

Avima Fer Congo SA and Affiliates Issue Request for International Arbitration Against the Republic of the Congo

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On 4 June 2021, the mining company Avima Fer Congo SA and its affiliates ("Avima") have commenced proceedings before the International Court of Arbitration of the International Chamber of Commerce ("ICC") against the Republic of the Congo ("Congo").

Avima is claiming US\$27 billion in damages for its losses which resulted in the expropriation of the Avima mining licence or alternatively the return of its mining licence so Avima carry out the production program as planned.

Avima has strongly objected to the actions taken by the Congolese Government and considers that it has been wrongly expropriated of the Avima iron ore deposit in Congo. Avima was scheduled to start production and ship high-grade iron ore to customers in January 2021. Avima started the project 14 years ago and developed it from an obscure grass roots area into a world class iron ore deposit. Avima was scheduled to mine and transport 5 mtpa of the deposit until the new railway and the port expansion in Kribi were completed, which would have then increased its exports to over 50 mtpa.

Socrates Vasiliades, on behalf of Avima, commented:

"The Republic of the Congo Government and various individuals such as the Minister of Mines, Pierre Oba, think they are immune and will suffer no consequences for stealing the property of others. We are well prepared and intend to change the attitude of the Congolese Government and affiliated individuals. There are quite a number of examples of international companies and investors that have been lured into the country with the promise of Government support and a stable legal framework only to discover they have been deceived which has resulted in billions of dollars of losses. We have invested heavily into the Avima project and in the Republic of the Congo. We have invested hundreds of millions of US dollars over an extended period under the encouragement of the Congolese Government and its leadership. The steps taken by the Congolese Government are not just illegal, but they are damaging the country and its people. The Republic of the Congo actions disregards the rights of the investors and the economic and social development of a country in which millions of people live in extreme poverty. The country needs employment and Avima would have employed thousands of people even in the first phase of the operations.

We are taking all necessary action and pre-emptive measures to protect our investment against these unlawful attempts to expropriate our assets, to safeguard the future of the project and the thousands of jobs that depend on it.

It is doubtful the country can continue to operate in this manner and requires the intervention of an alliance of affected companies and countries. International investors and companies should be fully aware their investment is not safe in the Republic of the Congo under the current regime."

Avima is represented in the arbitration by Clifford Chance, a global leader in international arbitration (Simon Greenberg, Alexis Foucard, Marie-Isabelle Delleur, and Alix de Zitter, all Paris-based), and it has nominated as arbitrator Laurent Jaeger of King & Spalding International LLP. "It is hard to imagine a clearer case of expropriation. Our client invested hundreds of millions of dollars and more than ten years of work into the project. The mine was almost ready to start selling ultra-high-grade iron ore to the world market", says lead counsel Simon Greenberg.

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