

Ugandan refinery raises fears on conflict minerals

The inauguration of [Uganda's first gold refinery](#) sparked concern on Wednesday over the possibility of dirty minerals from regional conflict zones making their way into the country.

Transparency International's Peter Wandera said the country's failure to regulate the mineral sector meant there were "high chances" the refinery could contribute to conflicts, such as that in eastern Democratic Republic of Congo (DRC) where rebels are propped up by illegal mining.

"Uganda has continuously failed to implement the necessary components ... to reduce the trade in conflict minerals from the DRC," he said.



Source: African Gold Refinery

The Belgian-owned African Gold Refinery (AGR) has been operating in central Entebbe since 2014 but was inaugurated Monday by President Yoweri Museveni. Government has hailed it as "the first high-capacity gold refinery in sub-Saharan Africa".

It currently processes 250kg of gold a week. While gold is Uganda's second export after coffee -- worth \$204m in 2016 -- it produces a lot less of the mineral than leaves the country.

Conflict gold

"Poor monitoring of the gold mining sector makes it nearly impossible to know how much gold the country produces itself, especially because a lot of that gold is smuggled," said Wandera.

"We don't have much gold reserves but it is common knowledge that some of the gold in our market comes from DR Congo and South Sudan," said opposition politician Nandala Mafabi.

The owner of AGR Alain Goetz said he was aware of "the many controversies surrounding the regional gold trade" and was working hard to address them.

"It is our due diligence mechanisms, compliance measures that we don't allow the bad boys into our supply chain," he said.

When asked if the gold would be supplied from DRC and South Sudan, he merely said "there is no embargo on gold or minerals from South Sudan or Congo".

He said investigations had shown that only 0,1% of gold mines in eastern DRC were in the hands of rebels.

Rights abuses

London-based watchdog Global Witness in 2016 reported that hundreds of millions of dollars of gold from eastern DRC, which may have fuelled rights abuses and violence, end up on global markets annually.

It said the DRC had some \$28bn worth of gold under its soil.

"Preyed upon by armed groups, bandits and corrupt elites the revenues generated by eastern Congo's artisanal gold sector have all too often funded corruption or fuelled abuses and violent conflict rather than helping to relieve the region's poverty," read the report.

Mineral-rich eastern DRC has been the scene of conflict for over two decades as dozens of local and foreign armed groups engage in ethnic battles and struggle for control of resources.

For more, visit: <https://www.bizcommunity.com>