by</b> Ann May	<b>Date</b> 17-May-16			

ROUTING SLIP

Date

NAME

ROOM NO.

*Mr. Warwick*

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

REMARKS

*Letter:*  
Returned for your own file  
(I already have copies  
of these documents). 12/6/64  
*J.D.H.*

From

*J. E. Gules*

*Mr. Nuriel*

*See Thermofax  
summary (2pp)  
of benefits to Guinea*

**IDLF, RECORD COPY**

**BOKE PROJECT  
(GUINEA - WEST AFRICA)**

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**LONG TERM CONVENTION RELATING TO  
THE CONDITIONS OF THE ESTABLISHMENT AND  
OPERATIONS OF BAUXITES DU MIDI IN GUINEA  
(TRANSLATION)**



## PREAMBLE

In 1946 Bauxites du Midi started a program of mining activities in French Guinea with the help of Aluminium Limited, its parent company. The first stage of this program consisted of the establishment in the Los Islands of facilities for the mining, milling, and shipping of bauxite. These facilities were to make it possible to produce and export at least 250,000 tons of beneficiated bauxite per annum at the cost of an investment of over 2,100 million CFA francs. In fact, this first stage of the program was completed in 1952 and for the past three years shipments from these plants to North American and European markets have been increased to about 500,000 tons per annum.

In the Boké area (the Rio Nunez region) in Continental Guinea, Bauxites du Midi is now getting ready to launch the second stage of the above mentioned program. Since 1946 approximately 450 million CFA francs have actually been expended on prospecting in this region. These activities have confirmed the existence of bauxite resources in sufficient quantity and of sufficiently good quality to justify a project comprising not only a mining enterprise but also an alumina industry.

This project, which entails an annual production of 1,500,000 tons of bauxite and 220,000 tons of alumina, has been planned in such a way that the mining, processing, and transportation facilities (railway and port) may be expanded to a capacity several times the initial capacity.

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In view of decree No. 56-1133 dated 13th November 1956, modified by decree No. 57-207 dated 23rd February 1957, concerning long term conventions which can be entered into with certain categories of enterprises overseas;

In view of decree No. 57-458 dated 4th April 1957, concerning the reorganization of French West Africa and French Equatorial Africa;

In view of decree No. 57-460 dated 4th April 1957, determining the functions of the Government Councils in the territories of French West Africa and French Equatorial Africa and concerning the extension of the functions of the territorial assemblies in

these regions;

In view of the interministerial regulation No. 28/AEP/PLAN dated 16th February 1957, granting Bauxites du Midi the benefit of the provisions of article 32 of law No. 53-1336 of 31st December 1953, relating to the establishment of long term fiscal regimes in overseas territories;

In view of resolution No. 40 dated 22nd February 1957 of the Permanent Commission of the Grand Conseil of French West Africa, determining the starting date and the duration of the fiscal regime granted Bauxites du Midi;

In view of resolution No. 22 dated 27th February 1957 of the Permanent Commission of the French Guinea Territorial Assembly, determining the starting date and the duration of the fiscal regime granted Bauxites du Midi;

In view of the resolution of the French West African Grand Conseil dated 17th May 1958 and the resolution of the Territorial Assembly of French Guinea dated 17th April 1958, approving the present convention; and

Whereas the operation and the construction program of Bauxites du Midi constitute a major contribution to the economic and social development of French Guinea;

Whereas the realization of Bauxites du Midi's projects requires a very large investment which, for the initial stage of the program as stated in the regulation of 16th February 1957, is at present estimated at 25 billion CFA francs;

Whereas Bauxites du Midi has already been granted, by decision of 16th February 1957, the benefit of the long term fiscal regime according to article 32 of the law of 31st December 1953;

Whereas the guaranties resulting from the long term fiscal regime were granted to Bauxites du Midi by the above mentioned decisions of the Permanent Commission of the French West African Grand Conseil and of the French Guinea Territorial Assembly;

Whereas Bauxites du Midi has already been granted exchange and repatriation guaranties from the competent authorities of the franc area;

As the Federation of FWA and the Territory of FG, to the extent of their authority,

wish to further guarantee to Bauxites du Midi, in view of the particular importance of the Company's activities, the stability of general legal, economic and financial conditions necessary for the carrying out of the projects as they are outlined in the interministerial regulation No. 28/AEP/PLAN of 16th February 1957;

The following agreement is being entered into between:

The Federation of FWA, represented by the acting High Commissioner of the Republic in FWA, and the Territory of FG, represented by the acting President of the Government Council of that territory, according to the powers granted to them and duly delegated by resolution No. 41 dated 22nd February 1957 of the Permanent Commission of the FWA Grand Conseil, and by resolution No. 24 dated 27th February 1957 of the Permanent Commission of the Territorial Assembly of FG, inviting them to enter into negotiations with Bauxites du Midi

on one hand,

Bauxites du Midi, a French Limited Company with a share capital of 750 million metropolitan francs, with head office in Paris, 63 Avenue des Champs-Élysées (VIII), and which, for the execution of the present agreement, elects as its domicile its office in Conakry, represented by Mr. J. Y. EICHENBERGER acting under the power given to him by a resolution of Bauxites du Midi's Board of Directors dated 13th May 1957

on the other hand.

#### PERIOD OF VALIDITY

##### Article 1

The present "convention" will be valid from the date of signing by all parties to the "convention". It will terminate after a period of 75 full calendar years following the start of the mining operations of the Boké bauxite deposits.

The starting date of Bauxites du Midi's bauxite mining operations in Boké shall be fixed as indicated in article 4 of Resolution No. 40 dated February 22nd, 1957 of the Permanent Commission of the Grand Conseil of FWA, which determines the starting date and the duration of the fiscal regime granted to Bauxites du Midi.

After 25 years from the start of the mining operations in Boké and at the request of either party, the present "convention" may be revised by agreement between the parties.

### GENERAL OBLIGATIONS

#### Article 2

Bauxites du Midi undertakes:

- to carry out, within a six-year period from the date of the signing of the present "convention" and barring force majeure the following minimum program: Bauxites du Midi will develop the bauxite deposits, covered by the company's mining rights in the Cogan region, for an annual production of 1,500,000 tons of ore and will build in French Guinea an alumina plant with a minimum initial capacity of 220,000 tons per year;
- to operate its mining facilities in a manner considered appropriate for this type of deposits and to conduct the mining operations so that all mined-out lands can be restored so far as possible to their former use within 10 years after the lands have been mined out;
- to pay to the Regional Development Fund of Guinea, in accordance with the provisions of a separate agreement on this matter, a total sum of 400 million French francs payable in annual installments of 80 million French francs each over the first 5 years of operation of the initial installations. The amount of this contribution may be reduced to 350 million French francs if Bauxites du Midi, before the expiration of the 5-year period mentioned here, starts the expansion of the alumina plant to double the initial capacity;
- to supply from its French Guinea installations, either directly or through a barter arrangement, a tonnage of alumina corresponding to 20% of the alumina requirements of the smelter which is to be built at Fria and based on the Souapiti power development;
- to promote the employment of local labour, to contribute to the training of skilled and technical workers, to allow the French Guineans access to all positions

corresponding to their individual ability at all levels, including supervisory and staff positions;

- to apply the social welfare legislation provided for by law No. 52-1322 of December 15th 1952, which establishes a labour code in the overseas territories and any other laws or regulations modifying this legislation;

- to respect the workers' right to join labour unions, to maintain good relations with the labour unions;

- to provide its workers with the necessary housing so far as the workers could not otherwise obtain adequate housing. If necessary, a joint committee comprising representatives of the workers and of the company and presided over by the head of the administrative district decides whether or not the worker is in a position to secure his own lodging. In order to fulfill these obligations, the company may choose between the building of its own housing facilities or the calling in of organizations specially set up to undertake such housing programs and to facilitate the purchase of houses by the employees;

- to contribute to the establishment of adequate medical and educational facilities corresponding to the needs of the workers employed and their families;

- pending the adoption in the French overseas territories of the regulations provided by decrees 57-245 of February 24th 1957 and 57-829 of July 23rd 1957, regarding workmen's compensation, Bauxites du Midi undertakes to apply the provisions presently applicable to metropolitan companies to all its employees and workers regardless of the status of the beneficiary. Bauxites du Midi undertakes to introduce this provision in its construction contracts with sub-contractors;

- to contribute to the organization of social services in the new residential areas by promoting the establishment of recreation centres, libraries, etc.

#### GENERAL GUARANTIES

##### Article 3'

The Federation of FWA and the Territory of FG, within the limits of their present

and future authority, guarantee Bauxites du Midi, from the date of validity of the present convention and for the period determined as indicated in article 1 above, the continuance and the stability of the legal, economic and financial conditions specified in the following articles of the present convention. This guaranty is given in order to encourage the efficient carrying out of the company's plans according to the program stated in the interministerial regulation of February 16th 1957.

The Federation and the Territory also guarantee the company, its members and its regular employees that they shall never, in any manner, be subject to legal or other discrimination.

The guaranties granted to Bauxites du Midi will remain in force irrespective of the conditions applicable to other similar undertakings. If, on the other hand, conditions more favourable than those applying to Bauxites du Midi were to be granted to other similar companies, Bauxites du Midi could request the benefit of such conditions. Such additional arrangement between the parties would be settled according to the same procedure as was followed for the establishment of the present "convention".

The guaranties granted to Bauxites du Midi in the present "convention" are those set forth below.

#### LEGAL GUARANTIES

##### Article 4

The Federation of FWA and the Territory of FG undertake, within the limits of their present and future authority and for the duration of the present convention not to cause to be enacted nor to enact any provision which would entail directly or indirectly any legal or actual discrimination against Bauxites du Midi, in particular with regard to such matters as pertain to the formation, the operation and the winding up of companies, or generally in the field of regulations concerning affiliates' and shareholders' relations.

There shall be no restrictions or modifications other than those resulting from the legislation currently in force in the Federation and in the Territory as to the

free choice of the affiliates or shareholders and of the individuals or entity carrying out the management or control of the company (president, vice president, directors, managing director, managers, and auditors). Furthermore, there shall be no restriction to the freedom to decide the financial structure or organization of the company (increase and decrease in capital, distribution and retention of earnings or reserves, transfer of the assets and liabilities of the company and all payments, including in particular the payment of principal and interest on any debts contracted by Bauxites du Midi).

Article 5

Should amendments be made to the corporation laws or mining laws applicable to companies operating overseas and to the extent that such amendments are within the power of the Federation or of the Territory, Bauxites du Midi shall continue to be subject to the corporation and mining laws in force at the date of the signing of the present convention, if such amendments made by the public authorities result in additional obligations for the company.

FINANCIAL GUARANTIES

Article 6

Subject to the exchange control and import-export trade regulations in force in the franc area and within the limits of the conditions granted by the Foreign Investment Committee as set forth in the exchange of letters between the Caisse Centrale de la France d'Outre-Mer on one hand and Aluminium Limited or Bauxites du Midi on the other hand (dated January 7th 1957, March 18th 1957, May 17th 1957, July 10th 1957 and October 18th 1957) the Federation of FWA and the Territory of FG, within the limits of their authority, undertake not to take a stand that would aim at or result in any restriction of the conditions under which the existing legislation allows:

- the free flow between the territories of FWA and metropolitan France of funds belonging to Bauxites du Midi or to its members or regular employees;

- the free repatriation of foreign capital and the transfer of dividends and interests thereon.

#### Article 7

The Territory of FG through the Regional Development Fund of Guinea shall undertake the installation of the necessary facilities of public interest in the towns of Boké and Port-Kakandé according to conditions to be agreed upon through an exchange of letters between the parties which will be attached to the present convention and which shall form an integral part thereof.

In order to ensure the carrying out of this undertaking, the Federation and the Territory shall maintain in force during the necessary period:

- the resolution of the Grand Conseil of FWA Nos. 35 and 36/G.C. of July 1st 1957. This resolution provides for the transfer from the Federation to the Territory of the taxes paid on the investments made by the companies which have been granted the benefit of the long term fiscal regime;
- the resolution of the Territorial Assembly of FG No. 57-87 dated February 3rd 1958. This resolution provides for the transfer to the Regional Development Fund of Guinea of a part of the total additional revenue resulting from the investments made in Guinea by the companies which have been granted the benefit of the long term fiscal regimes. This part is to be determined each year on the basis of the program for that year.

#### ECONOMIC GUARANTIES

#### Article 8

In order to place Bauxites du Midi in a favourable position on the international market, the Federation of FWA and the Territory of FG undertake, within the limits of their present and future authority,

- 1) - to grant Bauxites du Midi the following exemptions from the existing regulations concerning the employment of foreign personnel: Bauxites du Midi shall be free



- to employ, at any time, technical personnel of its own choice up to a maximum of 3% of the total labour force, for the categories (1) and (2) as defined in regulation No. 3185 ITLS of June 7th 1956, regardless of the nationality of such technicians. These technicians shall not be subject to any legal or other discrimination, provided they adhere to the rules of public order and safety in the Territory. The maximum of 3% mentioned above shall be reduced to 2% at the end of the 5-year period following the start of operations and shall be reduced to 1% after the expiration of an additional period of 5 years;
- 2) - to permit Bauxites du Midi, within the limits set in article 8 (paragraph 1) of the above mentioned regulation of June 7th 1956, the entry or temporary residence in FG of foreign technical personnel necessary for the construction and the starting up of the installations. The employment contracts for such technical personnel shall be renewable beyond the limits fixed in paragraph 1 of article 8 but these prolongations shall not exceed the duration of the construction work or the period necessary for the starting of operations;
- 3) - not to take any steps which would aim at or result in a restriction of the conditions under which the legislation at present in force permits the entry, residence and employment of Bauxites du Midi's personnel in the Territories of FWA or the entry and residence of the family of such personnel, provided they adhere to the rules of public order and safety in the Territories;
- 4) - not to take any steps which would aim at or result in a restriction
- a - on the transfer of funds outside the franc area authorized by the competent authorities with regard to foreign personnel regularly employed by Bauxites du Midi as set out in the terms of the letter from the Caisse Centrale de la France d'Outre-Mer to Bauxites du Midi dated January 30th 1958, a copy of which is attached to this convention;

- b - on the issue of foreign exchange to Bauxites du Midi's personnel travelling abroad whenever necessary for the operation of the enterprise as set forth in the terms of the letter from the Caisse Centrale de la France d'Outre-Mer to Bauxites du Midi dated January 30th 1958, a copy of which is attached to the present convention;
- 5) - not to hinder or discriminate against the importation of goods, materials, machinery, and spare parts designated for Bauxites du Midi's operations, regardless of origin, subject to the regulations and procedure applicable and provided that preference be given to goods produced in French West Africa whenever price and quality is competitive;
- 6) - not to hinder the importation, exportation and free circulation within the Territory of FG and the other territories of FWA of goods, materials, machinery, and spare parts, including the products of the company, subject to the rules of public order and safety;
- 7) - not to hinder the execution and the carrying out of contracts for the sale and delivery of Bauxites du Midi's products, whether these sales and deliveries are made on the basis of long term or short term contracts, in accordance with the trade regulations set up by the competent authorities of the franc area and with the conditions set forth in the letter from the Caisse Centrale de la France d'Outre-Mer to Bauxites du Midi No. D/2329 dated July 10th 1957 and in Bauxites du Midi's reply of October 18th 1957.

#### FISCAL GUARANTIES

##### Article 9

In addition to the fiscal conditions covered by the long term fiscal regime granted by Resolution No. 40 dated February 22nd 1957 of the Permanent Commission of the FWA Grand Conseil and by Resolution No. 22 dated February 27th 1957 of the permanent Commission of the FG Territorial Assembly, the Federation of FWA and the Territory of FG grant to Bauxites du Midi, for a period equal to that provided for

in the above mentioned Resolutions, the following fiscal guaranties:

- The ex-mine value of bauxite, upon which the ad valorem mining royalty of 5% is to be based, shall be 0.5% of the price per ton of 99% purity primary aluminium as determined by ministerial regulation in France and published in the official bulletin of the Price Control Board. In the event that the price per ton of aluminium should cease to be published in this bulletin, an equivalent basic price should be agreed to between the parties.

For bauxite processed into alumina by the company in its French Guinea plant, the rate of the mining royalty shall be reduced to 4%.

- 2) - The rate of the harbour taxes to which Bauxites du Midi will be subject at Port-Kakandé will be based exclusively on the services rendered by the government and no account will be taken of the financial charges which are entirely borne by Bauxites du Midi.
- 3) - The c.i.f. cost which will be the basis for the assessment of import taxes and customs duties on Bauxites du Midi's imports of material and equipment necessary for the carrying out of its construction program (as defined in the interministerial regulation) will not be increased by the additional tax usually applicable to "head office expense".
- 4) - All advances made by Aluminium Limited, directly or indirectly, to Bauxites du Midi for the financing of Bauxites du Midi's investment program as defined in the interministerial regulation dated February 16th 1957 shall always be considered for tax purposes as loans and not as equity.
- 5) - The interest paid by Bauxites du Midi on these loans shall always be deductible for income tax purposes, in their entirety, regardless of the ratio between the share capital and the loans, provided that the interest rate does not exceed 2% above the discount rate of the Institut d'Emission of FWA/Togoland.

6) - Depreciation of Bauxites du Midi's capital investments in French Guinea resulting from the investment program, referred to in the interministerial regulation relating to the fiscal regime dated 16th February 1957, shall be calculated as follows:

- Mining installations, milling, crushing, loading installations and other minor equipment ..... 7 years
- Railway rolling stock ..... 10 years
- Alumina plant and port installations ..... 15 years
- Townsites ..... 20 years
- Railroad installations and mining prospecting expenses ..... 25 years

The percentage of depreciation shall be based on progressive rates, which will vary according to the category of the depreciations in the following manner:

- Mining installations, milling, crushing, loading installations and other minor equipment ( 2% in each of the first 5 years ( 45% in each of the next 2 years
- Railway rolling stock ( 2% in each of the first 5 years ( 18% in each of the next 5 years
- Alumina plant and port installations ( 2% in each of the first 5 years ( 9% in each of the following 10 years
- Townsites ( 2% in each of the first 5 years ( 6% in each of the following 15 years
- Railroad installations and mining prospecting expenses ( 2% in each of the first 5 years ( 4.5% in each of the following 20 years

Article 10

It is formally agreed that the long term fiscal regime, granted to Bauxites du Midi by Resolution No. 40 of February 22nd 1957 of the Permanent Commission to the Grand Conseil of FWA and by Resolution No. 22 of February 27th 1957 of the Permanent

Commission of the Territorial Assembly of FG, will apply to any expansion of Bauxites du Midi's operations which the company may carry out in accordance with the provisions of article 1 of the interministerial regulation of February 16th, 1957.

Any further expansion, however, shall not automatically benefit from the period of validity of the fiscal regime, but will only benefit from such regime for the remainder of the 25-year period started on May 1st, 1957, with time allowance for the construction period.

#### GUARANTIES CONCERNING MINING RIGHTS

##### Article 11

The Federation of FWA and the Territory of FG undertake to permit Bauxites du Midi the free use of the prospecting and exploitation permits which have been or will be granted to that company, and to facilitate the renewal or conversion of these permits into concessions. The prospecting and exploitation permits presently held by Bauxites du Midi, or the mining rights which may derive therefrom, shall not be leased, sold or transferred without authorization from the Territory under the conditions of the existing mining regulations.

Within the general mining policy that Bauxites du Midi must follow in order to carry out the program outlined in the interministerial regulation of February 16th 1957 and in order to prepare for the further expansion of its activities which is made necessary by the size of the initial investment, the company has decided on a program concerning its mining rights and operations in the Boké area. This program is as follows:

##### 1) - Prospection

The company holds at present 50 prospecting permits:

- 30 permits No. 876-905 granted on July 8th, 1953, by administrative order No. 4991/M which will expire, without right of renewal (as prospecting permits), on July 8th, 1959;

- 20 permits No. 1012-1031, granted on April 16th, 1957, by administrative order No. 3892/M, valid for two years and with a right of renewal twice for a period of two years each.

The company will continue prospecting on the land covered by these permits and will fulfill the required obligations listed in the text granting the permits. These obligations will continue to apply to each group of permits aggregated; this means that the work done in any given year on any one permit of an aggregated group will account as work undertaken on each permit in the group and any work in excess of the overall yearly requirements will accumulate to the following years.

On July 20th, 1957, Bauxites du Midi has applied for 44 prospecting permits which are necessary for its prospection program in the Boké region. Furthermore, Bauxites du Midi may file new applications for prospecting permits, which will be examined by the competent authorities in the light of the general interest of the territory.

Before the expiration of the prospecting permits listed above, Bauxites du Midi will apply for their conversion into exploitation permits or into concessions which shall cover an area of not more than 2,000 square kms in accordance with the existing legislation. Should this maximum area be increased, Bauxites du Midi shall have the right to request the benefit of the new legislation.

2) - Exploitation

The company holds 20 exploitation permits No. 236-255 granted on June 24th, 1955, by administrative order No. 418/M.

The company has commenced the construction of transportation and mining facilities which will allow it to mine the deposits which are covered by the exploitation permits mentioned above or which will be covered by exploitation permits resulting from the conversion of prospecting permits held by the company or which will be obtained in the future according to the program outlined above under "Prospection".

Bauxites du Midi will not be in a position to start mining operations before 1962. After starting operations, the Company may be mining on only one location for several years, but mining operations on that location, provided they fulfill the minimum program defined in the last paragraphs of the present article, will be considered, for the whole area covered by the exploitation permits, as fulfillment of the working obligation imposed by the mining legislation for the renewal and the continuance of the validity of such permits.

Upon completion of the prospection work, and at any rate, before the end of 1970, the company, when it so requests and if it can prove the existence of exploitable deposits, will become holder of one or several mining concessions situated within the zone or zones then covered by its prospecting and exploitation permits.

If the competent authorities should rule that the granting of several concessions is necessary, the exploitation of one should be considered as fulfillment of the working obligations for the whole concession area, provided however that the conditions set forth in the last paragraphs of the present article are fulfilled. The mining concession or concessions will be granted for a period of 75 years and shall be renewable for periods of 25 years. According to the existing mining regulations, the total concession area should not exceed 2,000 square kms.

The Federation of FWA and the Territory of FG approve this program and undertake to facilitate the granting to Bauxites du Midi of the 44 prospecting permits already applied for and shall give favourable consideration to other applications for prospecting or exploitation permits which will place the company in a position to select the areas which will ultimately be covered by mining concession or concessions for a maximum area of 2,000 square kms. Furthermore the territorial authorities guarantee that, at any time up to the end of 1970, Bauxites du Midi will be granted one or several mining concessions which may cover up to 2,000 square kms, provided the company proves the existence in each of these concession areas of deposits of commercial value.

Until such time, the validity of Bauxites du Midi's mining rights resulting from its prospecting or exploitation permits are guaranteed subject to the conditions of the existing mining legislation and provided that Bauxites du Midi fulfills the working obligation imposed on it by that legislation. These obligations shall be considered satisfied:

- 1) - in the case of the prospecting permits, if the company fulfills the obligations provided for in the text granting those permits, as mentioned above; and
- 2) - in the case of the exploitation permits, if Bauxites du Midi fulfills the minimum work program set forth in the last paragraphs of the present article.

Furthermore, it is formally stated that for all the areas covered by its concession rights, in order to properly fulfill the working obligations provided for in article 18, paragraph 1 of the 13 November 1954 decree as modified by the decrees of 20 May 1955, 24 February 1957 and 30 July 1957, barring "force majeure", Bauxites du Midi shall expand the capacity of the alumina plant to at least 440,000 tons per year, i.e. double the initial capacity, before the expiration of 20 years from the date of the first commercial export of bauxite ore from the deposits covered by its mining rights in the Cogon area.

In the event that Bauxites du Midi during this 20-year period would have developed an alumina production capacity lower than the minimum capacity stated above, the company would be under the obligation of reducing the area then covered by its concession rights by renouncing part of these areas as follows:

the concession area will be reduced according to the formula:

$$y = s \cdot \frac{t}{m}$$

m being the minimum production capacity that should be installed by the end of the 20-year period (440,000 tons)

t being the actual rated alumina capacity at the end of the 20-year period (in tons)

s being the total area covered by the company's mining rights before the reduction

y being the area that would remain covered by the company's mining rights after the reduction.



Furthermore, barring "force majeure", if at the expiration of 14 years from the date of the first export of bauxite, the company has not expanded its alumina capacity to the 440,000 tons minimum, the Territory of French Guinea would have the right to increase to 2.5% the proportion between the ex-mine value of the bauxite intended for export and the price per ton of primary aluminium, as defined in article 9 hereof. This increase, which is intended to compensate the Territory for the difference between the tax receipts deriving from the export of bauxite and those that would have derived from an increase of the alumina exports to the 440,000-ton annual rate, shall be maintained as long as the company does not increase its production capacity to the 440,000-ton annual rate.

It is agreed that the export of samples of bauxite for industrial test purposes, which are free of export duty in accordance with decision No. 57 of 21 November 1957 of the Grand Conseil of FWA, shall not be considered as "bauxite export" in the sense of the previous paragraph.

#### OTHER GUARANTIES

##### Article 12

Subject to the provisions of article 13 below concerning the acquisition of land by Bauxites du Midi, the Federation of FWA and the Territory of FG undertake not to restrict in any way the conditions under which the legislation in force in the Territory at the date of the signing of the present convention allows:

- the free utilization of lands and buildings of the company;
- the acquisition of water resources and of means of disposal of the residual waters resulting from the operations.

##### Article 13

Subject to the provision of the legislation existing at the date of the signing of the present convention concerning the expropriation procedure for reasons of public interest, the Federation of FWA and the Territory of FG undertake to ascertain that the titles under which Bauxites du Midi owns, leases or otherwise

occupies lands that have been or will be granted to Bauxites du Midi, will remain valid for the duration of the present convention.

However, it is understood that by mutual agreement between the parties, changes may be made concerning the lands occupied by Bauxites du Midi. Furthermore, the company undertakes to use these lands for the purpose for which they were granted, i.e. to carry out the operations of the company according to the program outlined in the last paragraphs of article 11 of the present convention.

Article 14

The Federation of FWA and the Territory of FG undertake not to take any steps that would directly or indirectly result in modifying the conditions of the harbour and railway conventions entered into between Bauxites du Midi and the Territory of FG. The texts of these conventions are attached and constitute an integral part of the present convention.

Article 15

It is agreed by the present convention that Bauxites du Midi shall not lodge any claim against the Territory of FG in respect of technical risks pertaining to Bauxites du Midi's business or of general economic conditions.

Article 16

A "Case of force majeure" shall mean any event beyond Bauxites du Midi's control of such a nature that it may adversely affect the conditions under which the company normally carries out its production or the conditions under which it normally sells such production. A strike arising from a conflict between the company and its employees shall not be considered a "case of force majeure".

Article 17

Should any dispute arise between the parties in connection with the implementation of the present convention and of the documents attached thereto, such dispute shall be referred to arbitration at the request of the party who first makes the request.

The arbitrators shall base their decision on the present convention and their interpretation of the matter.

The Arbitration Board shall consist of three arbitrators; the party who requests arbitration shall choose one arbitrator, notify the other party of his choice in writing, and state at the same time the cause of the dispute to be submitted to arbitration.

Within 30 days from such notification, the other party shall choose his arbitrator and notify the plaintiff and the arbitrator appointed by the plaintiff of his own choice.

Within 30 days following the notification of the choice of the second arbitrator, the two arbitrators have to choose a third arbitrator.

If, within the above mentioned periods, the defendant has not chosen his arbitrator, or if the two arbitrators have not agreed on the third arbitrator, each party is entitled to apply to the Vice President of the Conseil d'Etat (the highest administrative body in France) asking him to appoint ex officio the arbitrator who should have been chosen by the other party or, as the case may be, the third arbitrator.

Instead of resorting to a board of three arbitrators the parties may agree to submit their dispute to one arbitrator chosen by them, and this sole arbitrator shall have the same rights and powers as those which the board of three arbitrators would have had.

The Arbitration Board shall determine when and where it intends to proceed with the hearing of the parties' dispute and with the investigation of the facts of the same. The Arbitration Board shall submit its report and shall reach its decision within 60 days from the appointment of the third arbitrator, unless the parties have agreed to postpone such decision to some later date.

The decision of the arbitrators or of the majority of these shall be final and binding on both parties.

Should the arbitrators not submit their decision within the prescribed time, each party may put an end to the functions of such arbitrators and start new procedures so as to obtain a new arbitration under the above mentioned conditions.

The expenses of arbitration shall be allotted as follows: each party shall pay the fees and expenses of the arbitrator which it will have chosen; the fees and expenses of the third arbitrator, or those of the sole arbitrator, shall be paid in equal amounts by each of the parties.

Article 18

In keeping with the provisions of article 3 of the November 13th 1956 decree, the responsibility for the commitments made in the present convention remains with the signatories. These are:

- the Federation of French West Africa,
- the Territory of French Guinea,
- Bauxites du Midi and their successors and assigns.

(Signed in Conakry on July 17th 1958)

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Expropriation



# Record Removal Notice



<b>File Title</b> Guinea - Boke Project - General Expropriation - 1965 to 1969 - Correspondence - Lester Nurick		<b>Barcode No.</b>  1850542		
<b>Document Date</b> January 26, 1965	<b>Document Type</b> Notes			
<b>Correspondents / Participants</b> Legal Files J.D. Roulet				
<b>Subject / Title</b> Guinea Boké Project - Expropriation				
<b>Exception(s)</b> Attorney-Client Privilege				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> 17-May-16</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> 17-May-16
<b>Withdrawn by</b> Ann May	<b>Date</b> 17-May-16			

## OFFICE MEMORANDUM

TO: Abdel G. El Emary, Director  
Africa Department

FROM: S. J. Handfield-Jones

SUBJECT: Alcan's Interests in Guinea

DATE: May 10, 1965

I attach some correspondence relating to the investments made by the Aluminum Company of Canada in the development of bauxite in Guinea. As you will see, the Government of Guinea has taken over the assets of the Aluminum Company and, as yet, agreement has not been reached on the settlement of Alcan's claim.

I also understand that the Government of Guinea may be applying to the IBRD for a loan in connection with the Boke bauxite deposits and of course the Canadian authorities would assume that this loan could not go forward until the Alcan dispute is settled. As you will see from Mr. Hudon's letter, I have been asked to bring this matter to the attention of the management and to express the hope that we could be kept informed of developments.

Perhaps you could let me know where things stand at the present time.

SJS

Attachment



DEPARTMENT OF FINANCE

CANADA

MINISTÈRE DES FINANCES

Ottawa 4, May 4, 1965.

Mr. S.J. Handfield-Jones,  
Executive Director,  
International Bank for Reconstruction  
and Development,  
1818 H Street, N.W.,  
Washington, D.C. 20431.

Dear Mr. Handfield-Jones:

I understand that the Government of Guinea may be applying or has applied to the IBRD for a loan to finance part of the cost of the infrastructure facilities which are needed for the development of the Boke bauxite deposits.

The Aluminum Company of Canada, through its subsidiary Bauxite du Midi (Bamidi), made two separate investments in Guinea. The first, amounting to approximately U.S. \$12 million, was for the development of the deposits on the Islands during the 1930's. They were brought into production in 1952.

The second investment was made over a number of years, first in the exploration of and subsequently in preliminary development work on the Boke bauxite reserves. Since 1958, the work in the Boke region which consisted of continued investigation and some preliminary construction was carried out under a Convention between the Government of Guinea and Bamidi.

The Boke and Los Islands works were taken over by decree in 1961. Guinea contended that Bamidi had failed to honour the terms of the Convention and seized its assets for damages. The Aluminum Company of Canada estimates its losses as a result of this action at about Can. \$24.5 million.

Alcan has been in touch from time to time with us about this matter. It was aware that Guinea might be applying to the World Bank for a loan. We informed the Aluminum Company of Canada that the World Bank did not normally make

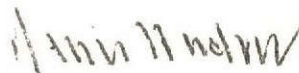


loans to a member country when there was an unsettled financial claim between that member and another member (or one of its nationals) without first obtaining the consent of the latter. We also asked the Aluminum Company whether it wished us to bring to the attention of the World Bank its dispute with the Government of Guinea. In reply, the Aluminum Company wrote the attached letter asking us to do so.

I would appreciate it if you would bring this matter to the attention of the management of the IBRD. Our purpose at this time is to draw to the Bank's attention the fact that a dispute does exist between the Government of Guinea and the Aluminum Company of Canada. We would be most grateful if the IBRD would keep us informed of developments with respect to this prospective loan so that we might be in a better position to determine our own attitude on the matter.

I have consulted with the Departments of External Affairs and of Trade and Commerce and they agree with the course of action suggested here.

Yours sincerely,



L. Dehis Hudon,  
Director,  
International Programmes Division.

Attach.

c.c. Mr. J.C. Langley, Dept. of External Affairs  
Mr. W.G. Pybus, Dept. of Trade and Commerce

30 March 1965

Mr. E. A. Ritchie,  
Deputy Under-Secretary of State for External Affairs,  
Department of External Affairs,  
Ottawa, Ontario.

Dear Mr. Ritchie:

It was thoughtful of you to call Mr. F. C. Winer on 26 March to tell him that the Canadian government had been informed of the application to the World Bank by the Republic of Guinea for a loan to complete the infrastructure of a bauxite development project in the Boké region of that country, and to ask for our views about the position that the Canadian government, as a member of the World Bank, should take on that application.

As you know, since entering into arrangements with others for the development of the Boké deposits, the government of Guinea has consistently ignored our efforts at negotiating a settlement of its unilateral take-over from our subsidiary, Bauxites du Midi, of the initial work done on the Boké infrastructure. Following Mr. Nathaniel V. Davis's letter to Mr. George Ball of 26 February, of which you were provided with a copy, we have reached the decision to call for arbitration with Guinea in order to obtain the settlement of our claim. A formal request for arbitration is expected to be made in a week's time, and the U.S. authorities have been informed accordingly.

In these circumstances, we would hope that the Canadian government would want to bring to the attention of the World Bank the unresolved matter of the take-over of our subsidiary's assets in Guinea and our Company's proposal to seek arbitration therefor.

Needless to say, we would be very grateful to you for the assistance you may be able to give our Company on this occasion.

Yours very truly,

Paul LaRoque  
Secretary

(See reverse for copies)

(PLEASE SEE REVERSE SIDE OF LAST PAGE FOR ROUTING)



# Record Removal Notice



<b>File Title</b> Guinea - Boke Project - General Expropriation - 1965 to 1969 - Correspondence - Lester Nurick		<b>Barcode No.</b>  1850542		
<b>Document Date</b> April 7, 1965	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> Legal Files From: Georges R. Delaume				
<b>Subject / Title</b> Guinea Boké Project - Expropriation - Conformity with Guinean Legislation				
<b>Exception(s)</b> Attorney-Client Privilege				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> 17-May-16</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> 17-May-16
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# Record Removal Notice



<b>File Title</b> Guinea - Boke Project - General Expropriation - 1965 to 1969 - Correspondence - Lester Nurick		<b>Barcode No.</b>  1850542		
<b>Document Date</b> April 1, 1965	<b>Document Type</b> Notes			
<b>Correspondents / Participants</b> L. Nurick				
<b>Subject / Title</b> Questions that may arise if claim is brought against Government of Guinea				
<b>Exception(s)</b> Attorney-Client Privilege				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> 17-May-16</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> 17-May-16
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MAR 22 REC'D



## REYNOLDS METALS COMPANY

CHAIRMAN OF THE BOARD

March 12, 1965

RICHMOND, VIRGINIA

Mr. George Wood  
The World Bank  
20 Exchange Place  
New York, New York

Dear George:

I attach a copy of a letter I have sent to Mr. George Ball, Under Secretary of State.

I would like to call this to your personal attention because of the depth of the problem involved and the consequences if seizure of mining property abroad is condoned. The repercussions for any American company investing large sums of money to secure raw materials overseas are endless, and the principle established is of the utmost gravity.

Kindest personal regards,

Sincerely,

R. S. Reynolds, Jr.  
Chairman of the Board

RSRJr: dh



## REYNOLDS METALS COMPANY

CHAIRMAN OF THE BOARD

March 10, 1965

RICHMOND, VIRGINIA

The Honorable George W. Ball  
Under Secretary of State  
Department of State  
Washington, D. C.

Dear Mr. Secretary:

In his letter of December 12, 1963, to the Chairman of the Committee on Foreign Relations of the United States Senate, the Administrator of the Agency for International Development indicated that any extension of risk guarantees for a proposed investment in bauxite deposits and related facilities in Guinea would be deferred until the rights of others had been clarified. In a meeting with you on February 3, 1965, you informed our representatives that consideration was now being given to extending guarantees of \$17 million for that project, and suggested that it might be helpful in resolving the matter if formal claims were now to be filed. Preparatory to filing formal affidavits of claims and supporting documentary evidence, I am taking this opportunity of outlining their general nature.

Commencing as of January 1, 1960, Reynolds Metals Company provided 14% of the funds required for the development of bauxite mining and alumina facilities in Guinea, for which Reynolds was to receive, as set forth in an agreement being negotiated among the parties, a corresponding share of production in kind. Other participants in the undertaking who also advanced funds in various amounts were a Canadian company, three American companies, and a French company. Through Kaiser Aluminum International, Inc., the United States Government also made advances aggregating approximately \$1,750,000, which now rank as a first lien on the projects' assets. Reynolds' total advances have been \$698,680, which includes a portion of the shutdown costs but not a contingent liability still indeterminate in amount.

The Honorable George W. Ball  
March 10, 1965  
Page Two

Execution of a definitive agreement among the members of the development group was deferred pending completion of financing arrangements, but the agreement pursuant to which the advances were made provided that if a definitive agreement were not concluded by the end of 1960, each party had the right to acquire participation in the project on terms as substantially agreed at the time of the advances.

Development of the properties continued throughout 1960 and early 1961. By mid-1961, on the basis of extensive discussions with representatives of our Department and international lending agencies, it became apparent that the long-term financing and the necessary guarantees for an investment of the magnitude then contemplated (\$150-200 million) could not be arranged in time to complete the project by the scheduled date in mid-1964. The Guinea Government was promptly so informed, and a modified program for the development of the properties was proposed. Soon after being so advised the Government by executive decree seized the assets which were being held for the benefit of the development group by a corporation known as Bauxites du Midi. This unilateral action was taken arbitrarily and without opportunity for full discussion with the various parties at interest, the Government of Guinea alleging that such taking was for damages for breach of the concession agreement between that Company and the Federation of French West Africa and Territory of French Guinea. President Sekou Toure of Guinea was one of the original signatories to that agreement, and upon gaining independence Guinea succeeded to the Federation's rights thereunder.

In 1962 and 1963 several unsuccessful attempts were made to recover the seized assets or to be compensated for their loss.

During this period discussions were also held with representatives of Harvey Aluminum, Inc. (a California corporation), and participation in the project was offered. Harvey did not elect to participate, and it subsequently developed that contemporaneously with these discussions Harvey was negotiating with Guinea for the properties which had been seized. As you confirmed to our representatives in the meeting last month, it now appears that the Government of Guinea has granted to a mixed economy company which is owned by Harvey and the Government of Guinea the entire mining rights of the development group, and has agreed to lease to the jointly owned Company the railroad and auxiliary facilities which were under construction by that group at the time of

The Honorable George W. Ball  
March 10, 1965  
Page Three

seizure. The Chairman of the Board of the new Company is the Guinean Minister for Economic Development, and its President is the President of Harvey Aluminum, Inc.

While the right of a sovereign to take private property within its jurisdiction for public purposes is not being questioned, such right is subject to the rule of prompt and adequate compensation under international law. When the seized property or its use is promptly awarded to another for private benefit, the need for appropriate compensation to the former owner seems even more apparent. Although requests for reasonable settlement have been made to Guinea by representatives of the development group, no compensation has been forthcoming and recent communications have been unanswered. Accordingly, Reynolds Metals Company is asserting a claim for its equitable interests in the properties described above in the amount of its advances of \$698,680 for development of the seized properties, or such other amount as may ultimately be determined to be the fair value of its interest in such properties.

If the taking of assets without compensation goes unchallenged in Guinea, the precedent thereby suggested should be a matter of much concern. Except for deposits in Arkansas which are inferior in both quality and quantity, the entire Western Hemisphere aluminum industry is almost wholly dependent on bauxite from Caribbean and South American countries. In several of these countries which are important sources of bauxite, such as British Guiana, Haiti and Dominican Republic, political instability has been much in evidence; and all are developing countries where any countenancing of actions such as that in Guinea will not go unnoticed and could have most unfortunate effects.

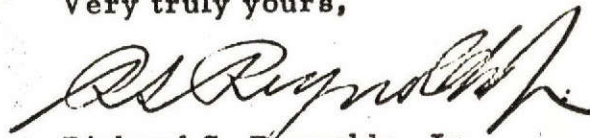
If direct legal action is instituted, the mixed economy corporation which we believe is benefiting from our prior development expenditures would probably be a principal defendant, and as shareholders both Guinea and another U. S. corporation would become directly involved. We have been reluctant to commence any action which, despite our strong interest therein, might have a deleterious effect on U. S. relations with Guinea at this present critical juncture. Our counsel is again reviewing our legal position, and we shall keep you advised of developments. If it is



The Honorable George W. Ball  
March 10, 1965  
Page Four

concluded that no other adequate remedies exist, affidavits of claims with supporting documentary evidence will be filed. As suggested in the Administrator's letter referred to above, we trust that the pendency of this claim will be recognized in connection with the extension of any guaranties.

Very truly yours,

A handwritten signature in cursive script, appearing to read "R. S. Reynolds, Jr.", written in dark ink.

Richard S. Reynolds, Jr.  
Chairman of the Board

<b>ROUTING SLIP</b>		Date March 18, 1965	
<b>NAME</b>		<b>ROOM NO.</b>	
Mr. L. Nurick		805	
	To Handle		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
	Information		Signature
	Initial		Send On
REMARKS			
<p>This document was handed to Mr. Woods by the Chairman of the Aluminum Company of America.</p>			
<p>From <i>M. P. Benyuk.</i></p>			

# ALUMINIUM LIMITED

1, PLACE VILLE MARIE, MONTREAL



MAIL ADDRESS: BOX 9099, MONTREAL 3, P.Q., CANADA - TELEPHONE: 877-2240 - CABLE: ALUMIN UN MONTREAL

1 March 1965

Mr. Joseph H. McConnell,  
Reynolds Metals Company.

Mr. Norman Harvey Collisson,  
Olin Mathieson Chemical Corporation.

✓  
→ Mr. John D. Harper,  
Aluminum Company of America.

Mr. E. E. Trefethen, Jr.,  
Kaiser Aluminum & Chemical Corporation.

Gentlemen:

You will find enclosed a copy of a letter of a letter of 26 February we sent to Mr. George W. Ball stating our position vis-à-vis the Government of the Republic of Guinea in respect of the take-over in November 1961 of the assets in Guinea of our French subsidiary, Bauxites du Midi, and a copy of the memorandum referred to in that letter.

Sincerely yours,

*Nathanael V. Davis*

Nathanael V. Davis

26 February 1965

Mr. George W. Ball,  
Under Secretary of State,  
Department of State,  
Washington, D.C., U.S.A.

Dear Mr. Ball:

Mr. John D. Harper, President of Aluminum Company of America, has passed on to me the gist of your recent conversation with him and others about Guinea. As a result, we are prompted to think that you might wish to have from us a statement of our position vis-à-vis the Government of the Republic of Guinea in respect of the take-over by that Government in November 1961 of the assets in Guinea of our French subsidiary, Bauxites du Midi, and its contractors. This involved a loss, taking into account the cost of field investigations, design and engineering, of about Can.\$24,500,000 to us and of about U.S.\$4,600,000 to our partners, who had also invested in the project, Aluminum Company of America, Reynolds Metals Company, Kaiser Aluminum & Chemical Corporation, Olin Mathieson Chemical Corporation, and Péciney, Compagnie de Produits Chimiques et Electrométallurgiques.

You will find enclosed a memorandum of 2 November 1964, entitled "Brief History of Aluminium Limited's Interest in the Development of Bauxite Deposits in the Boké Region of the Republic of Guinea", which will give you a concise statement of the more important events attending our interest and investment in Guinea and will show you where we stand today vis-à-vis the Republic of Guinea. This memorandum was prepared for and submitted to the Canadian Department of External Affairs last November.

A brief summary of our position is as follows:

1. The investment was summarily taken away, without due process of law, by the Guinean Government, after our stoppage of work on our Boké project.
2. After the take-over, our attempts to discuss a new Boké project with that Government were premised, as outlined in the enclosed memorandum, on a concurrent settlement of the problem created by that take-over. A letter from Mr. Ismael Touré, dated 21 March 1963, clearly stated that a joint approach to the negotiation

Mr. George W. Ball  
Under Secretary of State: Washington

- 2 -

26 February 1965

of a new project and to the settlement of the problem created by the take-over was acceptable to Guinea. However, no effective response was made to those attempts. President Sékou Touré's recent statement, which you reported to Mr. Harper, that Harvey Aluminum Company now has exclusive rights to all the bauxite in the Boké region would seem to preclude us from proceeding further along that route.

3. In an attempt to negotiate a settlement of our rights to the assets taken over and, failing this, to prepare the ground for a request for arbitration, we wrote President Sékou Touré in January and February 1964, requesting an audience for the discussion of a settlement. No reply was received to these requests. In March 1964, Dr. Simon, of the German aluminum producer, Vereinigte Aluminium-Werke A.G., had a conversation with President Sékou Touré, then visiting Germany, in the course of which President Sékou Touré said that discussion of our problem should be disassociated from any discussion of a new Boké project and appeared to consent to receiving us in Guinea for such a discussion. After Dr. Simon had reported this conversation, we wrote to the Guinean Ambassador in Washington to ask him to arrange the necessary interview with President Sékou Touré. No reply to this request was ever received.

You will understand that we could not effectively invoke arbitration without prior discussion with the Government of Guinea and that we have, for that and for other reasons, been forced to seek an amicable settlement with Guinea. However, while remaining ready to discuss the matter at any time with the Government of Guinea, we have made no progress to that end and we do not know what more we can do today to establish the necessary contact with that Government. Should you be able to render us any assistance in this connection, you may be sure that we would appreciate it.

If you wish, I would be only too pleased to visit you in Washington to discuss this further or provide any other information desired.

Yours very truly,

Nathanael V. Davis

2 November 1964

BRIEF HISTORY OF ALUMINIUM LIMITED'S INTEREST IN THE DEVELOPMENT  
OF BAUXITE DEPOSITS IN THE BOKE REGION OF THE REPUBLIC OF GUINEA

Aluminium Limited's wholly-owned French subsidiary, Bauxites du Midi (Bamidi), was granted bauxite research permits in the Boké region of the then French Guinea in the 1920's and in the Los Islands off Conakry in the 1930's. The Boké deposits were of primary interest, but their complete exploration and the investigation and study of their development was to require considerable time. The development of the comparatively minor but more accessible Los Islands deposits was commenced meanwhile, prior to World War II. After the war, Bamidi was granted time to carry out the necessary investigations of the Boké deposits on the understanding that the Los Islands development would be completed and promptly brought into production. This development was completed in 1952 at an approximate cost of U.S. \$12 million, and in the following nine years operated at an average rate of 400,000 metric tons per year. In the meantime, additional bauxite research permits in the Boké region were being obtained. The total permits acquired covered reserves about 4 billion tons in extent, comparable to all other commercial grade bauxite reserves in the world put together. About U.S. \$3 million were spent by Aluminium Limited through the summer of 1961 for exploration of the Boké deposits.

In July 1958, Bamidi entered into a long-term convention with the Federation of French West Africa and the Territory of French Guinea for the development of the Boké bauxite deposits. This convention had been under negotiation for approximately two years. When it proclaimed its independence in October 1958, the Republic of Guinea acceded to the position of the Federation of French West Africa and the Territory of Guinea under the convention.

The project envisaged in the long-term convention involved the construction and start-up, by July 1964, in the Boké region, of facilities for the mining of 1,500,000 metric tons of bauxite and the production of 220,000 metric tons of alumina annually and of a railway, townsites, and a port. The total cost of the project was then estimated to be U.S. \$114 million. About \$8 million for engineering and investigation (exclusive of exploration) and some preliminary construction had already been spent during the course of negotiations for the convention. With the signing, work on the project commenced on a full scale.

However, late in 1958, the conclusion was reached that economic conditions in the aluminum industry and the resulting reduction in Aluminium Limited's financial strength required a slowdown, if not a halt, in the schedule, if Aluminium Limited was to carry the burden alone. The President of Aluminium Limited, Mr. Nathanael V. Davis, visited Guinea in January 1959 to make this known to President Sékou Touré. Mr. Davis added, however, that Aluminium Limited would attempt to obtain the support of other producers, by inviting them to participate in a consortium for the development of the Boké deposits. This, he hoped, would allow the project to proceed more rapidly than otherwise appeared possible.

Shortly thereafter, Aluminium Limited started discussions about the possible formation of a consortium with Aluminum Company of America (Alcoa), Reynolds Metals Company (Reynolds), Kaiser Aluminum & Chemical Corporation (Kaiser), Olin Mathieson Chemical Corporation (Olin), Pechiney, Compagnie de Produits Chimiques et Electro-métallurgiques (Pechiney) and Vereinigte Aluminium-Werke A.G. (V.A.W.). In the expectation that these discussions would be fruitful, Aluminium Limited continued work on the Boké project. During 1960, substantial work of a technical, financial and legal nature was accomplished towards the finalization of a consortium, but financing and tax problems precluded completion of the necessary arrangements. How-

ever, in July 1960, a preliminary agreement was signed by Aluminium Limited with all of the above-mentioned prospective participants except V.A.W., which provided for a sharing of the costs of construction during the whole of that year. This agreement envisaged a project larger than that provided for in the convention, involving facilities for the mining of 3,000,000, instead of 1,000,000, metric tons of bauxite per year with an alumina plant, however, of the same size as originally planned, at a total estimated capital cost of U.S. \$180 million.

One of the first important points that members of the prospective consortium agreed upon was that the close ties established by Guinea with the communist nations shortly after independence and the avowedly marxist orientation of the Guinean government involved investment risks of such a nature that U.S. and other Western government guaranties and direct assistance as well as the assistance of international bodies for the financing of the project had become absolutely necessary. This conclusion was borne out by the subsequent abandonment by the Republic of Guinea of a convertible currency, the nationalization of internal and external trade, the nationalization of many private enterprises, the regimentation of labor unions in Guinea, and the importation by Guinea of engineers and technicians from Soviet bloc countries. Consequently, during 1959, 1960 and 1961, many steps were taken by the consortium to enlist governmental and other assistance for the project.

In December 1959, the International Bank of Reconstruction and Development was approached by representatives of the consortium with regard to the financing of the Boké project. The Bank stated that, while it was interested, it could not envisage the possibility of a loan as long as Guinea was not a member of the Bank.

In February 1960, Reynolds obtained from the International Cooperation Administration assurances that, if an application was made by the U.S. members of the consortium for investment guaranties during the next six months, such an application would not be prejudiced on the grounds that an investment had already been made



by them in the Boké project on a temporary basis on the assurance of a guaranty, and that a request for extension of this six-month period would be considered favourably if such extension appeared necessary and desirable.

In May 1960, representatives of the consortium met in Washington with the Under-Secretary of State and other officials of the U.S. State Department to describe the several African aluminum projects in which North American aluminum producers were interested and to stress the need for government financial assistance in the Boké project. The Under-Secretary indicated that the U.S. government would consider whether and how it could provide the financing required for the Boké project and guaranties protecting the producers against political risks.

In June 1960, representatives of Aluminium Limited appeared in Washington before a Study Group, composed of representatives of the World Bank, the International Cooperation Administration, the Development Loan Fund, the Export-Import Bank, and the State Department and the Treasury, which had been established to study development projects in Africa including aluminum and bauxite projects in Guinea and Ghana. The representatives of Aluminium Limited again described the Boké project, its significance to the interest of Western countries in Guinea and the need for government financial assistance.

In November 1960, representatives of Aluminium Limited and Kaiser met in Washington with the Assistant Secretary of State for Economic Affairs and the Assistant Secretary for African Affairs to impress upon them the urgent necessity for decisions by the U.S. government on the matter of financial assistance to the Boké project and the Volta River aluminum smelter project in Ghana.

At the end of 1960, the preliminary agreement for the sharing of the costs of construction expired. Aluminium Limited, Kaiser, Reynolds and Péciney agreed to continue sharing the construction expenditures for a time, thus allowing the project

to continue, but Alcoa and Olin at that time decided not to continue their contributions.

In January 1961, a meeting of representatives of the consortium was held with Mr. G. Mennen Williams in Washington, immediately prior to his taking office as Assistant Secretary of State for African Affairs. The Boké and Volta River projects and the urgent need for government financial assistance were again described. This meeting was followed up by a letter from Kaiser stressing the need for an early policy decision by the U.S. government as to its support of these projects and by a letter from Aluminium Limited stating that participants in the Boké consortium felt that they could only keep the project moving ahead through the first quarter of the year.

During this period there were many contacts between consortium representatives and U.S. government officials about this problem.

Finally, in March 1961, at the suggestion of representatives of the State Department, Aluminium Limited, on behalf of the consortium, commenced submission of materials to the Development Loan Fund in application for financial assistance.

During April and May 1961, discussions with representatives of the State Department continued and indications were given that the application for financial assistance was being considered in a favourable light.

However, at a meeting in Washington in June 1961, the Under-Secretary of State for Economic Affairs advised the consortium that U.S. government, while prepared to continue negotiations for the financing, saw no immediate prospect of concluding the necessary arrangements.

Further meetings were then held with various government officials, but finally, in August 1961, at a meeting in Washington the Under-Secretary of State advised the consortium members that after careful deliberation the government

had concluded that the required assistance could definitely not be made available.

Bamidi immediately notified the Republic of Guinea that the participants in the prospective consortium had not been able to arrange the financing they considered necessary for the project. Guinea was informed that, while the consortium was prepared to assume all normal commercial and business risks, private and commercial sources of capital were not prepared to loan the large amounts of capital required because of the political, financial and operating risks involved. It was necessary, therefore, to obtain financial assistance from government sources, and such assistance was not available. In addition, technological considerations cast some doubt on the advisability of building an alumina plant. It was stated, among other things, that it would be desirable that the government of the Republic of Guinea make known to the interested governments (i.e. France, Germany and the United States) the interest which it had in the completion of the Boké project, that the Republic of Guinea bring about conditions which would make possible assistance by international financial institutions, and, in particular, that it join the International Monetary Fund and the International Bank for Reconstruction and Development. At the end of August, work was suspended, and an attempt was made to put the project on a care and maintenance basis.

In October 1961, Mr. Davis handed to President Sékou Touré a memorandum outlining a new approach to the development of the Boké deposits and the essential conditions the participants would accept if the necessary financing could be secured. The government of Guinea treated this as a repudiation of the convention, and, in November 1961, took over by decree, by way of damages, all of the assets of Bamidi in Guinea (i.e. what was in process of construction in the Boké region and the separate operation on the Los Islands) as well as the equipment of independent contractors working on the Boké project. This repre-

sented a loss to Aluminium Limited of about Can. \$24.5 million.

The decree provided a three-month period during which Bamidi was allowed to resume the development under the terms of the existing convention. Because of this, Canadian counsel for Aluminium Limited visited Guinea in February 1962 to find out what new consortium arrangements, if any, for a bauxite mining development in the Boké region the Guinean authorities might be prepared to consider. He was told that the consortium would have to prepare and submit proposals, that the proposals would be carefully studied, but that the Guinean authorities were not prepared to outline the terms on which new arrangements could be entered into with them.

Later in the same month, the members of the consortium learned that, during a recent visit to Guinea, President Sékou Touré had proposed to the President of the Federal Republic of Germany, Dr. Heinrich Lübke, that the German aluminum industry take over the development of Boké, stating that Guinea would welcome an international consortium initiated by German interests. Dr. Wolfgang Simon, of V.A.W., subsequently contacted Aluminium Limited to inform it that V.A.W. would like to participate in a Boké consortium, but that it could not, as a practical matter, assume the leadership of it and asked Aluminium Limited to do so. On a visit to Guinea that he made, as a follow-up, in the spring, Dr. Simon was given to understand that there was no objection on the part of the Guinean authorities to Aluminium Limited's assuming the leadership of a new consortium in which V.A.W. would play a part.

Aluminium Limited then took steps to gather into a new consortium V.A.W., Péchiney, Aluminium Suisse S.A., and Société d'Electro-Chimie, d'Electro-Métallurgie et des Acieries Electriques d'Ugine (Ugine). An understanding was reached with Alcoa, Reynolds, Kaiser and Olin to the effect that room would be made for

them in that consortium in due course. Specific proposals to Guinea were made on behalf of that consortium in December 1962 and in May 1963. These involved a modified overall bauxite development for the extraction and shipment of 1,000,000 metric tons per year for which the necessary installations were estimated to cost U.S. \$45 million (of which an estimated \$12 million represented the value for the new development of the facilities already built for the earlier project). The new development was to be owned 50-50 by Guinea and the consortium through a mixed economy company. There was provision in the project for an expansion at a later stage involving a comparable investment. These proposals, however, contemplated the return to Bamidi by the government of Guinea of the assets taken over from it and the reinvestment of these assets in the new project against a negotiated compensation to the original consortium by the new partners. Thus, a settlement of the problem created by Guinea's take-over of Bamidi's assets would have been effected. From the commencement of the negotiations, consortium representatives were unsuccessful in attempts to discuss these proposals seriously with Guinean officials, even though encouragement to their efforts had been given by Guinean officials.

In September 1963, Dr. Simon was invited by President Sékou Touré to visit Guinea to discuss the position of the consortium. At a meeting, held in response to that invitation in mid-October, the President said he had made no precise commitments towards Harvey Aluminum Company in connection with the latter's recently announced Boké project regarding the extent of the mining perimeter it would be granted and that he would like to have a meeting with representatives of the consortium in Conakry to discuss the consortium's proposed project. He promised to send the consortium the text of the agreement with Harvey and to write to the consortium regarding the liquidation of the Bamidi affair which he wished

to deal with separately. On this occasion, Dr. Simon learned from other Guinean government officials that the infrastructure necessary for the Harvey project - railway and port - would be the responsibility of the government of Guinea.

However, the consortium received no further word from Guinea on these subjects in the ensuing months. In January 1964, on the assumption that continuing silence on the part of Guinea indicated it had eventually committed itself to give rights to all of the Boké deposits to Harvey and that the latter's project would be carried out with the Guinean government taking upon itself the responsibility for the infrastructure, so that the burden of settlement for Bamidi's initial investment in that infrastructure lay completely with the Guinean government, Mr. Davis wrote to President Sékou Touré requesting an audience for the purpose of discussing a settlement of the question of Bamidi's former assets in Guinea. No reply to that request nor to a follow-up letter sent a month later has been received.

In February 1964, on the advice of the Guinean ambassador in Bonn, Minister Ismael Touré combined a trip to Austria with a short visit to Bonn. The Secretary of State Lahr, in agreement with V.A.W., expressed the disappointment of the German federal government at the negative outcome of the Boké negotiations. Mr. Ismael Touré then asked Dr. Simon to have a talk with him about this. He told Dr. Simon that the main reason for the failure of the consortium was that its proposals reflected an interest in solving the problems of the leader of the consortium, Aluminium Limited. He also told Dr. Simon that the arrangements being made with Harvey presented no obstacle to further negotiations of another project with the consortium and that he would welcome early discussion of this. Finally, he said that, on the occasion of his forthcoming visit to Germany, President Sékou Touré would appreciate continuing this conversation.

In March 1964, Dr. Simon then met President Sékou Touré in Bonn during the latter's visit to Germany. President Sékou Touré repeated Mr. Ismael Touré's assurances that there would be room in the Boké region for another bauxite development alongside the Harvey project. President Sékou Touré also told him that the reason the consortium had not made progress in its negotiations was that its proposals had envisaged throughout a settlement of Bamidi's problem. He said that no consortium proposals making it a condition that this problem be settled would be acceptable to the Guinean authorities and that Aluminium Limited should separately deal with Guinea concerning this problem. He consequently urged V.A.W. to take over the leadership of the consortium, adding, however, that there would be no objection to Aluminium Limited's continuing to take a part in the consortium. Concerning the problem of Bamidi's assets, President Sékou Touré accepted Dr. Simon's suggestion that Mr. Davis seek an interview with him to talk the problem over. However, he gave Dr. Simon the distinct impression that as a practical matter Aluminium Limited would have to be prepared not to press its claim against Guinea if it wished to remain acceptable as a consortium member.

In April 1964, Dr. Simon visited Mr. Davis to report this conversation with President Sékou Touré. Mr. Davis accepted Dr. Simon's recommendation to seek an interview with President Sékou Touré in the hope that a conversation with him would pave the way for the participation of Aluminium Limited in the consortium and at the same time assist the consortium in its efforts to submit proposals which Guinean officials would be willing to discuss seriously. For this purpose Mr. Davis wrote in May to the Guinean ambassador in Washington asking him to seek to arrange an interview with President Sékou Touré in Guinea in June 1964. No reply has been received to that letter.

In May 1964, under the leadership of Dr. Simon, representatives of P echiney, Ugine and Aluminium Limited met in Bonn to discuss the next step of submitting proposals for a Bok e project to Guinea. Dr. Simon had previously talked with representatives of Aluminium Suisse and Montecantini Societ a Generale per l'Industria Mineraria e Chimica Anonima who had expressed a general interest, as well as representatives of leading producers in the U.S.

As a follow-up to that meeting, and to the express invitation given to him by President S ekou Tour e in March, Dr. Simon visited Guinea in June 1964 with Mr. George Streepey, a Vice President of Alcoa. They discussed the possibility of a Bok e project alongside that of Harvey with several Guinean officials and President S ekou Tour e. While certain Guinean officials expressed the view that rights to all of the deposits in Bok e had been granted to Harvey, President S ekou Tour e himself assured Dr. Simon and Mr. Streepey that he did not intend to see Harvey being granted rights to all of the Bok e bauxite and that he had always favoured giving Harvey no more than about 100 million tons or enough for about 100 years. He then said that the Harvey documents would not be valid until signed by him and that he had no intention of signing until this question of the extent of bauxite rights to be granted to Harvey had been cleared up with Harvey to his satisfaction. Dr. Simon and Mr. Streepey then, at the request of President S ekou Tour e, drew up and submitted a letter of proposals for a project on the basis of which the consortium wished to negotiate an agreement with Guinea. These proposals envisaged equal ownership by the consortium with the Guinean government of a mixed economy company having an initial mining capacity of 2.5 million tons per year. The infrastructure would be provided by Guinea but the consortium would be willing to assist in obtaining financing necessary for the construction of it.



Later in June 1964, consortium members received reports that Guinea had completed arrangements with Harvey, which arrangements, in contradiction with the intention expressed by President Sékou Touré, involved rights to all the Boké bauxite and that the U.S. Agency for International Development (A.I.D.) had granted Harvey a preliminary investment guaranty of about \$2 million for Harvey's project.

Officials of Alcoa had gained the impression in June that its position and that of the consortium might have been misconstrued by officials of the U.S. government. Accordingly, late in June the President of Alcoa wrote to the U.S. Secretary of State, Dean Rusk, to ensure that he understood that discussions which representatives of the consortium held early in June with officials of the Guinean government had related exclusively to such bauxite deposits as that government was still in a position to make available to a new development by the consortium and to express the hope that Alcoa would have an opportunity to be heard before the State Department took a positive position on the important Guinean bauxite matter.

Then, in July, representatives of Alcoa, Reynolds and Kaiser met with officials of the U.S. State Department and A.I.D. to remind them of the history of investment in a Boké project by a consortium of which they were members and of the unresolved legal questions attending the Guinean take-over of the assets of Bamidi. They made representations against further action by A.I.D. that might appear to condone the take-over of Bamidi's assets. Officials of A.I.D. told them that should the rights recently reported granted to Harvey prove valid and all inclusive of the Boké deposits, the question of the original consortium's investment would be considered in the discussion of any further guaranties sought in connection with a Boké development.

After waiting some time for word from Guinea in response to the proposals he had left in June, Dr. Simon came to feel that, in the light of the various reports of the Harvey deal, Guinea should be asked to make known its position on his consortium's proposals. Consequently, at his request, the German government asked the Guinean ambassador in Bonn to determine the present status of Boké affair and the intentions of the Guinean government in this respect for the future. After a visit to Guinea, the ambassador reported in October <sup>4</sup> President Sékou Touré's view to be that there is room for other mining companies in the Boké district. He added that President Sékou Touré strongly desired that the consortium continue its negotiations with the Guinean government about its proposed project. The ambassador also said that replies to the proposals made by consortium representatives in June would be forthcoming shortly.

ALUMINIUM LIMITED

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# Record Removal Notice



<b>File Title</b> Guinea - Boke Project - General Expropriation - 1965 to 1969 - Correspondence - Lester Nurick		<b>Barcode No.</b>  1850542		
<b>Document Date</b> March 26, 1965	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> To: L. Nurick From: David Sassoon				
<b>Subject / Title</b> Draft expose of American law relating to the Guinean expropriation				
<b>Exception(s)</b> Attorney-Client Privilege				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> 17-May-16</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> 17-May-16
<b>Withdrawn by</b> Ann May	<b>Date</b> 17-May-16			