

Sinosure guarantees for Gabonese metal

Deal information

Borrower: Comilog
Amount: US\$157mn
Mandated lead arrangers: BNP Paribas, Industrial and Commercial Bank of China (ICBC)
ECA: Sinosure
Law firms: Norton Rose, Clifford Chance
Tenor: 11.5 years door-to-door
Date signed: September 10, 2010

Demonstrating the growing importance of the trade flows between China and Africa, mandated lead arrangers BNP Paribas and Industrial and Commercial Bank of China (ICBC) signed a US\$157mn loan for the construction of a metallurgical plant in Gabon in September 2010.

The loan is in favour of Gabon's Compagnie Minière de l'Ogooué (Comilog). The first disbursement is scheduled for April 2011, and repayment will be allocated in 16 equal and consecutive semi-annual instalments. The new plant at Moanda in Gabon will be designed to produce 20,000 tonnes per year (TPY) of electrolytic manganese metal and 65,000 TPY of silico-manganese.

The deal is insured by Sinosure and is the Chinese ECA's first buyer's credit in Gabon. It is also the first buyer's credit in the field of natural resources in Africa for Sinosure since its establishment. The ECA's buyer's credit benefits from an original dual corporate and sovereign payment guarantee from the French group Eramet (Comilog's main shareholder) for up to 75% and the Gabonese Republic, for up to 25%, respectively.

The combination of both sovereign and corporate risk presented the deal with yet another milestone, as it was the first

time for Sinosure to involve itself in a transaction with this mix of guarantees from shareholders. The deal also marked BNP Paribas's and ICBC's first cooperation on a club deal in Africa. "Since it was a hybrid transaction with a strong corporate flavour, the two banks had to work very closely together

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Antoine Gustin, BNP Paribas

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"With the prevailing guidelines to arrange a Sinosure buyer credit, a smooth cooperation with a Chinese bank is a key element, and ICBC – the largest domestic bank in China – is an excellent partner," explains Gustin.

The project benefited from a strong support from the Gabonese authorities. For the Republic of Gabon – which holds a 25% stake in Comilog – this project illustrates the country's willingness to further develop its mining industry by maximising the added value of its mineral resources.

The project forms part of Eramet's ambition to increase ore and sinter production at Comilog from 3.5 million tonnes to 4 million tonnes by 2012.

