

## **Hizbawi Mekete Oslo's Seminar with Professor Gideon Abay Asmerom and Professor Embaye Asmerom.**

Under the following slogan, Hizbawi Mekete Oslo conducted successful seminar with **Professor Gideon Abay Asmerom** and **Professor Embaye Asmerom**.

- Joint parry(mekete) for liberty and development of Eritrea
- Parry(mekete) for national safety and communal development
- Let our martyrs consolation practically
- Better lend hand than becoming an idle observer

### **Part Two**

**Professor Embaye Asmerom** was resident of Sweden. This time, he is permanent resident in Eritrea. His background is mining and now he works for Mining Corporation of the Eritrean government.

Mining sector has special character. There are different conditions associated with it. Preliminary study, construction work, mining and transport are the main parts of mining. There is great concern about environment. To emphasize the complexity of mining **Professor Embaye Asmerom** asks how to define the shortest path between two points. The usual answer is a straight line that connects the two points. On the other hand as the Japanese says it is the shortest path when you go together to reach your destiny.

Mining sector in Eritrea started in 1930s and at that time it is believed that around **Adi Nefas** and **Awegaro** used to produce gold qualitatively comparable with **South Africa**. With the arrival of **British** administration and **Ethiopian** occupation, like all other sectors, the mining industry as well perished.

During the revolution, EPLF established a small department that deals with mining. This department was confined in making studies. After independence, in 1995, there was preliminary study and resulted in outcome of relevant proclamations. The first proclamation was proclamation Nr. 68 that deals with the vision of the Eritrean government about mining. The second proclamation was proclamation Nr. 69 that deals with financial cases of mining. There is also a rule that is known rule Nr. 19.

All minerals found in ground, sea and under sea in Eritrea belong to the Eritrean people.

At the beginning, because of scarcity in finance and lack of trained man power, the activities of mining are left to foreign companies. In future, the plan is; all activities of mining to be under Eritreans control.

When the Bisha sector of mining reached at its extraction level, national project of mining proclamation was released in Eritrea. Around at the end of 2007, NEVESUM a company from Canada signed a contract with the Eritrean government to extract mining in Bisha. According to the agreement Eritrea owns about 10%. In addition to that Eritrea can buy about 30% of the share. Based on this agreement Eritrea managed to buy \$25,000,000 value of the share.

The mining sector in Eritrea shows significant development and the interest of foreign companies to participate in mining in Eritrea is growing. Eritrea makes joint venture with

some of the foreign companies. Example is in Awegaro, Eritrea has a joint venture with CJM Company. Eritrea owns 45% and CJM owns 55%. In this joint venture Eritrea participate in all sector of the mining. The agreement stipulated in this joint venture is of special character and is of great advantage to Eritrea. Eritrea and CJM rotates the chair board of the joint venture every three years.

The license awarded in this agreement is for 3 years and renewable on conditions. The license includes time for study and another time for extraction. Eritrea is privileged under this agreement. If the study fails CJM cancels 45% of the debt to Eritrea. But if the study succeeded and the mining becomes ready for extraction Eritrea owns above 50% of the share. The project in Awegaro is believed to be successful.

This time about 6 companies are working actively in mining in Eritrea. And another 5 to 6 are waiting for go ahead sign from the Eritrean government.

It is believed that prospect under sea extraction is high, but asks huge amount of financial investment. In Eritrea, the study made to this date shows that there are about 3 distinguished places with VMS (volcanic massive sulphide)

Though mining brings wealth and is helpful in national development of the economy of a country, but it doesn't mean that it is without pitfalls. The most devastation that follows with mining is environment and people that lives at the vicinity of the mining area. After time elapses, mining drains and its activities ceases. People around the vicinity who enjoyed employment and some incomes due to public services diminish and again poverty prevails. Above all people remains with chronic diseases because of spoiled environment. Eritrea, learning from past mistakes takes great precautions before mining starts. Accordingly, the **Bisha** project is asked to present its mechanisms in protecting the environment and it did by forwarding proposals about 200 pages document.

### **Mining is it a blessing or curse?**

Mining becomes blessing when countries like **Australia, Canada, Finland, Sweden** and others uses it to the benefit of the well being of their people and prosperity of their country. On the other hand, mining becomes curse when countries like Congo with corrupted governments that use mining as political adventures. Example is; a country like Rwanda that has no mineral that is called Colt (this is a mineral used for production of mobile telephones) benefits by creating and collaboration with rebels inside Congo. It is said that Rwanda sells around \$20,000,000 from mineral Colt. Congo with all its minerals still it is a country that suffers with lack of peace and progress.

In Eritrea, having a government clean of corruption professes to have minerals to be a blessing than curses.

28 gram of Gold prices around \$700. The price of Gold goes up and down. Because of this it creates a problem for a government to lay plans in its fiscal budget's.

OPEC countries can regulate prices of oil by agreement in amount of production level. Unlike OPEC, gold mining countries do not have regulatory mechanisms. It is the giant banks that agree to regulate the amount of gold by deciding the amount of tons of production. They do

the regulation to keep the currencies of their respective countries not to be under valued. To import commodities from foreign land gold is used as a secured means of exchange.

The problem that arises with prospects of mining for export is when a country over values its currencies. The commodities that produced inland will have difficulties to sell outside because of the high value of the currency. An example is; when Poland in the 1960 found huge amount of gas reserves the country begun to get foreign exchange and with that the salary of the workers started to increase and this produced a high value commodity inside the country. This situation created crises for commodities of Poland for export. The reason is pricewise it didn't become competitive. For this reason it is wise to take in consideration all side defects that come with mining.

The study made in Bisha is concluded. To start extraction of mining work is started. Since NEVESUM is small company it lacks the capacity to extract it by itself. The project for extraction is given to a company from South Africa. Already sites for housing project for workers are started. In the beginning about 400 to 500 workers is going to accommodate. Though Eritrea lacks the capacity for extraction of the mining, the rest like construction of the residence houses for workers, airport and other construction work is given to an Eritrean company known by the name **Segen**. In every aspect of mining in Eritrea, first it is asked if it can be managed by Eritreans. In conditions where the capacity do not exist foreign companies covers it.

**Professor Embaye Asmerom** tries to explain the amount of Bisha project for Gold, Silver, Bronze, Zinc and others as follows. He says imagine a Hamburger, that is covered by bread and when you open the bread you find meat then cheese and finally salad. In Bisha project the amount of the minerals described above is like the example of Hamburger. When the extraction begins Eritrea is going to benefit good amount of foreign exchange. This is good news as it relieves the constraints the country is facing nowadays. The process that Eritrea is under going with the experience in Bisha is going to be a good lesson for future work with other companies.

Another company that is active in Eritrea is called SUN RIDGE. This company covers the Embaderho surroundings. Unlike Bisha, this project of SUN RIDGE is in the most populated area. Thus the consequences of the mining are more serious than Bisha project. Because of this situation the Eritrean governments require strong demand to protection of environment.

Mining sectors uses a dam to accumulate the waste product of their extraction. All over the world there are about 3500 dams that are used for waste product accumulation of mining. The probability of the demolition of such kind of dams once in a year because of catastrophic situation is one dam from all of the dams in this world. An example of such disastrous event was in Chile. Due to earth quake happened in Chile a dam that was full of waste product of minerals extracted collapsed and the mud of the waste product washed away the entire village on its way down the hill. It is said about 300 people died because of this disastrous episode.

Managing extraction of minerals could not be done with out using energy. The Bisha project has installed its own electrical generators. The SUN RIDGE company expects to make use electricity by installing one extra generator in Hirgigo.

Transportation of the extracted minerals has to be done by trucks. It is expected that about 20 giant trucks are going to roll between the ports of Eritrea and the Bisha project. The problem

here is the trucks are going to be used to transport extracted minerals from Bisha to the ports, but when they come back they are going to be empty. The same situation is going to face SUN RIDGE. Unlike Bisha project SUN RIDGE has an outstanding idea. And that is to expand the rail ways of Eritrea to the extraction projects and use trains for transport. These trains can be used for normal services as well. It means that the trains are all the time in use when they go forth and back from the ports.

The minerals that are expected to be exploited in the near future primarily are gold, silver, bronze, zinc and others. On the second level, salt, cement, wire of glasses are going to be extracted. On the third level, there are like graphite, Marble and flint (AssHit). The minerals levelled at the third level are abundant and their price is cheap. It is worth full to have local companies that make use of these products. Since to extract gold and other precious minerals has to be done first by removing the other cheap materials, there is huge amount of product that has to be wasted.

In Eritrea, there are traditional extractors of gold. These people use mercury as a means to extract gold. This kind of traditional work is not safe. Particularly use of mercury with out modern protection system is dangerous for health.

Conclusion, extraction of minerals has to be integrated with national development on sustained base. In Eritrea, the cash, human resources and port facilities is on place. The process is on way and the results are not far. The wisdom here is; by building infrastructure like education system for the young generation, modern agricultural systems, heavy industries and light industries, roads, equipping health sector with modern equipments and human resources, etc... for sure mining in Eritrea is going to be a blessing.

God bless Eritrea

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