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POLITICAL RISK CONSULTANTS

## The B&M Weekly Africa Markets Report on the Crisis in Guinea Week Ending Friday, December 11, 2009

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### Development

French Minister Announces Injured Guinean Junta Leader in Worse Condition

**Countries Affected:** Guinea

**Companies Affected:** AngloGold Ashanti

**Sector:** Mining

### Description

In a Paris press conference Wednesday, Alain Joyandet, France's Secretary of State for Cooperation and Francophonie (who oversees French affairs with Francophone African countries), warned Guinea's injured military junta leader Captain Moussa Dadis Camara is in "a condition that is apparently rather difficult" and that "In terms of his capacity to return to Guinea, I don't think it's reached that stage yet." Camara and his National Council for Democracy and Development (CNDD) took power in a bloodless coup on December 23, 2009 (dubbed the "Christmas Coup") only hours after the announced death of previous long-serving President Lasana Conte. Camara was the victim of an assassination attempt on Friday, December 4, 2009, during which he sustained a gunshot wound to the head. His assailant and disgruntled aide-de-camp Aboubacar "Toumba" Diakite is widely believed to have commanded the "September 28 Massacre," during which security forces fired into a 50,000-strong crowd of pro-democracy protesters in the *Stade du 28 Septembre* in Conakry, killing more than 150 and injuring more than 1200. In fact, it is widely believed Toumba made his move because he believed Camara was wilting under international pressure to scapegoat and bring him to justice. While Joyandet did specify Camara's "life is not in danger," the specific nature and extent of his injuries are still not known.

### Implications for the Dow Jones Africa Titans 50 Index

Mineral-rich Guinea holds more than 25% of global bauxite reserves, and is the world's biggest exporter of the primary raw material used to produce aluminum. Guinea also has vast reserves of diamonds, gold and other metals. Historically, mining firms operating in Guinea have shown a high tolerance for political risks, and they seem to be riding this storm as well. So far, despite a sometimes touchy relationship between the junta and international mining companies over the ownership of facilities and resources, production at major mines across the country has not been affected. Of the mining firms operating in Guinea, only AngloGold Ashanti, the world's third-largest gold miner, is listed in the Dow Jones Africa Titans 50 Index, holding 3.12% of its net assets. Others include Rio Tinto, United Co. Rusal and Compagnies des Bauxites de Guinee (CBG). Gold fell 1.5% Monday in anticipation that a recovering U.S. economy might lead to higher interest rates, a reinvigorated dollar and a reduced demand for gold. As such, AngloGold Ashanti fell 3% Monday, and remained on a slide for the rest of the week. It fell 3.6% Wednesday and 1.2% Friday.

### Scenario Analysis of the Leadership Crisis in Guinea: What if Captain Moussa Dadis Camara Dies?

B&M forecasts two likely sets of scenarios regarding the leadership crisis in Guinea, contingent upon whether or not Camara dies. Under the scenario that Camara dies, we forecast two possible outcomes:

#### Military Takes Over

If Camara dies, the first and most likely outcome is that the military will take over. After two decades of military and de facto single-party rule under Lasana Conte, the political opposition in Guinea is considerably feeble and incapable of challenging the military, which enjoyed somewhat close ties with Conte. Not even Guinea's highly influential labor unions have the resources or the inclination to stand up to the army at this point. The only scenario under which the opposition might be able to challenge the army is by forming a united front backed by international support. However, this is highly unlikely because Guinea's opposition is notoriously fragmented. Notably, the opposition was incapable of uniting in the

run-up to what was obviously Conte's last days. Overall, Camara's demise will leave a power vacuum, which the military is much more likely and better positioned to fill at the moment than any other local or international player. The real question is: Which soldier comes out on top? A little known captain, Camara's rise to the top has rankled many senior officers, many of which he forced to retire after the Christmas Coup. Upon Camara's demise, these senior officers might stake a bolder claim to power. While relatively little is known about the abilities of General Sekouba Konate, Guinea's Minister of Defense, who is serving as interim president in the absence of Captain Camara, it seems clear that, given the relative youth of the junta, he may not have the necessary command and following to successfully repel such a challenge. In other words, while it is possible that General Konate could immediately step into Camara's shoes with little or no resistance from within the military, it is much more likely that, upon Camara's death, the military leadership will undergo a protracted power struggle and considerable infighting, which will, of course, translate into more civilian casualties. Some within Guinea's opposition seem to favor General Konate, who they view as a professional soldier with no political ambitions. However, considering recent West African and Guinean history, it seems foolhardy to rule out the possibility of a general developing an appetite for politics.

### **International Community Intervenes**

The other (less likely) outcome is that, upon Captain Camara's death, the international community intervenes with boots on the ground to save the day, thus preventing or subduing unrest. Given the international community's understandably low willingness to intervene in past West African conflicts, it seems much more likely that the Economic Community of West African States (ECOWAS) may become involved under this scenario. However, even ECOWAS has all but abandoned its earlier zeal for peace enforcement, and has, more recently, taken more of a peacekeeping role. But, given ECOWAS' more pronounced involvement of late and high Western stakes in Guinea (i.e. the powerful Western mining companies operating there), an ECOWAS peace enforcement operation cannot be entirely ruled out, especially if assisted by Western governments and/or the United Nations. Since General Konate was not in Conakry at the time of the Sept. 28 killings, he is widely considered to have not had any involvement in the massacre. As a result, an international intervention might be done to support General Konate's continued rule until 2010 elections.

### **Scenario Analysis of the Leadership Crisis in Guinea: What if Captain Moussa Dadis Camara Survives?**

**If Camara survives, B&M forecasts two possible outcomes, depending on how long it takes for him to recover.**

#### **Swift Recovery:**

If Camara's recovery is swift – a seemingly unlikely possibility in light of recent reports – then he may be tempted to return to a relatively familiar and loyal house. If he does, then he will almost certainly use his near-death experience as a pretext to further consolidate his power and to aggressively pursue his assailants (i.e. anybody that the junta considers to be a threat), and this will certainly have negative consequences for civilians and general stability. Camara could easily justify his witch-hunt to the international community by blaming Toumba (and his "followers") for the September 28 Massacre.

Of course, Camara's paranoia could lead to him surrounding himself with members of his ethnicity and persecuting others, a real possibility considering recent reports that Camara hired South African mercenaries to train a militia consisting members of his own Kpelle ethnicity from the Guinée Forestière region. This could easily compound an already imminent refugee crisis, which will destabilize the entire region, especially the bordering Liberia, Sierra Leone and Cote d'Ivoire, which are themselves only just recovering from civil unrest. Under this scenario, if Captain Camara is allowed to return without significant resistance from within the military, the opposition or the international community, he will become more emboldened and may take the ease with which he is allowed to return as an endorsement to proceed with his rule and participation in upcoming elections in 2010, which are much more likely to occur later in the year. No doubt, Camara will derive inspiration from West African neighbor General Mohamed Ould Abdel Aziz of Mauritania, who took power in a 2008 coup but currently enjoys widespread international support after participating in and winning June 2009 elections that most neutral observers considered free and fair.

#### **Protracted Recovery**

The longer Camara's recovery takes, the more unfamiliar the political territory in Guinea will become to him once he recovers and the more fearful and apprehensive he may become about returning. Considering the high fragility and fluidity of the situation, almost anything can happen during the course of a protracted recovery. For example, General Konate could take the time to consolidate power for himself and subsequently develop presidential aspirations of his own, which could lead to him freezing Camara out. In fact, this is highly likely given the fact that there has simply not been enough time for the junta hierarchy to solidify and for junta leaders to deepen their loyalty and commitment to one another. A protracted recovery could also embolden the aforementioned military outsiders to stage a coup before General Konate consolidates enough power and military support to foil such a coup attempt. A protracted recovery could also present ECOWAS and other international actors the golden opportunity to intervene before General Konate becomes too powerful. Of course,

this all begs the question: How long is a “protracted recovery.” Given the volatility of the situation, a month out might be too late for Captain Camara to stage a comeback.

#### **Trends to Watch Next Week**

Since stepping into Camara’s shoes, General Konate has sought to strengthen his grip on Guinea’s military by aggressively purging the army of soldiers allegedly sympathetic to Toumba and his followers. Will General Konate continue his power play? Will Camara make a statement?

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