

Gold refinery body decries licensing delays

By John Odyek

Africa Gold Refinery (AGR) management has expressed concerns over delays by the Government to issue the company a final investment licence.

"The negotiations are taking long with the technical team of the Government," Alain Goetz, AGR'S chief executive officer, said.

Goetz raised the concerns during the presidential investors round table meeting held at the Prime Minister's office in Kampala last week.

He added that the company wants to diversify into jewellery and coin-making, but this was being hampered by the delay to issue the licences. The said licences would enable the refinery to go into the third phase of production.

Goetz said phase one of the project involved constructing the refinery and facilities such as the laboratory and offices, while phase two saw the construction of the geo-chemical laboratory.

BETWEEN THE LINES:

■ Processed gold fetches \$20 (sh72,000) per ounce, while one tonne fetches \$800,000 (sh2.8b).

"In phase three, we will create a coin and jewellery plant. AGR can create a Ugandan electronic platform to enable gold traders hedge their positions and limit risks on the financial market. We will create a specialised bullion bank to keep gold and other metals on accounts, which will enable customers trade their products without physically possessing them," Goetz said.

Processed gold fetches \$20 (sh72,000) per ounce, while one tonne fetches \$800,000 (sh2.8b), but because of exporting unprocessed gold, the country is losing money.

President Yoweri Museveni in February

commissioned the \$20m (sh72b) gold refinery on Sebugwawo Road, near Entebbe International Airport. The plant employs 75 people and processes gold to 99.99% level of purity.

The President directed that the 5% royalty tax charged on local gold miners be scrapped to encourage them to sell their gold to AGR.

He also directed the removal of the 1% import tax on gold from the region. This is intended to reduce smuggling and enable a smooth flow of gold to the refinery.

Richard Kaijuka, the chairman of AGR, said gold exports in 2016 fetched \$300m (sh1trillion), which was rivalling coffee at \$450m (sh1.6 trillion). He said the country can earn \$1b (sh3.6 trillion) from gold exports annually with the right incentives. In 2016 AGR paid sh1.8b in taxes.

In response to the complaints, Eng. Irene Muloni, the energy minister, said the Government was doing its best to remove delays in issuing licences.