

Country profile: Liberia

Main economic sectors and multinational companies

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Author: SOMO

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Stichting Onderzoek Multinationale Ondernemingen (SOMO)
Centre for Research on Multinational Corporations

Sarphatistraat 30
1018 GL Amsterdam
The Netherlands
T: + 31 (20) 6391291
F: + 31 (20) 6391321
info@somo.nl
www.somo.nl

SOMO is an independent, non-for profit research and network organisation that promotes sustainable and fair global economic development and the elimination of the structural causes of poverty, environmental problems, exploitation and inequality.

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1. Introduction

This country profile forms part of of SOMO's programme on Multinational Corporations in Conflict-Affected Areas. This four-year programme, funded by the Dutch Ministry of Foreign Affairs, aims to empower local NGOs and communities to analyse the impact of the private sector in conflict-affected areas, and to ensure that companies are held to account for corporate misconduct. The programme aims to pave the way for multinational enterprises and their suppliers to make a positive contribution to post-conflict reconstruction. The programme focuses on five conflict-affected countries: Colombia, Democratic Republic of Congo (DRC), Liberia, Sierra Leone and South Sudan.

This profile provides an overview of the following: conflict in Liberia; the country's key economic characteristics; the main economic sectors, their significance for the national economy and their associated risks. It also includes an overview of the major multinational companies active in Liberia in the four selected sectors, namely agriculture, forestry, manufacturing and the extractives industry.

General information about the conflict and the economic sectors was obtained from publicly available sources, articles and reports. Company information was obtained from corporate database Orbis, as well as from annual reports and from the companies' websites. For any additional information, or to query omissions, please contact us at info@somo.nl.

2. Liberia: a brief introduction¹

2.1. Key facts

Liberia is a West African country founded in 1847 by freed African-American slaves. It has a population of almost four million people from various ethnic groups, around half of which live in the capital, Monrovia. English is the official language along with some 20 ethnic group languages.² The 15-year conflict that killed over 300,000 people ended in 2003, and following democratic elections in 2005, Ellen Johnson Sirleaf was elected as president (and re-elected in 2011). The UN peacekeeping mission, UNMIL, established at the end of the war, is currently being phased out.³ The majority of the population lives below the poverty line, and the country ranks close to the bottom on the Human Development Index.⁴ Over 70% of the population is under 30 years of age, and life expectancy is 61 years.⁵ In urban areas, 5.1% of households can access electricity, but this falls to just 0.8% in rural areas. As a result of the conflict much of Liberia's infrastructure was destroyed, and although efforts have been made to rehabilitate it, infrastructure remains limited. 45% of the population can access an all-season road within 5km of where they live, but 27% cannot access such a road within 30km.⁶ Formal unemployment figures are low, but 78% of the labour force holds only vulnerable employment, including the large urbanised youth population.

Figure 1: Map of Liberia



¹ This section was updated in June 2015 based on the SOMO report *Liberia back in business? Conflict and human rights issues in a post conflict environment*, <http://www.somo.nl/publications-en/Publication_4212/> (11 August 2015).

² Central Intelligence Agency, 2015. The World Factbook, Liberia, <<https://www.cia.gov/library/publications/the-world-factbook/geos/li.html>> (11 August 2015).

³ See <http://www.securitycouncilreport.org/atf/cf/%7B65BF9F9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/S_res_2215.pdf> (11 August 2015).

⁴ African Development Bank, 2013. Liberia Country Strategy Paper, <<http://www.afdb.org/countries/west-africa/liberia/liberia-selected-projects/>> (11 August 2015).

⁵ World Bank database, <<http://data.worldbank.org/country/liberia>> (11 August 2015).

⁶ World Bank, 2012. Liberia Poverty Note: Tracking the Dimensions of Poverty.

Liberia is a low-income country that relies heavily on foreign assistance and natural resource exploitation.⁷ The country receives some of the highest Official Development Assistance per capita in the world. Economic growth before the war was primarily natural-resource driven, with little actual development, low levels of employment and high levels of poverty – all of which continues to be a challenge today.⁸ Important export products are iron ore, rubber and timber, while the export of oil and palm oil are expected to take off in the future. Agriculture is an important sector, which includes rubber, palm oil and timber. Mining is a vital sector due to the vast potential of Liberia's mineral wealth for future extraction – mainly iron ore and gold mining. Diamond mining is mainly alluvial, and involves ex-fighters from the Liberian civil war. Ex-fighters also continue to be involved in gold mining, which is an industry now attracting international mining companies.

Liberia has experienced high rates of growth since the end of the conflict in 2003, around 8-9% in 2012 and 2013 – mainly driven by exports of iron ore, timber and rubber. In 2014 this declined to 2.5%, in part due to the Ebola outbreak.⁹ Oil has been discovered off the coast and its quantity and availability are currently being assessed.¹⁰ Potential production is not likely to commence until the end of the decade. Liberia's private sector largely consists of multinational corporations operating iron ore mining, timber, rubber and palm oil concessions. In addition, there is a formal sector in Monrovia largely servicing the government and donor community, an informal sector of micro and small enterprises, and the rural subsistence agriculture sector that employs the majority of the population.¹¹

Ebola outbreak

In 2014 Ebola caused an estimated 4,000 deaths and affected over 9,000 people in Liberia alone. The outbreak of the virus resulted in a deterioration of the already struggling Liberian economy, with major impacts on economic and infrastructural development and investor withdrawal resulting in a reduction of revenue and a budget shortfall.¹² Ebola has stifled the country's growth rates, reversed socioeconomic gains, aggravated poverty and food insecurity and destroyed livelihoods.¹³ Expected foregone GDP in 2015 as a result of Ebola and other global economic conditions is US\$ 180 million.¹⁴

2.2. Short history of the conflict

Liberia was founded in 1847 by former African-American slaves who made up about 5% of the population and introduced a political system that excluded indigenous people. Rising food prices as well as political repression led to rioting in 1979, and a year later Samuel Doe seized power in a *coup d'état*. In the late 1980s the authoritarian rule of Doe, coupled with an economic collapse, led to various protests, and in 1989 the militia group National Patriotic Front of Liberia (NPFL) invaded the country. Headed by Charles Taylor and Prince Johnson, the NPFL soon controlled the majority

⁷ World Bank database, <<http://databank.worldbank.org/data/views/reports/tableview.aspx>> (11 August 2015).

⁸ World Bank, 2012. Liberia Poverty Note: Tracking the Dimensions of Poverty.

⁹ Central Intelligence Agency, 2015. The World Factbook, Liberia, <<https://www.cia.gov/library/publications/the-world-factbook/geos/li.html>> (11 August 2015).

¹⁰ BBC, 2012. New oil finds in Liberia and Sierra Leone, <<http://www.bbc.com/news/world-africa-17115042>> (11 August 2015).

¹¹ African Development Bank, 2013. Liberia Country Strategy Paper, <<http://www.afdb.org/countries/west-africa/liberia/liberia-selected-projects/>> (11 August 2015).

¹² World Bank, Liberia Overview <<http://www.worldbank.org/en/country/liberia/overview>>

¹³ UNDP, 2014. Socio-economic impact of the Ebola Virus Disease in Guinea, Liberia and Sierra Leone. Policy Notes Volume 1, Numbers 1-5.

¹⁴ See <<http://www.worldbank.org/en/news/press-release/2015/01/20/ebola-most-african-countries-avoid-major-economic-loss-but-impact-on-guinea-liberia-sierra-leone-remains-crippling>>(11 August 2015).

of the territory. Rivalry between Taylor and Johnson led to split in the NPFL, with Taylor controlling most of the country while Johnson controlled the capital Monrovia. President Doe was executed in 1990. The Abuja peace agreement in 1996 led to a relatively peaceful period and elections that eventually made Charles Taylor president in 1997.¹⁵

Before becoming president, Taylor was involved in cross-border activities and supported the RUF (Revolutionary United Front) rebels in Sierra Leone by trading arms for diamonds. In 2001 the UN imposed an arms embargo on Taylor's regime for its trade with the RUF. Meanwhile, in 2000, the rebel group Liberians United for Reconciliation and Democracy (LURD) attacked the Liberian government to remove Taylor from office.¹⁶ By 2003 LURD, which was by then supported by other anti-Taylor factions, had taken the fight to Monrovia, and in August that year peace negotiations resulted in the Accra peace agreement. Taylor was exiled to Nigeria and the many different rebel forces began a process of demobilisation. A transitional government was formed, and by means of UN Security Council (UNSC) Resolution 1509, the UNMIL peacekeeping mission was established in September 2003. Democratic elections were organised in 2005, resulting in a victory for Africa's first female head of state, Ellen Johnson Sirleaf. A year later a Truth and Reconciliation Commission was initiated. In 2006, Charles Taylor was handed over to the Special Court for Sierra Leone for his role in the Sierra Leone conflict. The UN lifted sanctions on diamond exports in 2007.¹⁷ Ellen Johnson Sirleaf was re-elected in 2011. In 2012 the UNSC called for a reduction of UN troops in Liberia by 2015, which will challenge Liberia's security sector to step up and fill the gap.¹⁸

Multinational corporations have a long history in Liberia and have had a significant influence in shaping the country. Successive regimes used state power to serve the interests of a select few, acquiring land to the detriment of the people and reaching special deals with foreign companies for the exploitation of natural resources without it benefiting the majority of Liberians. Throughout the country's history, most exploitation of natural resources and agricultural land has been done at the hands of foreign-owned companies, who have developed very little processing or other value-adding industries. For example, rubber company Firestone was granted a 99-year lease for a million acres of land on very favourable terms, and despite its long presence is still exporting rubber as a raw material.

Systematic violations of social and economic rights were one of the causes of the Liberian conflict. The war was fuelled by widespread violations of political, social and economic rights by successive regimes, such as systematic inequality, forcible destruction of homes and the loss of livelihoods.¹⁹ According to Liberia's Truth and Reconciliation Commission, "economic actors and economic activities played a crucial role in contributing to, and benefiting from, armed conflict in Liberia".²⁰ Timber and mining companies, for example, benefited from the conflict by obtaining lucrative natural resource concessions and engaging in systematic tax evasion. Logging companies aided the trafficking of weapons to warring factions, violently removed communities from their land, and used security forces closely aligned with militia units that had committed grave human rights abuses. This also exacerbated land-based and inter-ethnic tensions.²¹ In its report, the

¹⁵ BBC, Monitoring Liberia Profile, <<http://www.bbc.co.uk/news/world-africa-13729504>> (11 August 2015).

¹⁶ BBC, Profile: Liberia's Rebels. Report on 10 June 2003, <<http://news.bbc.co.uk/2/hi/africa/2979586.stm>>(11 August 2015).

¹⁷ *Op cit* note 5.

¹⁸ *Op cit* note 1.

¹⁹ Report of the Truth and Reconciliation Commission of Liberia, Volume 1, Findings and Recommendations.

²⁰ Report of the Truth and Reconciliation Commission of Liberia, Volume 3, Appendices. Title III: Economic Crimes and the Conflict, Exploitation and Abuse.

²¹ Government of Liberia, Towards a Reconciled, Peaceful and Prosperous Liberia. A Strategic Roadmap for National Healing and Reconciliation. June 2012-July 2013.

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Commission listed actors involved in economic crimes during the Liberian conflict, which includes Oriental Trading Company and Royal Timber Corporation run by Dutch businessman Guus van Kouwenhoven, and rubber company Firestone. The company, which is still active in Liberia today, was implicated for paying taxes and providing equipment to Charles Taylor during the civil war, in return receiving security for the rubber plantation from the rebels and the chance to continue operations.²²

²² C. Miller & J. Jones, 2014. Firestone and the Warlord. The untold story of Firestone, Charles Taylor and the tragedy of Liberia. Frontline, <https://www.propublica.org/article/firestone-and-the-warlord-intro> (11 August 2015).

3. Main economic sectors

3.1. Key characteristics of the economy

Liberia's main economic sectors are agriculture (76.9% contribution to GDP), industry (5.4% contribution to GDP) and services (17.7% contribution to GDP, but 2002 estimates). The economy is highly dependent on the exploitation of natural resources and agriculture, with agriculture accounting for about two thirds of Liberia's economy and mining about one third.²³ Agriculture consists of rubber, coffee, cocoa, rice, cassava (manioc), palm oil, sugarcane and timber. Industries are made up of rubber processing, palm oil processing, timber and diamonds.²⁴ Dominant export products are iron ore, rubber and timber, while the oil and palm oil sectors offer much potential. The management of these resources has come under scrutiny in past years.²⁵

Liberia's largest export partners are China (24.2%), the United States (15.4%), and Spain (11.1%). Major import partners are South Korea (26.4%), China (24.1%), Singapore (23%), and Japan (15.9%).²⁶ Additionally, through its large maritime registry programme, Liberia earned US\$ 18.4 million dollars in the 2010-2011 fiscal year.²⁷

3.2. Mining

Mining is a vital sector for Liberia, due to the high amount of foreign investment as well as the vast potential for future extraction of Liberia's mineral wealth. Mining is a large part of the economy in Liberia, accounting for about 30% of GDP and amounting to nearly 70% of foreign currency earnings.²⁸ After years of internal conflict, Liberia is in great need of foreign investment in natural resources, but also wary of potential exploitation of the country by foreign investors. The development of gold mining in Liberia is on the rise. In the past, gold mining was mostly small-scale but recent discoveries have opened up the potential for future large commercial enterprises. Diamond mining has also seen resurgence since UN sanctions were lifted, and the diamond mining industry is poised to expand, with larger deposits being evaluated.²⁹

The mining sector in Liberia is dogged by several controversies. Child labour is prevalent in many sectors in Liberia, including in the mining sector,³⁰ as is poor treatment of employees, low wages and unsafe working conditions. At the same time there are complaints about lack of employment creation. Agreements between mining companies and the Liberian government include provisions

²³ Netherlands-Africa Business Council. Liberia Business Mission Fact Sheet 2010-2011, <http://nl.nabc.nl/Portals/0/docs/Country%20information%20pdf/LIBERIA%20Fact%20Sheet.pdf> Miller and Jones, 2014. Firestone and the Warlord. The untold story of Firestone, Charles Taylor and the tragedy of Liberia. Frontline, <https://www.propublica.org/article/firestone-and-the-warlord-intro> (11 August 2015).

²⁴ *Op cit* note 1.

²⁵ African Development Bank, see <http://www.afdb.org/countries/west-africa/liberia/liberia-selected-projects/> (11 August 2015).

²⁶ *Op cit* note 1.

²⁷ Ministry of Finance. Annual Fiscal Outrun 2010-2011. Republic of Liberia, <http://www.mof.gov.lr/doc/Final%20Q4%20Outturn%20FY1112.pdf> (11 August 2015).

²⁸ Netherlands-Africa Business Council. Liberia Business Mission Fact Sheet 2010-2011, <http://nl.nabc.nl/Portals/0/docs/Country%20information%20pdf/LIBERIA%20Fact%20Sheet.pdf> (11 August 2015).

²⁹ National Investment Commission, Liberia: Invest, Grow, Succeed-The Investors Guide to Liberia, 2011, p. 47.

³⁰ United States Department of Labor, Liberia. 2012 Findings On The Worst Kinds Of Child Labor, p. 1, <http://www.dol.gov/ilab/programs/ocft/2012TDA/liberia.pdf> (11 August 2015). See also: International Labour Organization. Liberia-Projects, http://www.ilo.org/ipecc/Regionsandcountries/Africa/Liberia/WCMS_202280/lang-en/index.htm (11 August 2015).

on local job creation but it is reported that in practice fewer jobs are available for Liberians than expected. Other issues are forced displacement of local communities, environmental pollution, destruction of livelihoods, mismanagement of County Social Development Funds, and disappointment about the extent to which companies (fail to) contribute to the development of public services such as infrastructure and education.

3.3. Agriculture

Agriculture is the most important sector when it comes to employment, as roughly three-quarters of Liberia's workforce and GDP are tied to agriculture.³¹ Rice is a staple food and the most commonly grown crop in Liberia, with 86% of farmers growing it. Most of them are small farmers, looking to support their families, and the government of Liberia is making production of rice a major policy aim. The International Fund for Agricultural Development, a United Nations agency, has been working with small farmers in Liberia to provide rice seed that will result in more efficient and effective yields.³² The production of rubber and palm oil are major agricultural sectors in Liberia. 61% of export earnings came from rubber in 2010.³³ Timber is also a considerable part of Liberia's agricultural riches. As of 2011, the Liberian government had allowed logging in 58% of the forested regions of Liberia. With hardwood from the rainforest garnering about US\$ 200 per cubic metre on the international market, the cash potential of the rainforest is worth millions of dollars.³⁴

The agricultural sector has been notorious for human rights violations in the past, and controversies remain. Major human rights abuses were committed by rubber companies before, during and after the war in Liberia, including systematic child labour, arbitrary arrests, poor and slave like working conditions, and forced evictions.³⁵ Current issues in the rubber and palm oil sectors are forced displacement, intimidation and harassment by security services, environmental damage such as water pollution, and loss of livelihoods due to loss of traditional farmlands. Mismanagement in the forestry sector has received much criticism both in Liberia and among the international community, with the abuse of Private Use Permits resulting in a quarter of Liberia's land being contracted out to foreign companies, with little oversight.³⁶

³¹ *Op cit* note 22, p. 6.

³² International Fund for Agricultural Development. Liberia; Smallholder Rice Seed Development Project, <http://www.ifad.org/evaluation/public_html/eksyst/doc/prj/region/pa/liberia/r063lce.htm> (11 August 2015).

³³ Verite. Rubber Production in Liberia: An Exploratory Assessment of Living and Working Conditions, with Special Attention to Forced Labor, p. 6, <http://www.verite.org/sites/default/files/images/Research%20on%20Working%20Conditions%20in%20the%20Liberia%20Rubber%20Sector_9.16.pdf> (11 August 2015).

³⁴ The Telegraph, "Liberia and the vanishing rainforest." 6 June 2013, <<http://www.telegraph.co.uk/news/worldnews/africaandindianocan/liberia/10104422/Liberia-and-the-vanishing-rainforest.html>> (11 August 2015).

³⁵ UNMIL, Report on Human Rights in Liberia's Rubber Plantation: Tapping into the Future, 2006. See also the response by LAC on: <http://socfin.officity.com/Files/media/News/INTERCULTURES_S.A./Unmill_Report_LACs_version.pdf> (11 August 2015).

³⁶ African Development Bank, <<http://www.afdb.org/countries/west-africa/liberia/liberia-selected-projects/>> (11 August 2015).

4. Major corporate players in important sectors

The table below provides a list of the major corporate players in Liberia in the two selected sectors, mining and agriculture.³⁷ Please note that this list is not exhaustive.

Logo	Company name	Sector	Key information (Figures for 2013 unless stated otherwise)
	ArcelorMittal	Mining	<p>Activities: ArcelorMittal (AM) is an integrated steel and mining company. Approximately 38% of its steel is produced in the Americas, 46% in Europe and approximately 16% in other countries such as Kazakhstan, South Africa and Ukraine.</p> <p>AM currently has iron ore mining activities in Algeria, Brazil, Bosnia, Canada, Kazakhstan, Liberia, Mexico, Ukraine and the United States, and has prospective mining developments in Canada and India. Coal mining activities are in Kazakhstan, Russia and the United States, and prospective development in India. In Liberia, AM has an open pit iron ore mine in Yekepa, Nimba County.³⁸</p> <p>Revenue: US\$ 79,440 million (net sales)</p> <p>Profit: US\$ 2,575 million (net income)</p> <p>Employment: As of December 31, 2013, ArcelorMittal had approximately 232,000 employees worldwide.</p>
	Aureus Mining	Mining	<p>Activities: Exploration and development of gold deposits in Liberia, Sierra Leone and Cameroon. In Liberia, the company is exploring and developing the New Liberty Gold Project, and also has a 100% interest in the Weaju, Gondoja, Ndablama and Leopard Rock projects.</p>
	China Union Investment Co Ltd	Mining	<p>Activities: Involved in various industries worldwide, including mining, steel manufacturing, exploration, machine production, medicinal production, agriculture, ports. In Liberia, CUICL operates a mine in Bong County.</p>
	Firestone Natural Rubber	Agriculture	<p>Activities: Firestone is part of the Bridgestone Corporation, which is one</p>

³⁷ Data sources include: Orbis corporate databases and annual reports from the companies' websites.

³⁸ AM Annual report 2013.

	Company		of the largest tyre and rubber companies worldwide. In Liberia, Firestone operates rubber tree farms on a concession area of 118,990 acres with the purpose of producing latex and hardwood. ³⁹ Revenue: US\$ 33,856,068 (net sales) Profit: US\$ 1,919,203 (net income) Employment: Approximately 130,000 employees worldwide. In Liberia, Firestone employs approximately 7,572 people. Approximately 7,550 are Liberian employees. ⁴⁰
	Sime Darby	Agriculture	Activities: The Sime Darby Group has plantations in Malaysia, Indonesia and Liberia. Its activities include palm oil and rubber plantations, property development, heavy equipment, motor vehicle distribution, energy and utilities. ⁴¹ The company is involved in the full spectrum of the palm oil value chain, with downstream operations in Malaysia, Singapore, Indonesia, Thailand, Vietnam, Japan, China, Hong Kong, Germany, United Kingdom, South Africa, The Netherlands, Canada and the United States. ⁴² In Liberia, Sime Darby has oil palm and rubber plantations in Grand Cape Mount, Bomi and Gbarpolu counties. Revenues: 46,812.3 Malaysian RM million Profit: 3,831.6 Malaysian RM million ⁴³ Employment: in Liberia, the company employs approximately 3,024 people. ⁴⁴
	Golden Veroleum	Agriculture	Activities: In Liberia, GV has palm oil plantations in Sinoe, River Cess, Grand Kru and Maryland counties. Employment: In Liberia, GV currently employs approximately 2,471 people. ⁴⁵
	Socfin (LAC)	Agriculture	Activities: Socfin Group operates in diverse sectors, including plantations, agro-engineering, infrastructure, banking, finance, real estate. Active in various countries, including Liberia, Sierra Leone, Democratic Republic of Congo, Ivory Coast, Nigeria and

³⁹ Firestone factsheet, <http://www.firestonenaturalrubber.com/documents/StatSheet.pdf> (11 August 2015).

⁴⁰ Ibid.

⁴¹ Bloomberg, Sime Darby Company Profile, <http://www.bloomberg.com/quote/SIME:MK/profile> (11 August 2015).

⁴² Sime Darby website, http://www.simedarbyplantation.com/Corporate_Information.aspx (11 August 2015).

⁴³ Sime Darby Annual Report 2013, http://www.simedarby.com/Annual_Report.aspx, (14 August 2015)

⁴⁴ Sime Darby Annual Report 2013, http://www.simedarby.com/Annual_Report.aspx, (14 August 2015)

⁴⁵ Golden Veroleum website, <http://www.veroleum.com/gvl-recruiting> (11 August 2015).

		<p>Cameroon, as well as Indonesia and Cambodia.⁴⁶ In Liberia, the company has rubber plantations in the central coastal region, 45km northwest of Buchanan.</p> <p>Revenues: € 527,417,660 (approximately US\$ 705,937,875.62)</p> <p>Profit: € 5,255,067 (approximately US\$ 7,033,885.95)</p> <p>Employment: in Liberia, the company employs approximately 3,000 people.⁴⁷</p>
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⁴⁶ Oakland Institute, Understanding Land Investment Deals in Africa. Socfin Land Investment in Sierra Leone. Land Deal Brief April 2012, p. 3.

⁴⁷ Verité, Rubber Production in Liberia: an exploratory assessment of living and working conditions, with special attention to forced labor, 2012, p. 4.