

Firms feud over wolfram mine

By Faridah Kufabake

About 36 tonnes of Wolfram (tungsten) were intercepted at Mombasa Port last month after a court order restraining the Mombasa Port Authority from shipping a unit investigations regarding alleged theft and smuggling are concluded.

The consignment is allegedly worth about \$200,000 (sh721.4m) and belonged to Brian Beckett, a British national and was reportedly destined to Mombasa. Beckett's associates at Kerlee Investment Ltd, a company incorporated in the UK, but doing business in Uganda, had booked the consignment for shipping on January 21.

However, the court order, issued by Mombasa Chief Magistrate Honourable C.A Ndegwa (dated January 17), barred Kerlee K13R Minerals Ltd and Alex Nambujimana from moving the minerals stationed at the port.

"Pending the hearing and determination of this application interparts, an injunction be and is hereby issued restraining the defendant, its servants, employees, assigns or agents and in particular Kenya Port Authority from releasing for shipment the wolfram minerals (tungsten ores and concentrates) contained in container Nos. SEG 1055727 and DJSU199552," Magistrate Ndegwa ruled. A copy of the ruling was also served to Interpol Kenya.

Ndegwa set February 7 as the date for the hearing of the case in which Beckett and his associates are being sued for illegally exporting minerals from Uganda.

MINERALS SOURCED IN UGANDA

A source who asked not to be named, said the mineral was mined from Krone (L) Ltd's mine in Nyamuliro, Kabale district.

However, it was extracted by another firm called Kerlee Minerals Investments, Rwanda, which has allegedly been mining illegally.

"Why should Kerlee continue operating illegally yet it does not have a mining licence? They were using ours but they illegally forced us out. The matter is still in court, but they are going ahead to mine wolfram yet they were stopped. They are even smuggling the mineral out of the country," Michael Mawanda, Krone Limited's manager, said.

THE BATTLE

The battle between Krone and Kerlee started on December 8, 2016, when Krone, the holder of a mining lease for Nyamuliro Wolfram Mine, entered a management and partnership agreement that purported to hand over Krone's mineral rights to Kerlee.

The parties agreed to work at the mine, with Krone appointing its agents.

However, they later got disagreements and Kerlee forcefully evicted Krone employees and service personnel from the mines.

Mawanda says war broke out after Krone questioned Kerlee's work methods, "especially acting in contravention of the law and siphoning of minerals."

The Inspector of Mines report on routine mine inspection, dated March 9, 2017, raised similar concerns, indicating that Kerlee's agents were "extracting and transporting minerals without following legal procedures required for movement of minerals from one place to another. Siphoning of minerals results in lower volumes reported from mining operations, among others."



Many minerals are siphoned out of the country under unclear export licensing procedure and in the process, no revenue is collected

UGANDA'S MINERAL WEALTH

It should be noted that Uganda is a mineral-rich country that enjoys a wealth of over 50 minerals. Although many are still unexploited, the few which are being mined and where the country would be earning sizable income, are being smuggled, denying the country the much-needed funds to finance development.

This explains why Uganda remains a poor country, whose biggest size of the population is mulling in poverty, while the social infrastructure, such as roads and hospitals, are also in dire state.

The Auditor General's 2016/17 financial year report indicates that Uganda lost revenue of between \$3.39m to \$16.95m (sh4.1b to sh61.5b) in royalties from the undeclared gold imports and exports, depending on the rates applicable: 1% for imported and 5% for locally mined gold.

The Uganda Revenue Authority (URA) has, on several occasions, fallen short of its collection targets, forcing the government to resort to

expensive borrowed money to fund infrastructure projects. Sources indicate that one of the reasons why the country cannot raise adequate funds to finance its development agenda is because of smuggling, which has seen the country lose billions of shillings annually.

The June 2017 Global Witness paper, titled "Uganda: Undermined", also indicates that although Uganda's minerals industry has enjoyed a surge in recent years, with gold exports reaching \$340m (sh12 trillion) in 2016 from \$237,000 (sh866.9m) in 2014, the mineral sector is fuelling corruption, conflict, human rights abuses and environmental damage.

Global Witness is an international non-governmental organisation that works to break the links between natural resource exploitation, conflict, poverty, corruption, and human rights abuses worldwide.

irrelevant to this issue. It is true, we got a court objection at Mombasa Port. I am even going to take to court the people who are tarnishing my name," Nambujimana said.

When asked to name some of his sources of the mineral, Nambujimana said, "I am not sure."

However, records show that K13R Minerals applied for a movement permit of 36 tonnes from Kabale to Kampala Mombasa did not belong to Nambujimana, but that he was being used as a conduit.

Also important to note is that while the shipping documents from Mombasa Port indicate K13R as the shipper of the mineral, the material belongs to Nambujimana.

Mawanda indicates that if the 36 tonnes of wolfram are let to be shipped, Uganda will lose about sh100m in unpaid taxes.

President Yoweri Museveni had in 2015 ordered a ban on the exportation of unprocessed minerals, saying Uganda was losing billions of dollars by failing to add value to minerals.

He, however, later lifted the restriction after miners complained they were losing money in idle mining equipment.

The legal battle between Krone and Kerlee has blown the lid off smuggling and illegal exportation of minerals.

Revenue

Land

Asia offers hope for diesel

Oil investors rattled by the threat of US output can find some cheer from diesel demand in Asia.

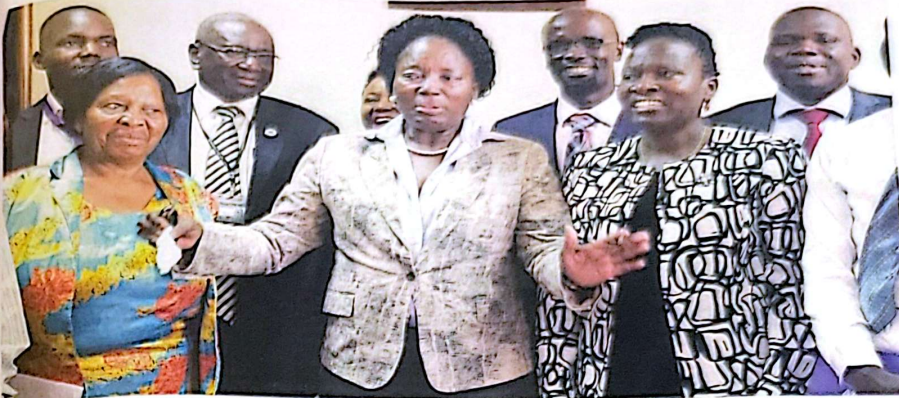
Strong consumption of the fuel – used for everything from trucks to ships and factories – underpinned crude's pull runs last year, a rally that is now being threatened by surging American production. Still, while the risk of a crude glut looms, refineries being shut for spring-season maintenance is set to squeeze diesel supplies in the Asian market at a time when demand is being boosted by healthy economic growth.

That is helping alleviate concerns over an expected flood in Chinese fuel exports, which during the years of the global oil price crash exacerbated the industry's pain by breaking havoc on regional profits from producing diesel. Returns in Asia fell as turning crude into diesel in January surged to the highest level since 2014, with appetite for the heating fuel spurred by China's winter gas shortage, and record freezing temperatures in the US.

"Diesel, which is used in industrial activities, has been seeing robust demand since last year and the fuel will continue to support margins," Ko Gwang-chun, head of investor relations at South Korean refiner S-Oil Corp, said last week. Prices will be supported by the "significant gross recovery we're seeing" the global economy, said.

Over in India, the biggest refiners are expecting the sunray to persist. "Growth is quite robust this year," said Sanjay S the chairman of IIC Corp. "We are seeing 5% growth in dies Mukes Kumar chairman of Hind Petroleum Corp, refiners' profits producing diesel were firm up as diesel demand outpacing, which suggests export volume as high as the expected.

"Not everyone optimistic. We seasonal may end up in the year or back online Ehsan UB-based dir and Refine Resource



Kadaga (centre) talks with Baguna community association from Buliisa after petitioning her to intervene in the land disputes in Buliisa recently. Photo by Marla Wamala

Local community threatens to sue govt over compensation

By Marla Wamala

The Baguna community in Buliisa district that hosts the oil and gas processing facility, has threatened to sue the Government and multinational companies over what they called unfair treatment and a raw deal from the Government.

"We are ready to take legal action both nationally and internationally to get a fair and mutually acceptable deal for the community members on issues of compensation, resettlement and the negative spillover effects," Baguna community association chairperson, Enoch Bigirwa, said.

While petitioning the Speaker of Parliament, Rebecca Kadaga, to intervene in the land disputes in Buliisa, Bigirwa said some companies have showed no regard for the indigenous communities.

"Prospectors had the audacity to access people's land and even houses without prior notice, denying them the right to information prior to development on land," he said.

Bigirwa added: "The Government wants to introduce permanent and compulsory acquisition of land for multinationals at a paltry sh3,500,000 (less than \$800) per acre. This amount cannot adequately resettle a family on equivalent land acreage in Uganda."

"With such meagre compensation rates, the cardinal principle of ensuring better living standards after compulsory acquisition shall not be achieved, but will instead disrupt the clan-based social cultural set-up."

The petition read that oil and gas production is less than 40-years' time bound process, so it is unnecessary to acquire land for its use on a permanent basis. It suggests land leasing and land restoration after the period for the developments be considered.

Buliisa County Member of Parliament

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Stephen Mukitale said processes of oil exploration and now the production phase have been shrouded with secrecy.

"This has led to speculators with prior knowledge of lucrative sites to grab land and later claim hefty fees," Mukitale said, citing a one Francis Kahwa in Buliisa.

Mukitale said: "After chasing pastoralists from Buliisa, Kahwa appeared. Why is it that all the kilometres where the pipeline is passing are his? Why is it that all the 48 oil wells in Buliisa are in his land? Why is it that all the central processing facility (CPF) area is in his land? Who is giving him that information? Is he in security, land ministry or in the energy ministry?" Mukitale queried, adding that the Government has failed to clear the air on the matter.

"Therefore, Kahwa is proxy. He is being used. They thought we are ignorant, thinking that when we fall the pastoralists, and

bringing us a fellow a Mugungu, we shall welcome them. That has flopped. You found us sober. We want Baguna land back," Mukitale said.

Norah Bigirwa, the Buliisa district Woman MP, said all resistance by the indigenous people to giving away their land has resulted in costly formal court proceedings, where they have also been disappointed.

"We have had unfair treatment in our own courts regarding this matter. We are tired. We want to be helped as fellow Ugandans. It is not only us in Buliisa, but all Ugandans are affected.

The poor people lose cases and the rich have continuously won cases because they have money. Why do we all in Buliisa suffer because of only one person – Kahwa? It is a clear indication that he has a strong back-up. If he was a poor person like us in Buliisa, the situation would not be the same."

Bigirwa called on the Bamugemireire land commission to get involved in the Buliisa land issues

SPEAKER'S RESPONSE

Kadaga said: "We do not want the situation in Nigeria, where there is inequity between the host communities and the multinationals. There are a number of kidnaps and killings resulting from this. We do not want that kind of situation."

"She added that the law will be reviewed. "When we were making these laws, I ensured that Bunyoro gets their part, but I do not know how it is distributed. So, we may need to look at the law again and see how we can get an intervention for the host communities."

About the compulsory acquisition, Kadaga said that Parliament also needs to look at it. "The Government should not just come and say that we are giving you sh2m. On the basis of what?"

She added that she is going to ask her office to reformulate and write to the President and the ministries concerned.