

D.

*Union
miniere*

INCOMING CODE CABLE

TO: BUNCHE AND GARDINER
FROM: AHMED AND BACK, LEOPOLDVILLE
DATE: 25 Nov 62 (Sent 251246z; Rcvd 251326z)
NUMBER: G-1694

Following from Mathu (ELLES 1587):

"Union Miniere requested authorization to renew for year 1963 authorization to import explosives for exploitation of minerals from their Kipushi, Kamito and Kambove mines. They use gelnite at 74 percent, made of nitro-glycerine 34 percent, nitro-cotton 1 percent, nitrate of ammoniac 62 percent and sandust 3 percent made by African Explosives and Chemical Industries Ltd, Johannesburg. They state that it is impossible for them to give us the exact quantities of their monthly consumption and request we grant a package deal authorization for the whole year. Tending their letter by Pouch. Please advise".

FROM: BELGO-AMERICAN DEVELOPMENT CORPORATION
511 Fifth Avenue
New York 17, New York

Further Information: Robert Bowen or Herbert Farber
MU 2-4680

FOR IMMEDIATE RELEASE

UNION MINIERE HAILS EXPECTED RESUMPTION OF COPPER
SHIPMENTS VIA CONGO'S NATIONAL ROUTE

New York, N.Y., Oct. 17 -- Expected resumption of copper shipments over the recently completed Lubilash Bridge connecting Katanga with the rest of the Congo was hailed today with "deep satisfaction" by Union Minière du Haut-Katanga.

The Company has given instructions for a first shipment of copper to be dispatched as soon as possible.

Completion of the bridge was announced on October 9.

In a statement made public here by Belgo-American Development Corporation, Union Minière said that a resumption of traffic over the National Route between Elisabethville in Katanga and the port of Matadi in Léopoldville Province "is a concrete example of fruitful collaboration between those who seek peace and reconciliation in the Congo."

The opening of the Lubilash Bridge to traffic will again allow the transit of Katangese exports via the National Route.

The National Route is a 1200-mile river-and-rail network, which begins at Matadi, arcs through Léopoldville and Kasai provinces, and ends in Elisabethville in Katanga. The present capacity of the railroad is greatly reduced because of unavailability of spare parts for rolling stock and deterioration of equipment.

(more)

The statement of Union Minière du Haut-Katanga follows:

"Union Minière du Haut-Katanga views with deep satisfaction the expected resumption of traffic between Katanga and the port of Matadi.

"This is a concrete example of fruitful collaboration between those who seek peace and reconciliation in the Congo.-

"The Company again pledges its full cooperation to the reestablishment of the National Route.

"Union Minière has given the necessary instructions for a first shipment of copper to be dispatched as soon as possible."

RJB Sq.

FZUU A030 PD NEW ORLEANS LA 6 492P CST

U THANT UN

AM PREPARED TO TURN REVENUE FROM UNION MINIERE DU HAUT KATANGA

AT 6 RUE MONTAGNE DU PARC BRUSSELS BELGIUM

REVENUE INTO THE CENTRAL FEDERATION AT YOUR REQUEST YOU CAN

CONTACT ME AT 2259 DAROINE STREET NEW ORLEANS 13

LOUISIANA RESPECTFULLY YOURS

VILLIAM HODGES

1046P

UNITED NATIONS
BRUNN-8 FEB-46
TELEGRAPH UNIT

UNITED NATIONS

Press Services
Office of Public Information
United Nations, N.Y.

(For use of information media -- not an official record)

Note No. 2449
19 December 1961

NOTE TO CORRESPONDENTS

The following is the text of a letter, dated 14 December 1961, from Prime Minister Cyrille Adoula of the Central Government of the Republic of the Congo (Leopoldville) to the President of Union Miniere, a copy of which was made available to Acting Secretary-General U Thant:

(Unofficial translation from the French)

The Central Government has received information to the effect that your Company has settled and continues to settle taxes and dues owed by it in respect of its activities in the province of Katanga through direct payments to the Provincial Government of Katanga. We draw your attention to the completely illegal character of this procedure, which enables a Provincial Government to appropriate revenue wholly and exclusively due to the Central Government of the Republic of the Congo.

While serving notice upon you to settle with the Central Government all the taxes and dues in question as from 1 January 1961, I wish to specify that the Central Government will not hesitate to take the necessary steps to secure settlement of arrears of taxes and dues which were not remitted to it during the period from 1 July 1960 to 31 December 1961.

While awaiting your reply I have the honor, etc.

* *** *

TELEPHONE YU 8-8800

Harvey
Congo/Fin
PERMANENT MISSION OF
IRELAND TO THE UNITED NATIONS
333 EAST 46TH STREET
NEW YORK 17, N. Y.

September 26, 1962.

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M/13/6

Mr. Brian Urquhart
United Nations Headquarters
New York.

original in
Ireland (Congo)
file

Dear Mr. Urquhart,

Further to our telephone conversation, I attach a copy of a confidential note prepared by my Department on the dividends, royalties and taxes payable by the Union Minière. You may remember having given me some information on this subject last July and you will find it reproduced in paragraph 6 of the attached document.

Our Department has asked us to verify the accuracy of the information in this note (by means of discreet enquiries), and in particular to endeavour to ascertain whether the Union Minière has yet made any dividend payments and, if so, to whom the dividends due on the shares owned by the Republic of the Congo were paid.

I should be most grateful for any assistance you can supply to us in this matter and for any other information you may be in a position to give regarding the financial positions of the Central Government, the Katanga Government and the Union Minière.

Yours sincerely,

T.F. O'SULLIVAN
Counsellor.

TOS/CF.

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Dividends, Royalties and Taxes payable
by the Union Minière du Haut Katanga.

1. The annual general meeting of the shareholders of U.M.H.K. was held in Brussels on 24th May under the chairmanship of Mr. Paul Gillett, Chairman of the Board of Directors. On 30th May, the London Times featured the main points of the Chairman's statement and of the Directors' report and gave the balance sheet of the company as at 31st December, 1961, together with the profit and loss account for 1961 and breakdown of taxes and duties entered in 1961 accounts.
2. The meeting fixed the net dividend for 1961 at 600 Katangese frs. per share (\$16 i.e. 50 K. frs. to the \$1), it being understood that payment of this dividend remains subject to the company being able to obtain from the responsible monetary authorities the necessary amount in Belgian frs. The date of payment was to be fixed later by the Board of Directors but it is not known to us whether the dividend payments have been made as yet. The declared dividend was 12.42% of the capital.
3. The capital of the company is 8 milliard frs. or 160 million dollars divided into 1,242,000 shares. Of these, according to the Central Government's White Paper on Katanga, 210,450 shares or 16.74% of the total belong to the Republic of the Congo. This represents 1,356 million frs. of the capital or 27 million dollars. The dividends due on the State's shares for 1961 therefore amounted to 168,360,000 frs. or \$3,367,200.
4. According to the company's annual report for 1961 the net dividend, the statutory royalty and the various duties and taxes, amounted to 2,988 million frs. or nearly 60 million dollars. Of these the public authorities will receive 2,096 million frs. or 42 million dollars i.e. 70% and the private shareholders 891 million frs. or 17.8 million dollars i.e. 30%.

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If the tax on dividends paid by individual shareholders is included the true percentage of the company's activities received by the public authorities reaches nearly 75%. Deducting the total dividend i.e. 994 million frs. or 19.9 million dollars from the above payments, it transpires that the total amounts payable in royalties and taxes by the company for 1961 amounted to 1,994 million frs. or 39.9 million dollars. Under the national reconciliation plan, pending the drafting of new legislation on Katanga revenues, all revenues, duties and royalties generated in the Katanga area would be divided between the Central Government and the Katanga authorities on a 50/50 basis. Therefore, under this arrangement, the Central Government would receive in royalties and taxes from the Union Miniere for 1961 997 million frs. or 19.9 million dollars. This amount is, of course, exclusive of the dividend of \$3,367,200 mentioned above.

5. These figures are borne out by the information furnished by the Permanent Representative in his report of 8th August 1962, copy attached.

6. The figures are also close to confidential figures supplied by the United Nations to our Mission last April i.e.

Total Katanga revenue for 1961 65.2 million dollars

Total either paid or due by Union Miniere 37.7 million dollars

The latter figure was made up as follows:

Export Duties:	\$24 million
Import Duties:	\$999,068
Miscellaneous Dues and Taxes:	\$462,566
Supplementary Tax on Profits:	\$ 6.6 million
Corporate Tax & Surtax on Dividends :	\$ 5.7 million

The last two items had not been paid when the U.N. furnished the above figures in April. The remaining revenue amounting to \$27 million is probably payable by some of the other mining companies operating in Katanga.

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7. The Permanent Representative also reported that Katanga derives roughly 175 million dollars in foreign exchange each year from the sale of mineral exports. Recently Mr. Tshombe has insisted that in future his regime is to be paid 65% of the foreign exchange from these exports before the minerals leave Katanga, rather than 4 or 5 months later as up to the present.

8th Sept. 1962

SCR.

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