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Alusuisse in West Africa. A Case Study of Swiss Imperialism: Bauxite  
Mining in Sierra Leone (1960-1992) and Guinea (1970-1978)

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# ALUSUISSE IN WEST AFRICA

A CASE STUDY OF SWISS IMPERIALISM: BAUXITE MINING  
IN SIERRA LEONE (1960-1992) AND GUINEA (1970-1978)



*Figure 1 Pictures of Bauxite Transports in Sierra Leone. Source: Geschäftsbericht Alusuisse 1969, P.8, SWA PA 600 b C 1.*

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## ABSTRACT

Is Switzerland an imperialist country? The historiographical debate surrounding Swiss imperialism has centred on the character of Swiss private economic engagement in the Third World and its interplay with the Swiss federal state. The Swiss firm Alusuisse was one of the most powerful players in the international aluminium market in the 20th century. Alusuisse engaged in bauxite mining in Guinea and Sierra Leone from the 1960s onwards. This thesis examines whether Alusuisse's actions in West Africa between 1960 and 1992 were imperialistic and whether the company collaborated with the Swiss state to achieve its aims. Two Alusuisse bauxite mining subsidiaries are investigated using the framework of investment imperialism: SIEROMCO in Sierra Leone (1960-1991) and SOMIGA in Guinea (1970-1978). A particular focus was laid on the country-company negotiations with the host governments.

Based on the company's historical records contained in the Swiss economic archive, the thesis asserts that Alusuisse's activities in West Africa were a case of investment imperialism. In Sierra Leone, the government granted the Swiss company a monopoly on bauxite mining. For three decades, Alusuisse extracted cheap, high-quality bauxite while obscuring the profitability of its subsidiary SIEROMCO to avoid paying taxes. In Guinea, Alusuisse negotiated favourable contract conditions for bauxite mining but failed to realise their original aims due to turbulence in the global aluminium market in the 1970s. Whenever conflicts between Alusuisse and the governments of Sierra Leone and Guinea arose, the company managed to impose its priorities. This was possible due to Alusuisse's economic power, derived from its control over capital, technical expertise, and the aluminium production process. The Swiss federal state only played a marginal role in Alusuisse's success in West Africa. Therefore, the case of Alusuisse in West Africa supports the characterisation of Swiss imperialism as predominantly driven by private enterprises.

## TABLE OF CONTENTS

<b>ABSTRACT</b>	<b>2</b>
<b>INTRODUCTION</b>	<b>4</b>
1 RESEARCH TOPIC AND MOTIVATION	4
2 THE HISTORIOGRAPHICAL DEBATE ON SWISS IMPERIALISM	6
3 ANALYTICAL FRAMEWORK: INVESTMENT IMPERIALISM	14
4 POTENTIAL CONFLICTS BETWEEN ALUSUISSE AND THE HOST GOVERNMENTS	17
5 BAUXITE MINING IN LIGHT OF THE ALUSUISSE COMPANY ARCHIVE	26
<b>PART I INVESTMENT IMPERIALISM IN SIERRA LEONE (1960-1970)</b>	<b>30</b>
6 WHY DID ALUSUISSE EXPAND TO SIERRA LEONE?	30
7 THE LOPSIDED 1961 CONTRACT WITH THE SIERRA LEONE GOVERNMENT	34
8 INVESTMENT IMPERIALISM IN PRACTICE: CAPITAL FLOWS AND FOREIGN CONTROL	37
<b>PART II SIEROMCO NAVIGATES UNCERTAINTY AND CONFLICTS (1970-1979)</b>	<b>44</b>
9 THE MARKET CHALLENGE: WHO IS TO BUY BAUXITE FROM SIEROMCO?	44
10 THE POLITICAL CHALLENGE: NEGOTIATIONS AND THREATS	48
11 ALUSUISSE'S OFFERED MANY FICTITIOUS CONCESSIONS	52
<b>PART III INTERNATIONAL ACTORS AND CRISIS IN SIERRA LEONE (1980-1992)</b>	<b>58</b>
12 DIVERGING ECONOMIC PROSPECTS BETWEEN SIEROMCO AND SIERRA LEONE	58
13 TRANSFER PRICE MANIPULATION IN THE INTERNATIONAL SPOTLIGHT	64
14 RE-EVALUATION OF THE TAX AND PRICE REGIME UNTIL 1992	71
<b>PART IV A FAILED BAUXITE MINE IN GUINEA (1970-1978)</b>	<b>78</b>
15 CONFLICTING AND CONVERGING INTEREST IN THE TOUGUÉ PROJECT IN GUINEA	78
16 INITIAL CONTRACT AND FOUNDING OF SOMIGA	80
17 SOMGIA – VICTIM OF THE GLOBAL RECESSION	85
<b>CONCLUSION</b>	<b>89</b>
18 SWISS INVESTMENT IMPERIALISM IN WEST AFRICA	89
19 COMPARING THE ALUSUISSE SUBSIDIARIES SOMIGA AND SIEROMCO	91
20 ALUSUISSE – AN EXAMPLE OF SWISS IMPERIALISM	94
<b>BIBLIOGRAPHY</b>	<b>97</b>
NOT PUBLISHED SOURCES	97
PUBLISHED SOURCES	98
LITERATURE	100
LIST OF FIGURES	109
<b>ANNEX</b>	<b>110</b>
AUTO-ANALYSE DES DIMENSIONS ÉTHIQUES DU MÉMOIRE DE MASTER	112

# INTRODUCTION

## 1 Research Topic and Motivation

Swiss voters do not trust corporations headquartered in their country to follow social and environmental norms worldwide.<sup>1</sup> This conclusion can be drawn by the 50.73% votes in favour of a constitutional amendment in November 2020, which wanted to make Swiss multinationals accountable for their actions in other countries.<sup>2</sup> Today, Switzerland is host to some of the biggest multinationals worldwide.<sup>3</sup> Criticism for their activities in developing countries can be traced back to the “Third-World” movements in the 1970s.<sup>4</sup> This was against the backdrop of decolonisation: in the 1960s, many former African colonies gained their political independence. Swiss economic actors entered countries and markets in Africa formerly inaccessible due to colonialism.<sup>5</sup> Independence movement leaders, as well as activists in Switzerland, condemned perceived continuities in unequal economic relations between the Global North and South.<sup>6</sup> International trade and capital flows were generally important for the Swiss economy in the 20<sup>th</sup> century.<sup>7</sup> But should this Swiss economic expansion be described as imperialist?

Concepts of imperialism have provided insights into the links between global inequality, and economic and political power since the end of the 19<sup>th</sup> century.<sup>8</sup> But the existence and character of Swiss imperialism remain a contested historiographical question.<sup>9</sup> The debate revolves around the economic weight of Swiss companies abroad, particularly in the Global South, as well as their relations

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<sup>1</sup> See also the analysis after the vote: Lukas Golder and others, *VOX-Analyse November 2020. Nachbefragung und Analyse zur eidgenössischen Volksabstimmung vom 29. November 2020* (Bern: gfs.bern, January 2021), p. 20.

<sup>2</sup> Despite the popular majority, the proposal did not pass, because a majority of cantons rejected it. See University of Bern, ‘Konzernverantwortungsinitiative’ (Swissvotes: Datenbank zu den Schweizer Volksabstimmungen) <<https://swissvotes.ch/vote/636.00>> [accessed 10 May 2023].

<sup>3</sup> See Pauline Turuban, ‘Swiss Multinationals: Global Heavyweights in High-Risk Sectors’, *SWI Swissinfo.Ch*, 11 November 2020 <<https://www.swissinfo.ch/eng/business/swiss-multinationals--global-heavyweights-in-high-risk-sectors/46150512>> [accessed 10 May 2023].

<sup>4</sup> See Konrad J. Kuhn, ‘Im Kampf gegen das «heimliche Imperium»: Entwicklungspolitik und postkoloniale Kritik in der Schweiz seit 1970’, in *Postkoloniale Schweiz: Formen und Folgen eines Kolonialismus ohne Kolonien*, ed. by Patricia Purtschert, Barbara Lüthi, and Francesca Falk (Bielefeld: Transcript-Verlag, 2012), pp. 267–87 (p. 1).

<sup>5</sup> See Marc Perrenoud and Bouda Etemad, ‘Afrika’, *Historisches Lexikon der Schweiz (HLS)*, 2017 <<https://hls-dhs-dss.ch/articles/028992/2017-01-16/>> [accessed 12 February 2021]; Marc Perrenoud, ‘Guerres, indépendances, neutralité et opportunités: quelques jalons historiques pour l’analyse des relations économiques de la Suisse avec l’Afrique (des années 1920 aux années 1960)’, in *Suisse - Afrique (18e-20e siècles) de la traite des Noirs à la fin du régime de l’apartheid = Schweiz - Afrika (18.-20. Jahrhundert): vom Sklavenhandel zum Ende des Apartheid-Regimes*, ed. by Thomas David, Sandra Bott, and Janick Marina Schaufelbuehl, Schweizerische Afrikastudien = Etudes africaines suisses (Münster: LIT Verlag, 2005), vi, 85–104.

<sup>6</sup> See Albert Wirz, ‘Dritte Welt’, *Historisches Lexikon der Schweiz (HLS)*, 2015 <<https://hls-dhs-dss.ch/articles/043022/2015-03-05/>> [accessed 10 May 2023].

<sup>7</sup> See Margrit Müller, ‘Die Schweiz in Der Internationalen Arbeitsteilung’, in *Wirtschaftsgeschichte Der Schweiz Im 20. Jahrhundert*, ed. by Patrick Halbeisen, Margrit Müller, and Béatrice Veyrassat, 1st edn (Basel: Schwabe, 2012), pp. 319–466 (p. 340).

<sup>8</sup> See ‘Imperialism’, *Encyclopedia Britannica*, 2023 <<https://www.britannica.com/topic/imperialism>> [accessed 1 March 2023].

<sup>9</sup> See Thomas David and Bouda Etemad, ‘Un Imperialisme Suisse? Introduction = Gibt Es Einen Schweizerischen Imperialismus? Zur Einführung’, *Traverse: Zeitschrift Für Geschichte = Revue d’histoire*, 5 (1998), 7–27.

with the Swiss state. Since the 1970s, historical research into Switzerland's relations with developing countries has rapidly grown, but the field still constitutes a "historiographical void".<sup>10</sup> Additionally, the historical analysis has often neglected methodological discussions on Swiss imperialism.<sup>11</sup> This thesis will investigate the activities of Alusuisse in West Africa, thus contributing to the debate on Swiss imperialism.

Founded in 1888, Alusuisse was one of the ten biggest Swiss companies and its main aluminium producer.<sup>12</sup> Beginning in the 1950s, Alusuisse participated in what Philippe Mioche has called a new economic "scramble for Africa" to gain access to new bauxite reserves, the mineral that is refined into aluminium.<sup>13</sup> In Sierra Leone, the Alusuisse subsidiary SIEROMCO run a bauxite mine between 1963 and 1994, becoming a key supplier for the multinational.<sup>14</sup> In Guinea, Alusuisse wanted to open additional bauxite mines together with the Guinean government in the 1970s, but project (SOMIGA) failed. The Swiss federal authorities considered the Alusuisse investments to be the most important Swiss economic interests in Guinea and Sierra Leone.<sup>15</sup>

For its overseas activities, including in Sierra Leone, Alusuisse faced public criticism and was presented as an example of Swiss imperialism.<sup>16</sup> Critical historical analysis of major Swiss companies is often obstructed by secrecy and inaccessible company archives.<sup>17</sup> But Alcan, which bought Alusuisse in 2000, made the company archives freely available in 2016 in the Swiss Economic Archive (SWA).<sup>18</sup> This is an extraordinary opportunity to historically reconstruct the inner working of a multinational to investigate claims of Swiss imperialism.

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<sup>10</sup> See Ursina Bentele and Sacha Zala, 'Neutrality as a Business Strategy. Switzerland and Latin America in the Cold War', in *Neutrality and Neutralism in the Global Cold War: Between or within the Blocs?*, ed. by Sandra Bott and others, Cold War History (London: Routledge, 2015), pp. 178–95 (p. 179).

<sup>11</sup> See Karim Lasseb, 'Le débat historiographique sur l'impérialisme suisse depuis l'étude de Richard Behrendt "Die Schweiz und der Imperialismus" (1932)' (unpublished Mémoire de Maîtrise universitaire en Science Politique, Université de Lausanne, 2017), p. 43.

<sup>12</sup> See Adrian Knoepfli, *Im Zeichen der Sonne: Licht und Schatten über der Alusuisse 1930-2010* (Baden: hier + jetzt, 2010).

<sup>13</sup> See Philippe Mioche, 'L'Afrique, terre promise de l'aluminium?', *Cahiers d'histoire de l'aluminium*, 62.1 (2019), 12 <<https://doi.org/10.3917/cha.062.0012>>.

<sup>14</sup> See *Geschäftsberichte 1961-1972*, SWA PA 600 b C 1.

<sup>15</sup> See for example Bundesratsprotokoll, 4.4.1979, [dodis.ch/53234](https://dodis.ch/53234) and Convention contre la double imposition entre la Suisse et le Sierra Leone from the 27.2.1968, [dodis.ch/34152](https://dodis.ch/34152). For Guinea, this includes the 10% stake in the alumina factory FRIA.

<sup>16</sup> See François Höpflinger, *Das unheimliche Imperium: Wirtschaftsverflechtung in der Schweiz* (Zürich: Eco-Verlag, 1977), pp. 193–96; Greg J. Crough and others, *Alusuisse: 1888-1988 : une histoire coloniale en Valais et dans le monde* (Lausanne: Edd'En Bas, 1989); Peter Bosshard, 'Rückzug Aus Den Hinterhöfen?', *WOZ - Die Wochenzeitung* (Zürich, 3 March 1989), pp. 25–27.

<sup>17</sup> See Magnus Meister, 'Swiss Economic and Political Relations with Israel, Egypt and Syria during the Arab-Israeli Conflicts (1967-1983)' (unpublished Thèse de doctorat en science politique, Université de Lausanne, 2019), p. 40; Sébastien Guex, 'The Development of Swiss Trading Companies in the Twentieth Century', in *The Multinational Traders*, ed. by Geoffrey Jones, Routledge International Studies in Business History (London: Routledge, 1998), v, 150–72.

<sup>18</sup> See the detailed explanations how the archive was processed and organised in the Swisscollections database on the Firmenarchiv Alusuisse, SWA PA 600, online: <https://swisscollections.ch/Record/991170431653605501>, accessed 5.12.2022.

In order to scientifically apply the general concept of imperialism to particular Alusuisse projects, it has to be further specified. In *Chapter 2*, the historiography of Swiss imperialism is reviewed to understand precisely to which extent this body of literature conceptualised the connections between the activities of enterprises, the Swiss state and imperialism, what are its shortcomings and why an analysis of the Alusuisse case might prove relevant. *Chapter 3* will draw on the international literature on economic imperialism, which has conceptualised, what imperialism means in the context of multinational corporations' activities in the Global South to specify the analytical framework that will be used for the analysis. *Chapter 4* hypothesises on the interests Alusuisse pursued in West Africa 1960-1990 and how they might have come into conflict with the governments of Sierra Leone and Guinea. *Chapter 5* describe how the sources in the Alusuisse archive were analysed and how the rest of the thesis is structured.

## 2 The Historiographical Debate on Swiss Imperialism

As this chapter will show, the debate on Swiss imperialism dates back to the 1930s and primarily revolves around the global economic expansion of Swiss companies and their relation to the Confederation's foreign policy.<sup>19</sup> Beginning in the 1970s, the controversy has received renewed attention. Karim Lasseb has identified three main strands of literature on Swiss imperialism.<sup>20</sup> The first group conceived of Swiss economic expansion as a fundamentally private affair, and opinions vary if that counts as imperialist. This strand goes back to the discussion by Richard Behrend on the application of Marxist theories to Switzerland in the 1930s. Beginning in the 1970s, a second group has identified close working relationships between state and private actors at least since 1945. Since the 1990s, scholars in the postcolonial tradition put into question the relevance of debating a "Swiss" imperialism, and instead argued that Swiss actors participated in a transnational experience of imperialism. Based on these debates, the importance of studying private enterprises and their link to the Swiss government to understand Swiss imperialism will become evident. The fact that Swiss relations with Guinea and Sierra Leone have so far been understudied serves as additional motivation for the present inquiry.

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<sup>19</sup> For a short introduction see David and Etemad.

<sup>20</sup> See Lasseb, p. 44.

The basis for the debate on Swiss imperialism lies in the development of Marxist theories of imperialism at the beginning of the 19<sup>th</sup> century.<sup>21</sup> Marxist thinkers like Hilferding, Luxemburg, Lenin and Bukharin sought an explanation for the First World War and domination of the World by Western countries and found it in economics.<sup>22</sup> They argued that capitalist development itself brought the ruling classes of different countries into increased conflict with one another.<sup>23</sup> They noted the emergence of cartels, trusts and influential banks as signs of a process of consolidation of capitalist classes, who having exhausted the potential of their domestic markets, were then forced to expand on a World scale.<sup>24</sup> For Hilferding and Lenin in particular the export of capital through loans and foreign investment was a key new feature of imperialism.<sup>25</sup> The militaristic and politically coercive nation-state was seen primarily as the instrument of capitalist classes to conquer and defend markets in other territories.<sup>26</sup>

The first scientific application of the theories on imperialism to the Swiss case was the 1931 thesis of the economist – and son of a factory owner – Richard Fritz Behrendt.<sup>27</sup> He noted that the Swiss economic structure, paralleled those of highly developed capitalist states like France, Germany or the United Kingdom, while lacking their aggressive and expansive state. Behrendt showed the globally “disproportionate economic importance” of the Swiss economy, which was highly industrialised, relied on raw material imports and exported mainly finished goods and capital.<sup>28</sup> He described how private Swiss financial and industrial capital participated in exploitative enterprises like the Bagdad Bahn in the Ottoman Empire and profited off the protection imperialist militaries.<sup>29</sup> Behrendt also saw the emigration of Swiss citizens, often following economic relations, as a form of national expansion.<sup>30</sup> Behrendt’s analysis of Swiss capitalism fits the Marxist description of an imperialist economy exactly. But in Behrendt’s view, Switzerland

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<sup>21</sup> See Lasseb, p. 10.

<sup>22</sup> See Noonan Murray Leigh, ‘Classical Marxist Imperialism Theory. Continuity, Change, and Relevance’, in *The Oxford Handbook of Economic Imperialism*, ed. by Zak Cope and Immanuel Ness (New York: Oxford University Press, 2022), pp. 43–66 (p. 44).

<sup>23</sup> See Murray Leigh, pp. 48–49.

<sup>24</sup> See Murray Leigh, p. 45.

<sup>25</sup> See Murray Leigh, p. 59.

<sup>26</sup> See Murray Leigh, p. 55.

<sup>27</sup> See Richard Fritz Behrendt, *Die Schweiz und der Imperialismus: Die Volkswirtschaft des hochkapitalistischen Kleinstaates im Zeitalter des politischen und ökonomischen Nationalismus*. (Zürich: Rascher & Cie., A.-G., 1932); Markus Zürcher, ‘Behrendt, Richard Fritz’, *Historisches Lexikon der Schweiz (HLS)*, 2010 <<https://hls-dhs-dss.ch/articles/044337/2010-07-29/>> [accessed 5 May 2023].

<sup>28</sup> See Behrendt, pp. 24, 37, 68.

<sup>29</sup> See Behrendt, p. 72.

<sup>30</sup> See Behrendt, p. 57.



was not imperialist, because of the specific Swiss divergence between the powerful economic interests and the weak federal state.<sup>31</sup> Indeed he characterised Switzerland as “politically completely indifferent”, pursuing no foreign policy at all.<sup>32</sup> In Behrendt’s view, only an expansion motivated by nationalism and using aggressive political and military actions, could be imperialist and Swiss expansion was purely profit-driven and therefore not imperialist.<sup>33</sup> Behrendt’s argument relied on two assertions: firstly, that imperialism requires aggressive military and political action.<sup>34</sup> Secondly, that the economic expansion was purely a private affair, without intervention of the Swiss state.

Historians generally agree, that Swiss economic expansion overseas before 1914 was almost exclusively a private affair.<sup>35</sup> Swiss traders, banks, scientists and philanthropists participated in colonial enterprises led by other nations. However the Swiss state was passive.<sup>36</sup> The variety of terms researchers have coined to describe this period does not represent substantial disagreement but only serve to emphasise different key characteristics. For example: “business imperialism” (Veyrassat<sup>37</sup>) or “mercantile opportunism” (Bouda and Etemad<sup>38</sup>) reflect the primacy of private actors. Both the expressions “tertius gaudens”, the laughing third party (Behrendt<sup>39</sup>) and “secondary imperialism” (Witschi<sup>40</sup>) emphasise that these Swiss profited off foreign state led colonialism. Private colonial participation and official Swiss neutrality resulted in an unassuming Swiss presence, which is the meaning of the terms “covert colonialism” (Ruffieux<sup>41</sup>) and “economic expansion with a low profile” (Bouda and Etemad<sup>42</sup>). The lack of cooperation between Swiss

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<sup>31</sup> See Behrendt, p. 57.

<sup>32</sup> My translation of Behrendt, p. 45.

<sup>33</sup> See Behrendt, p. 72+101.

<sup>34</sup> For the same reason he also does not count the Dollar-diplomacy of the US in Latin America as imperialist. See Behrendt, p. 121.

<sup>35</sup> See David and Etemad, p. 21; Lasseb, p. 46.

<sup>36</sup> See for example Beat Witschi, *Schweizer Auf Imperialistischen Pfaden: Die Schweizerische Handelsbeziehungen Mit Der Levante 1848-1914*, Beiträge Zur Kolonial- Und Überseegegeschichte (Stuttgart: Steiner Verlag Wiesbaden, 1987), XXXIX; Etemad Bouda, ‘Le Commerce Extérieur de La Suisse Avec Le Tiers-Monde Aux 19ème et 20ème Siècles: Une Perspective Comparative Internationale’, in *La Suisse Sur La Ligne Bleue de l’Outre-Mer*, ed. by Etemad Bouda and Thomas David, Les Annuelles (Lausanne: Université de Lausanne, 1994), pp. 19–41.

<sup>37</sup> Béatrice Veyrassat, *Réseaux d’affaires internationaux, émigrations et exportations en Amérique latine au XIXe siècle: le commerce suisse aux Amériques = International business networks, emigration and exports to Latin America in the Nineteenth Century: Swiss trade with the Americas*, Publications du Centre d’histoire économique internationale de l’Université de Genève 8 (Genève: Librairie Droz, 1994), p. 31.

<sup>38</sup> David and Etemad, p. 21.

<sup>39</sup> Behrendt, p. 185.

<sup>40</sup> Witschi, XXXIX, p. 243; cited after Lasseb, p. 50.

<sup>41</sup> Ronald Ruffieux, ‘Die Schweiz Des Freisinnns (1848-1914)’, in *Geschichte Der Schweiz Und Der Schweizer*, ed. by Beatrix Mesmer, 4th edn (Basel: Schwabe, 2006), pp. 639–730 (p. 712).

<sup>42</sup> David and Etemad, p. 21.

state, commercial and bank circles is the primary reason, why the existence of “Swiss imperialism” before 1914 is disputed.<sup>43</sup>

The research on Swiss relations with colonies and former colonies in the 20<sup>th</sup> century is more ambiguous regarding Swiss imperialism. Most authors have noted a continuous or even increased importance of private economic actors in Swiss foreign relations. After the First World War, Switzerland became an international financial centre.<sup>44</sup> Swiss banks and industry increasingly cooperated in the Third World, which is why David and Etemad have dated the emergence of Swiss imperialism to the interwar-period.<sup>45</sup> As we saw, the close relation between finance and industry was a key component of the Marxist theories of imperialism. The end of the Second World War and the beginning of decolonisation intensified economic expansion. Swiss industry exported one fifth of its products to developing countries in the afterwar period.<sup>46</sup> Switzerland exported manufactured goods to Africa, while importing raw materials.<sup>47</sup> Companies also increased its investments in Africa.<sup>48</sup> Stucki’s popular 1968 book, *The Clandestine Empire* reemphasised the global economic power of Switzerland, which was both private and secretive.<sup>49</sup> In a follow up to Stucki, the sociologist François Höpflinger presented *The Sinister Empire*<sup>50</sup> as principally comprised of multinationals, who became stronger than many states after the Second World War.<sup>51</sup> A similar position on the importance of multinationals was taken up by the most prominent critic of Swiss imperialism, Jean Ziegler.<sup>52</sup> In his view, multinationals dominated former colonies based on a combination of money, weapons and a monopoly on technical knowledge.<sup>53</sup> Ziegler also described the subordinate role of Swiss imperialism to the primary imperialism of the United States, whereas before 1914 the subordination was to French or

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<sup>43</sup> See for example David and Etemad, p. 21.

<sup>44</sup> See Malik Mazbouri, Sébastien Guex, and Rodrigo López, ‘Finanzplatz Schweiz’, in *Wirtschaftsgeschichte Der Schweiz Im 20. Jahrhundert*, Schweiz in Der Internationalen Verflechtung (Basel: Schwabe, 2012), pp. 468–518; Sébastien Guex, ‘Le secret bancaire suisse : une perspective historique’, *Revue économique et sociale : bulletin de la Société d’Etudes Economiques et Sociales*, 60 (2002), 9–19 <<https://doi.org/10.5169/seals-141194>>.

<sup>45</sup> See David and Etemad, p. 22f.

<sup>46</sup> See Bouda Etemad, ‘Structure Géographique Du Commerce Entre La Suisse et Le Tiers Monde Au XXe Siècle’, ed. by Paul Bairoch and Martin Körner, *Schweizerisches Jahrbuch Für Wirtschafts- Und Sozialgeschichte = Annuaire Suisse d’histoire Économique et Sociale*, 8 (1990), 165–82 (p. 174).

<sup>47</sup> See table L.24. Ausfuhrwerte nach Verbrauchsländern 1920-1992 (in million Franken): Afrika, 2012. Online: <[hssso.ch/2012/1/24](https://hssso.ch/2012/1/24)>. and table L.20. Einfuhrwerte nach Ursprungsländern 1920-1992 (in million Franken): Afrika, 2012. Online: <[hssso.ch/2012/1/20](https://hssso.ch/2012/1/20)>.

<sup>48</sup> See Perrenoud, VI, p. 93f.

<sup>49</sup> For example Lorenz Stucki, *Das heimliche Imperium: wie die Schweiz reich wurde* (Zürich: Ex Libris, 1968).

<sup>50</sup> A play on words with the title of Stucki’s book that indicates both the continuation and radicalisation of the latter’s position: “Das heimliche Imperium” became “Das unheimliche Imperium”.

<sup>51</sup> See Höpflinger, p. 15.

<sup>52</sup> See Jean Ziegler, *Une Suisse au-dessus de tout soupçon*, 2nd edn (Paris: Éd. du Seuil, 1977), p. 17.

<sup>53</sup> See Ziegler, p. 18.

Belgian for example.<sup>54</sup> Multinationals, including Alusuisse, were at the centre of these criticisms of Swiss imperialism. Therefore, presenting primary sources from the Alusuisse archive is an important step towards discussing these views.

Historians of the Swiss bilateral relations after 1945 have also contributed significantly to the debate on Swiss imperialism. Usually without employing the term imperialism themselves, they documented the increased role of the Swiss state in foreign economic affairs in the Third World during the Cold War.<sup>55</sup> These historians have paid particular attention to the way Swiss diplomacy, development aid and humanitarian image have contributed to commercial expansion but also inversely how Swiss financial power was used as a diplomatic tool. Swiss state began to expand its foreign policy and greatly enlarged its diplomatic network after 1945.<sup>56</sup> This connection between diplomatic relations and private enterprises contradicts one of Behrendt's arguments against Swiss imperialism.

Ursina Bentele and Sacha Zala's article "Neutrality as a Business Strategy" in Latin America argued for the importance of the economic dimension in Swiss foreign policy during the Cold War.<sup>57</sup> Based on documents from the Swiss Federal Archives Bentele and Zahla showed how Swiss diplomats used the tools of diplomacy to gain advantages for Swiss companies in Argentina, Brazil, Chile and Guatemala. These tools included agreements over protection of investments, federal export risk insurance, multilateral debt negotiations, "good offices" services and development cooperation. But as Marc Perrenoud has argued, the Swiss state not only served business interests, the Swiss financial sector also became an instrument of Swiss foreign policy by making access to credit dependent on political demands.<sup>58</sup> Perrenoud is also a key reference for Swiss foreign relations with Africa after decolonisation. He provided evidence on how Swiss companies could conquer new markets in Africa at the time using the methods described for Latin America.<sup>59</sup> Swiss state development cooperation, was also partially intended to provide

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<sup>54</sup> See Ziegler, p. 18; The historian Jost took a similar position. See Hans Ulrich Jost, 'Die Schweiz im Kielwasser des US-Imperialismus', *Neue Wege. Beiträge zu Religion und Sozialismus*, 82 (1988), 53–59.

<sup>55</sup> In french: 'les études de type bilatérales de l'impérialisme suisse pour la période post-1945'. See Lasseb, p. 57.

<sup>56</sup> See Claude Altermatt, 'Diplomatie : Von 1848 bis heute', *Historisches Lexikon der Schweiz (HLS)*, 2011 <<https://hls-dhs-dss.ch/articles/026460/2011-07-14/>> [accessed 24 May 2023].

<sup>57</sup> See Bentele and Zala.

<sup>58</sup> See Marc Perrenoud, 'La Place Financière Suisse En Tant Qu'un Instrument de La Politique Étrangère Helvétique', *Relations Internationales*, 121 (2005), 25–42.

<sup>59</sup> See Perrenoud, VI, p. 86.

opportunities for Swiss companies.<sup>60</sup> Based on these findings we would expect a company like Alusuisse to profit from Swiss state assistance in Africa.

Private companies also profited off the symbolic association with Switzerland.<sup>61</sup> Perrenoud pointed out that, after Decolonisation, Switzerland had a reputation bonus with the newly formed States, because there were newer formal Swiss colonies.<sup>62</sup> In a more general sense, Sebastian Guex has argued that this positive “symbolic capital” benefiting Swiss companies was a deliberate strategy.<sup>63</sup> Guex claims that Switzerland deliberately obfuscated its imperialist character by cultivating rhetoric of non-imperialism, non-political, purely economic activity.<sup>64</sup> Contributing factors were the official neutrality and the humanitarian image and networks.<sup>65</sup> Traders and banks profited further from the secrecy that Swiss law provided and the stable currency.<sup>66</sup> Guex, therefore, concludes that the Swiss appearance of weakness hides the considerable economic and Swiss political influence and therefore contributed to the development of Swiss imperialism.<sup>67</sup>

The framework of Swiss imperialism as both a private and public enterprise has recently proved very useful to understand Swiss foreign relations. In her seminal study “Impérialisme électrique” on Swiss-Argentine relations 1890-1979 Isabelle Lucas showed the crucial role of Swiss officials in furthering business interest, principally by coordinating different factions of Swiss capitalists active in Argentina.<sup>68</sup> Furthermore, Swiss imperialism in Argentina employed economic (particularly financial) power, discreet activities and good connections to the local oligarchy as well as the goodwill created by Swiss diplomacy.<sup>69</sup> Another example is Magnus Meister’s thesis on Swiss Economic and Political Relations with Israel,

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<sup>60</sup> See Marc Perrenoud, ‘La coopération de la confédération au développement. Un enjeu de la politique intérieure et des relations économiques extérieures de la Suisse (1960–1973)’, in *Deux mondes, une planète. Mélanges offerts à Bouda Etemad – Two worlds, one planet. Essays in honor of Bouda Etemad*, ed. by Jean Batou and others (Lausanne: Éditions d’En bas, 2015), pp. 293–306.

<sup>61</sup> See Pierre-Yves Donzé, ‘The Advantage of Being Swiss: Nestlé and Political Risk in Asia during the Early Cold War, 1945–1970’, *Business History Review*, 94.2 (2020), 373–97 <<https://doi.org/10.1017/S000768052000029X>>.

<sup>62</sup> See Marc Perrenoud, ‘Aperçu sur les Suisses de l’étranger et la décolonisation en Afrique’, in *Die Auslandschweizer im 20. Jahrhundert = Les Suisses de l’étranger au XXe siècle*, ed. by Gérald Arletaz and Christoph Graf, Quellen und Studien, 28 (Bern: PHaupt, 2002), pp. 327–44 (p. 337).

<sup>63</sup> See Guex, v, p. 151.

<sup>64</sup> See Sébastien Guex, ‘De la Suisse comme petit État faible : jalons pour sortir d’une image en trompe-oeil’, in *Du pouvoir et du profit: contributions de Sébastien Guex à l’histoire économique et sociale*, ed. by Sandra Bott and others, Histoire et société contemporaines (Lausanne: Antipodes, 2021), pp. 305–28 (p. 313).

<sup>65</sup> See Sébastien Guex, ‘Place financière suisse et politique humanitaire au XXe siècle : quelques aspects’, in *Du pouvoir et du profit: contributions de Sébastien Guex à l’histoire économique et sociale*, ed. by Sandra Bott and others, Histoire et société contemporaines (Lausanne: Antipodes, 2021), pp. 401–14 (p. 412).

<sup>66</sup> See Guex, ‘Le secret bancaire suisse’.

<sup>67</sup> See Guex, ‘De la Suisse comme petit État faible’, p. 307.

<sup>68</sup> See Isabelle Lucas, *Un impérialisme électrique: un siècle de relations helvético-argentes (1890-1979)*, Collection Histoire et sociétés contemporaines, 9 (Lausanne: Antipodes, 2021), p. 380.

<sup>69</sup> See Lucas, p. 377.

Egypt and Syria 1967-1983. He showed that the interests of Swiss business and state in the middle east “tended to be synonymous, or at least converging”.<sup>70</sup> Both Lucas and Meister provide evidence of the close relationship between corporations and the Swiss federal state in foreign relations, contrary to Behrendt’s assertion of the purely private character of Swiss business expansion.

Emerging in the 2000s, Postcolonialism is the newest approach to the debate on Swiss imperialism.<sup>71</sup> Postcolonial approaches draw on cultural studies to analyse global power relations between European and non-European societies between 1500 and the 1970s.<sup>72</sup> Authors such as Patricia Purtschert and Bernhard C. Schär investigated how Swiss actors have shaped colonialism and how colonialism, in turn, has shaped culture and historical memory in Switzerland.<sup>73</sup> This has enhanced our understanding of the ways Swiss actors influenced and were affected by imperialist ventures under various flags, that Behrendt already motioned. However, postcolonial researchers reject the search for a specific “Swiss imperialism”.<sup>74</sup> They aim to break out of a historiographical approach centred around a national and European perspective.<sup>75</sup> Instead Postcolonial scholars argue for polycentric perspective on Swiss history, which does not consider Europe the key factor in the historical processes shaping Switzerland.<sup>76</sup> The postcolonial approaches only relate very loosely to the Alusuisse case study, which could be used to argue that developments in West Africa shaped Swiss economic history. But the postcolonial focus on individual experiences, culture and public perception and the period before decolonisation are in stark contradiction with the proposed economic history of the Alusuisse subsidiaries in Sierra Leone and Guinea.

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<sup>70</sup> See Meister, p. 24.

<sup>71</sup> For an overview See Bouda Etemad and Mathieu Humbert, ‘La Suisse est-elle soluble dans sa «postcolonialité»?’, *Schweizerische Zeitschrift für Geschichte – Revue suisse d’histoire – Rivista storica svizzera*, 64.2 (2014), 272–91.

<sup>72</sup> See Bernhard C. Schär and Patricia Purtschert, ‘Postkolonialismus’, in *Globalisierung. Ein Interdisziplinäres Handbuch*, ed. by Andreas Niederberger and Philipp Schink, 4th edn (Stuttgart: J.B. Metzler, 2011), pp. 374–78 (p. 375) <[https://www.academia.edu/15575407/Patricia\\_Purtschert\\_Bernhard\\_C\\_Sch%C3%A4r\\_2011\\_Postkolonialismus\\_in\\_A\\_Niederberger\\_P\\_Schink\\_Globalisierung\\_Ein\\_interdisziplin%C3%A4res\\_Handbuch](https://www.academia.edu/15575407/Patricia_Purtschert_Bernhard_C_Sch%C3%A4r_2011_Postkolonialismus_in_A_Niederberger_P_Schink_Globalisierung_Ein_interdisziplin%C3%A4res_Handbuch)> [accessed 1 August 2023].

<sup>73</sup> See for example Bernhard C. Schär, ‘Switzerland, Borneo and the Dutch Indies: Towards a New Imperial History of Europe, c.1770–1850’, *Past & Present*, 257.1 (2022), 134–67 <<https://doi.org/10.1093/pastj/gtab045>>; See *Colonial Switzerland. Rethinking Colonialism from the Margins*, ed. by Patricia Purtschert and Harald Fischer-Tiné, Cambridge Imperial and Post-Colonial Studies Series (Basingstoke: Palgrave Macmillan, 2015); *Postkoloniale Schweiz. Formen und Folgen eines Kolonialismus ohne Kolonien*, ed. by Patricia Purtschert, Barbara Lüthi, and Francesca Falk, Postcolonial studies (Bielefeld: Transcript-Verlag, 2012), x.

<sup>74</sup> See Lasseb, p. 79.

<sup>75</sup> See Bernhard C. Schär, ‘Global und intersektional. Prolegomena zu einer noch neueren Geschichte der Schweiz (2016)’, *Didactica Historica*, 2 (2016), p. 5 <[https://www.academia.edu/26557167/Global\\_und\\_intersektional\\_Prolegomena\\_zu\\_einer\\_noch\\_neueren\\_Geschichte\\_der\\_Schweiz\\_2016\\_](https://www.academia.edu/26557167/Global_und_intersektional_Prolegomena_zu_einer_noch_neueren_Geschichte_der_Schweiz_2016_)> [accessed 1 August 2023].

<sup>76</sup> See Bernhard C. Schär, ‘Rösti and Revolutionen. Zur postkolonialen Re-Lektüre der Schweizer Geschichte’, *Widerspruch : Beiträge zu sozialistischer Politik*, *Widerspruch* 72, 72 (2018), 9–20 (p. 11).

The bilateral relations between Switzerland and Guinea as well as Sierra Leone have so far only been treated scarcely. The short encyclopaedia articles by Perrenoud mentioned the importance of Alusuisse in both countries.<sup>77</sup> The relations with Guinea have only been investigated from a Swiss government's perspective, using Swiss Federal Archive sources. Guinea was one of the first countries to conclude an agreement with Switzerland regarding the promotion of private investments.<sup>78</sup> Jérôme Schuwey's masters' thesis described in detail how Guinea was a test case for development cooperation.<sup>79</sup> Lukas Nyffeler's overview of the Swiss-Guinean relations between 1958 and 1984 included a chapter on economic relations in general and Alusuisse activities in particular.<sup>80</sup> While these studies provided important insights into the perspectives and actions of the Swiss government, they also showed how important private actors were for Swiss foreign relations. For example, in 1970 high-ranking Guinean Government visited Switzerland.<sup>81</sup> During the lunch at the restaurant Lohn with Swiss government members, Alusuisse President Meyer and General Director Müller were also in attendance.<sup>82</sup> In fact, the Guinean delegation had already spent four days at Alusuisse headquarters in Zürich negotiating a new mining joint-venture mining project in Tougué, Central Guinea. For the Guinean officials, relations with Alusuisse were more important than with Swiss officials. And government sources include little more details about business relations than was public knowledge. Therefore, using the Alusuisse private archive allows a novel and crucial perspective on Switzerland's foreign relations.

Regarding Switzerland's relation to Sierra Leone, the situation is slightly different. Sierra Leone was never particularly important for Swiss foreign policy, and bilateral relations have not received any attention. The only relevant inquiry

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<sup>77</sup> See Marc Perrenoud, 'Guinea', *Historisches Lexikon der Schweiz (HLS)*, 2006 <<https://hls-dhs-dss.ch/articles/003444/2006-03-13/>> [accessed 9 April 2021]; Marc Perrenoud, 'Sierra Leone', *Historisches Lexikon der Schweiz (HLS)*, 2011 <<https://hls-dhs-dss.ch/articles/003464/2011-09-12/>> [accessed 19 October 2022].

<sup>78</sup> See Thomas Zacek, 'Die Förderung privater Direktinvestitionen. Die ersten bilateralen Abkommen über den Schutz und die Förderung von Kapitalinvestitionen mit Tunesien, Niger und Guinea', in *Von der Entwicklungshilfe zur Entwicklungspolitik*, ed. by Beatrix Mesmer and Peter Hug, Studien und Quellen / Etudes et sources / Studi e Fonti, 19 (Berne: Archives fédérales suisses, 1993).

<sup>79</sup> See Jérôme Schuwey, 'La Suisse et La Guinée de Sékou Touré. Les Enjeux de La Coopération Technique Au Lendemain de l'indépendance (1958-1974)' (unpublished Mémoire de licence en histoire contemporaine, Université de Fribourg, 2005); On the same subject, see also Marc Perrenoud, 'Switzerland's Relationship with Africa during Decolonisation and the Beginnings of Development Cooperation', *International Development Policy / Revue Internationale de Politique de Développement*, 1.1 (2010), 77–93 <<https://doi.org/10.4000/poldev.140>>.

<sup>80</sup> See Lukas Nyffeler, 'Schweiz-Guinea. Bilaterale Aussenpolitik der Schweiz in Afrika 1958-1984' (unpublished Bachelorarbeit in neuester Geschichte, Universität Bern, 2021).

<sup>81</sup> See Nyffeler, 'Schweiz-Guinea', p. 34.

<sup>82</sup> The federal councillors P. Graber and N. Celio. See Notiz über den Besuch einer guineischen Regierungsdelegation in Bern vom 24.9.1970 in Bern, 28.09.1970, [dodis.ch/53209](https://dodis.ch/53209).

remains the article by economist and journalist Tobias Bauer on the Alusuisse subsidiary in Sierra Leone (SIEROMCO), which used publicly available information and interviews.<sup>83</sup> Bauer labelled Alusuisse's activities in Sierra Leone "white-collar colonialism", following the tradition of Ziegler, who saw Swiss imperialism as primarily a private affair.<sup>84</sup> He accused Alusuisse imposing their conditions on the local government and of depriving Sierra Leone of taxes and currency reserves, by manipulating bauxite export price. The Alusuisse archive is perfectly suited to investigate these claims based on sources inaccessible to Bauer. As a result, the proposed Alusuisse case study will be able to test existing claims and theories of imperialist relations between Switzerland and Sierra Leone.

Reviewing the literature on Swiss imperialism has shown the long-standing tradition of considering Switzerland imperialist. The relationship between private and state actors is disputed. One group of authors does not consider Switzerland to be imperialist, if the Swiss government does not support enterprises in the Third World. A second group classifies Swiss private multinational corporations as imperialist in their own right. A third group has shown evidence that the Swiss state and multinationals did work together in Third World countries after decolonisation. The private sources of the Alusuisse archive allow a novel perspective on the relationship between Swiss enterprise and state and Third World countries. For some, Alusuisse exemplified Swiss imperialism and certain claims can now be tested against primary evidence. Lastly, understanding Alusuisse's activities in West Africa will contribute to the neglected research into Switzerland's bilateral relations with Guinea and particularly with Sierra Leone.

### 3 Analytical Framework: Investment Imperialism

In order to make use of the empirical findings, it is useful to break down the concept of imperialism with regards to multinational mining projects. Scholars distinguish between different variations of imperialism. In its broadest sense, imperialism is the "military, political, legal, and/or economic control of one people's territory by another so that the subject territory is made to relinquish

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<sup>83</sup> See Tobias Bauer, 'Kleine Gefälligkeiten im grossen Geschäft - Alusuisse in Sierra Leone', in *Silbersonne am Horizont. Alusuisse - eine Schweizer Kolonialgeschichte*, by Tobias Bauer and others, Eckenstein-Studien (Zürich: Limmat, 1989), pp. 109–39; The 1989 article is still cited in 2017 by the expert on the Guinean bauxite industry, Knierzinger, see Johannes Knierzinger, *Bauxite Mining in Africa: Transnational Corporate Governance and Development*, International Political Economy Series (Palgrave Macmillan, 2017), p. 16.

<sup>84</sup> See Tobias Bauer, 'Eine geldhungrige Gesellschaft - Zum Finanzgebahren der Alusuisse', in *Silbersonne am Horizont. Alusuisse - eine Schweizer Kolonialgeschichte*, by Tobias Bauer and others, Eckenstein-Studien (Zürich: Limmat, 1989), pp. 91–108 (p. 92).

resources, labour, and produce for little or no compensation”.<sup>85</sup> Formal imperialism requires direct and official political control over a territory, while informal imperialism does not.<sup>86</sup> Informal control is often achieved via clientelist relationship between metropolitan and peripheral elites.<sup>87</sup> Increased national resistance from Third World populations and international competition between imperialist states have resulted in a historical tendency towards replacing formal with informal forms of imperialist domination.<sup>88</sup>

The recent publication of the Oxford Handbook of Economic imperialism points to the renewed academic interest in this economic dimension, which had been side-lined with the surge of Post-Colonial Studies.<sup>89</sup> Economic imperialism focusses on the “foreign control over economic assets and decisions” and implies the “unrequited transfer of capital, labour, or natural resources from one nation or country to another”.<sup>90</sup> This can take the form of investment imperialism, that is the export of capital through loans or investments as a mean of economic imperialism.<sup>91</sup> Investment imperialism uses coercive market regimes to access cheap labour and natural resources in developing countries to generate a net outflow of capital.<sup>92</sup> The capital outflow can include repatriation of profits, royalty payments and service fees to the principal as well as interests and debt repayments.<sup>93</sup> Mining investments are promoted by mainstream development economics, but are also accused of contributing particularly little to local development because of its insular nature: investment only flows into specialised infrastructure, few jobs are created and profits mostly repatriated to the Western.<sup>94</sup>

Evidently the exploitation of vast mineral wealth has not led to prosperity in West Africa. Ayokunle Omobowale and Natewinde Sawadogo have argued that in West Africa “the overbearing influence of colonial officials was replaced by that

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<sup>85</sup> Immanuel Ness and Zak Cope, *The Palgrave Encyclopedia Of Imperialism And Anti-Imperialism*, 2nd Edition (Palgrave Macmillan, 2021), p. vi.

<sup>86</sup> See Alan Knight, ‘Rethinking British Informal Empire in Latin America (Especially Argentina)’, *Bulletin of Latin American Research*, 27.s1 (2008), 23–48 <<https://doi.org/10.1111/j.1470-9856.2007.00243.x>>; Other authors use the terms Colonialism and Neo-Colonialism to make the same differentiation. See for example Rajen Harshé, *Africa in World Affairs: Politics of Imperialism, the Cold War and Globalisation*, 1st edn (London: Routledge, 2019).

<sup>87</sup> See Atul Kohli, *Imperialism and the Developing World: How Britain and the United States Shaped the Global Periphery* (New York: Oxford University Press, 2020), p. 7.

<sup>88</sup> See Kohli, p. 12.

<sup>89</sup> See Ness and Cope, p. v.

<sup>90</sup> Zak Cope, ‘Imperialism and Its Critics. A Brief Conspectus’, in *The Oxford Handbook of Economic Imperialism*, ed. by Zak Cope and Immanuel Ness (New York: Oxford University Press, 2022), pp. 15–42 (p. 15).

<sup>91</sup> See Cope, p. 21.

<sup>92</sup> See Cope, p. 22.

<sup>93</sup> See Cope, p. 43.

<sup>94</sup> See Jeannette Graulau, ‘“Is Mining Good for Development?”: The Intellectual History of an Unsettled Question’, *Progress in Development Studies*, 8.2 (2008), 129–62 <<https://doi.org/10.1177/146499340700800201>>.



of capitalist managers of multinational corporations”.<sup>95</sup> Public discourse has also linked international mining companies to Guinea’s and Sierra Leone’s poverty and corruption.<sup>96</sup> The activities of Alusuisse in Sierra Leone and Guinea beginning in the 1960s will be evaluated in light of this conception of investment imperialism. Based on the company archive, we can investigate what control the company had over economic resources and decisions in Sierra Leone, to what conditions Alusuisse accessed labour and raw materials, which capital outflows it generated and how it impacted local development.

The developmental impact and the question of control are the most difficult to assess, because they beg the question, over whom Alusuisse would have exerted power. According to the vast majority of the literature on the aluminium sector, the answer is clear: the Guinean and Sierra Leonian governments.<sup>97</sup> Alusuisse planned and strategised, but the actual conditions of foreign direct investments were subject to negotiation and re-negotiation with the host government.<sup>98</sup> Negotiations took place in Zürich, Freetown or Conakry and included written proposals and oral conversations. Both the Alusuisse leadership and host government officials faced their own political and economic constraints and their respective objectives did not necessarily align. In these negotiations, conflicting or even antagonistic viewpoints collided and the final outcome reflected power relations.<sup>99</sup> Therefore, country-company negotiations and contracts provide crucial insight into the interests of multinationals and host governments as well as the power relations between them.<sup>100</sup> Identifying the power wielded by the Swiss company over the governments of Sierra Leone and Guinea, is a prerequisite to answering the question whether Alusuisse activities qualify as investment imperialism and Swiss imperialism.

That being said, this research design, focussing on country-company relations, has its drawbacks. As explained earlier in this chapter, investment

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<sup>95</sup> Ayokunle Olumuyiwa Omobowale and Natewinde Sawadogo, ‘An Historical Assessment and Analysis of Economic Imperialism in West Africa’, *Journal of Labor and Society*, 1.aop (2021), 1–17 (p. 9) <<https://doi.org/10.1163/24714607-bja10020>>.

<sup>96</sup> See Elisabeth Schmidt, ‘The Historical Roots of Guinea’s Latest Coup’, *Washington Post*, 21 September 2021

<<https://www.washingtonpost.com/outlook/2021/09/21/historical-roots-guineas-latest-coup/>> [accessed 11 November 2022].

<sup>97</sup> For a very good overview, See Robin S. Gendron, Mats Ingulstad, and Espen Storli, ‘Opening Pandora’s Bauxite. A Raw Materials Perspective on Globalization Processes in the Twentieth Century’, in *Aluminum Ore: The Political Economy of the Global Bauxite Industry*, ed. by Robin S. Gendron, Mats Ingulstad, and Espen Storli (Vancouver ; Toronto: UBC Press, 2013).

<sup>98</sup> See Jón Björn Skúlason and Roger Hayter, ‘Industrial Location as a Bargain: Iceland and the Aluminium Multinationals 1962–1994’, *Geografiska Annaler. Series B, Human Geography*, 80.1 (1998), 29–48.

<sup>99</sup> See Bonnie Campbell, ‘Issues of Governance, Liberalization, Policy Space, and the Challenges of Development. Reflections from the Guinean Bauxite-Aluminium Sector’, in *Aluminium Ore. The Political Economy of the Global Bauxite Industry*, ed. by Robin S. Gendron, Mats Ingulstad, and Espen Storli (Vancouver ; Toronto: UBC Press, 2013), pp. 268–301 (p. 271).

<sup>100</sup> See Norman Girvan, ‘Transnational Corporations and Non-Fuel Primary Commodities in Developing Countries’, *World Development*, 15.5 (1987), 713–40 <[https://doi.org/10.1016/0305-750X\(87\)90013-1](https://doi.org/10.1016/0305-750X(87)90013-1)>.

imperialism is a form of informal imperialism, which often relies on the collaboration of local elites. Therefore, the local governments could in principle also collaborate with imperialist activities to exploit local labour and natural resources to the detriment of human development. Notwithstanding the imbalances, the fact that Alusuisse managed to find agreement with the local governments at all, already shows some degrees of cooperation. Considering the possibility that local governments could have acted as allies as well as opponents to aluminium multinationals, it would be desirable to focus on the latter's relationship to local workers, communities and the environment. Unfortunately, the sources in the Alusuisse archives do not allow such a focus, as will be explained in Chapter 5.<sup>101</sup> Of course whatever information exists, will be used, but it is sparse compared to the ample evidence on negotiations with host governments.<sup>102</sup> Therefore, this thesis is centred on the country-company negotiations and their conflicting interests. In order to avoid the risk of oversimplification, we will also consider how their interests converged. This requires the development of hypotheses on the potential interests of Alusuisse as well as those of the host government in Sierra Leone and Guinea in the next chapter.

#### 4 Potential Conflicts between Alusuisse and the Host Governments

In order to grasp the interests Alusuisse pursued in Guinea and Sierra Leone, three strands of literature are relevant. Firstly, the research on the multinational aluminium producers in the 20<sup>th</sup> century is insightful regarding production processes, market structure and general market development. Secondly, the literature on the history of Alusuisse provides important context on the evolution of the company's strategy and priorities. Finally, the literature on the developmental strategies of bauxite-producing countries has made important contributions on the specific interests of multinational aluminium corporations in bauxite mining.

The aluminium market structure and technical innovation have been among the research priorities on the aluminium industry for a long time and are crucial to understand the way Alusuisse acted.<sup>103</sup> Aluminium production is technically

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<sup>101</sup> Other authors were able to go into that direction: Leo Grob, 'Umkämpfte Deindustrialisierung. Streiks und Restrukturierungen bei Alusuisse in Italien um 1970', in *Ausgeschlossen einflussreich: Handlungsspielräume an den Rändern etablierter Machtstrukturen: Festschrift für Brigitte Studer zum 65. Geburtstag*, ed. by Lisia Bürgi and Eva Keller (Basel: Schwabe Verlag, 2020), pp. 85–104; Leo Grob, 'Manageriale Macht und die Mikropolitik der Raumordnung: Streikprävention und Städtebau bei Alusuisse in Australien um 1970', *Traverse: Zeitschrift für Geschichte = Revue d'histoire*, 26.3 (2019), 151–65 <<https://doi.org/10.5169/seals-846945>>.

<sup>102</sup> See Chapter 5 for a detailed discussion on the Alusuisse sources.

<sup>103</sup> For a very good overview, See Gendron, Ingulstad, and Storli, 'Opening Pandora's Bauxite'.

complex. The mineral bauxite, mostly found around the equator has to be mined and then chemically purified to create alumina (also called aluminium oxide or “Tonerde”). Through electrolysis, alumina is then smelted into aluminium, a very energy intensive production step. The raw aluminium can be sold directly or further transformed into consumer products. Because of the patented transformation process and the high capital costs, aluminium production was dominated by a few big firms, Alusuisse among them. As Marco Bertilorenzi showed, these “six sisters” formed an oligopoly until the 1970s.<sup>104</sup> Through regular information exchange, this loose group managed to stabilise prices to their benefit. They were integrated producers, which means they controlled the whole production process from bauxite mines to the finished products. After the Second World War, the growing world economy rapidly expanded the demand for aluminium and the multinationals expanded production accordingly.<sup>105</sup> This changed in the 1970s: demand slowed down and the Multis had to contend with harsher Anti-Trust Legislation and new competitors.<sup>106</sup> As a result, competition grew fiercer and the old players lost market shares.<sup>107</sup>

Recently the literature on the aluminium industry has started to pay more attention to the bauxite end of the production chain, including the impact of decolonisation, the environmental destruction and the strategies of bauxite-producing states.<sup>108</sup> The African aluminium industry primarily consisted of bauxite mining.<sup>109</sup> According to Philippe Mioche, the history of the African bauxite industry encompassed three rough phases: between 1940-1960 multinationals and colonial powers drew up grand plans, after decolonisation (1960-1990) new experiments struggled with various problems and then after 1990, new actors entered the scene.<sup>110</sup> Both Alusuisse projects were in the second, turbulent period. Planning to expand into Africa the aluminium cartel formed the Société Européenne

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<sup>104</sup> See Marco Bertilorenzi, *The International Aluminium Cartel, 1886-1978: The Business and Politics of a Cooperative Industrial Institution*, Routledge International Studies in Business History, 30 (New York: Routledge, 2016).

<sup>105</sup> See Rémy Bouteloup, *Evolution Des Productions et Des Prix de l'industrie Minérale* (Paris: Ecole des Mines de Paris, 2012) <[https://www.inter-mines.org/fr/global/gene/Flink.php/news\\_link/2012104111502\\_ArticleBOUTELOUP.pdf](https://www.inter-mines.org/fr/global/gene/Flink.php/news_link/2012104111502_ArticleBOUTELOUP.pdf)> [accessed 9 November 2021].

<sup>106</sup> See Bertilorenzi, *The International Aluminium Cartel*, pp. 316, 345.

<sup>107</sup> See also Carmine Nappi, ‘L’industrie internationale de l’aluminium : changements structurels et perspectives, 1970-2020’, in *Aluminium : du métal de luxe au métal de masse : XIXe-XXIe siècle*, ed. by Dominique Barjot and Marco Bertilorenzi, Collection Roland Mousnier 70 (Paris: PUPS, 2014), pp. 151–70.

<sup>108</sup> See *Aluminum Ore: The Political Economy of the Global Bauxite Industry*, ed. by Robin S. Gendron, Mats Ingulstad, and Espen Storli (Vancouver ; Toronto: UBC Press, 2013).

<sup>109</sup> See Knierzinger, *Bauxite Mining in Africa*.

<sup>110</sup> See Mioche, p. 32.

pour l'Étude de l'Industrie de l'Aluminium en Afrique (*AFRAL*) in 1955.<sup>111</sup> They originally planned to develop an extensive aluminium industry in West Africa, based on the vast bauxite reserves and hydroelectric potential. These development plans were however significantly altered by the independence movements in Africa around the year 1960.<sup>112</sup> The multinationals feared political instability in the new African states but remained interested in the world's biggest bauxite reserves in Guinea, which were no longer behind colonial restrictions.<sup>113</sup> Therefore, they still went ahead and opened the FRIA bauxite mine and alumina factory in Guinea under the leadership of the French company Pechiney. As opposed to the SOMIGA and SIEROMCO projects investigated by this thesis, FRIA has gained much more attention from researchers.<sup>114</sup> Alusuisse held 10% stake in FRIA and was not involved in its management.

The company colloquially named Alusuisse was founded in 1888 under the name Aluminium Industrie Aktien Gesellschaft (AIAG).<sup>115</sup> In 1963 and 1990 it was renamed to Schweizerische Aluminium AG and Alusuisse-Lonza AG respectively before being sold competitor Alcan in 2000. For most of the 20<sup>th</sup> century, Alusuisse was among six corporations dominating worldwide aluminium production. Alusuisse published on its own history in 1942, 1989 and in 2010. Alcan financed the publication of Adrian Knoepfli's research.<sup>116</sup> Based on the newly available archives and interviews with former employees, Knoepfli outlined the general strategy, business successes and problems of the company from a management perspective. Alusuisse has also attracted critical attention for its relations to Nazi Germany and the labour and environmental standards in its factory in Chippis, Switzerland.<sup>117</sup> The critical Alusuisse history by a group of economists, journalists

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<sup>111</sup> See Marco Bertilorenzi, 'L'Eurafrique de l'aluminium.' (presented at the Economie et Développement durable en Francophonie, Paris, 2012).

<sup>112</sup> See Mioche, p. 20.

<sup>113</sup> See Gendron, Ingulstad, and Storli, 'Opening Pandora's Bauxite', p. 11.

<sup>114</sup> See Johannes Knierzinger, 'Fria in Guinea: A Dismissed Bauxite Town', *Stichproben. Wiener Zeitschrift für kritische Afrikastudien. / Vienna Journal of African Studies.*, 16.30 (2016), 137–60 <[https://doi.org/10.25365/PHAIDRA.266\\_07](https://doi.org/10.25365/PHAIDRA.266_07)>.

<sup>115</sup> See Maurice Terretaz, 'Alusuisse', *Historisches Lexikon der Schweiz (HLS)*, 2013 <<https://hls-dhs-dss.ch/articles/041942/2013-03-14/>> [accessed 20 June 2023].

<sup>116</sup> See Knoepfli, *Im Zeichen der Sonne*; 'Achtzig Jahre Walliser Werke, Hundert Jahre Alusuisse', *Aluval : Journal Des Usines Valaisannes = Werkszeitung Der Walliserwerke / Alusuisse*, 177 (1989); Leo Weisz and Heinrich Wanner, *Geschichte der Aluminium-Industrie-Aktien-Gesellschaft Neuhausen, 1888-1938* (Chippis: Aluminium-Industrie-Aktien-Gesellschaft, 1942).

<sup>117</sup> See Cornelia Rauh, *Schweizer Aluminium für Hitlers Krieg? Zur Geschichte der 'Alusuisse' 1918-1950*, Schriftenreihe zur Zeitschrift für Unternehmensgeschichte (München: CH Beck, 2009), XIX; Alain Schweri, 'La grève de 1917 aux usines d'aluminium de Chippis: un exemple de traumatisme industriel en pays agricole' (unpublished Mémoire de licence, Université de Genève, 1988); Urs P. Gasche, *Bauern, Klosterfrauen, Alusuisse: wie eine Industrie ihre Macht ausspielt, Beamte den Volkswillen missachten und ihre Umwelt kaputt geht : eine wahre Schweizer Geschichte* (Gümligen: Zytglogge, 1981); Benoît Aymon, 'Un demi-siècle de lutte ouvrière à l'aluminium de Chippis' (unpublished Mémoire de licence, Université de Genève, 1979).

and activists in 1989 has already been mentioned in Chapter 2.<sup>118</sup> Lacking access to the company archives, they had to rely on publicly available information. The chapters by Bauer on Alusuisse in Sierra Leone and by Elias Davidsson on Alusuisse in Iceland have been most useful.<sup>119</sup> Both focus on the company's relationship with the local government and Bauer includes details on labour relations.

The company archives became available since 2015 and historians have started to use them. In all recent publications, the 1970s and 1980s stand out as a crucial period of crisis and reorientation for the company. Alusuisse was caught flat footed by the slowing aluminium demand, had to cut back spending and focus on profitability and diversification.<sup>120</sup> According to Patrick Feucht, the company reorganised its research and development in that period.<sup>121</sup> Leo Grob's dissertation on labour management at Alusuisse in Australia, Italy and Switzerland (1960-1991) is forthcoming, but he has published articles on the topic.<sup>122</sup> Julian Scherler has analysed the ALUSAF aluminium smelter, a joint venture with the South African government in the 1970s.<sup>123</sup> Alusuisse primarily contributed engineering know-how and used its proximity to the government to secure a monopoly position on the South African aluminium market and to secure low-cost labour.<sup>124</sup> In the 1970s, the balance of power shifted against the Swiss company and the South African government's room to manoeuvre increased.<sup>125</sup> This thesis will be able to show how the changes of the 1970s impacted Alusuisse strategy on bauxite sourcing in Guinea and Sierra Leone, which has not received attention so far.<sup>126</sup> The fruitfulness of such an approach became clear in an exploratory seminar paper under Professor Flores,

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<sup>118</sup> See Tobias Bauer and others, *Silbersonne am Horizont. Alusuisse - eine Schweizer Kolonialgeschichte*, Eckenstein-Studien (Zürich: Limmat, 1989).

<sup>119</sup> See Elias Davidsson, 'Die Vasalleninsel im Nordmeer. Alusuisse in Island', in *Silbersonne am Horizont. Alusuisse - eine Schweizer Kolonialgeschichte*, by Tobias Bauer and others, Eckenstein-Studien (Zürich: Limmat, 1989), pp. 153–75; Bauer, 'Alusuisse in Sierra Leone'.

<sup>120</sup> See Leo Grob, 'Politik der Vermarktlichung. Das Krisenmanagement der Alusuisse nach dem Boom', in *Zwang zur Freiheit: Krise und Neoliberalismus in der Schweiz*, ed. by Regula Ludi, Matthias Ruoss, and Lea Schmitter (Zürich: Chronos, 2018), pp. 85–110; See also Adrian Knoepfli, 'Alusuisse: Early Multinationalisation, Rise and Crisis', *Revue Française d'histoire Économique*, 4–5.2 (2015), 132–44 <<https://doi.org/10.3917/rfhe.004.0132>>; Adrian Knoepfli and Bruno Boehm, 'Alusuisse: From the Buoyancy of the 1970s to the Loss of Autonomy', *Cahiers d'histoire de l'aluminium*, 46–47.1 (2011), 90 <<https://doi.org/10.3917/cha.046.0090>>; This article seems to treat similar topics but was not accessible: Serge Paquier, 'Le Groupe Alusuisse de 1945 à 1980 : L'analyse d'une Multinationale Helvétique Pendant Les Trente Glorieuses.', *Cahiers d'histoire de l'aluminium*, 1 (2003), 89–103.

<sup>121</sup> See Patrick Feucht, 'Engineering und Management am Ende des "goldenen Zeitalters". Krise und Technologie bei der Alusuisse, 1960-1987' (unpublished Masterarbeit in Geschichte, Universität Zürich, 2018).

<sup>122</sup> See Grob, 'Umkämpfte Deindustrialisierung'; Grob, 'Manageriale Macht und die Mikropolitik der Raumordnung'.

<sup>123</sup> See Julian Scherler, 'Aluminium Joint Ventures in the Global South. The Case of Aluminium South Africa (ALUSAF) 1966-1984' (unpublished Mémoire de Master en histoire économique internationale, Université de Genève, 2022).

<sup>124</sup> See Scherler, p. 108.

<sup>125</sup> See Scherler, p. 112.

<sup>126</sup> See the sparse notes in Knoepfli, *Im Zeichen der Sonne*, pp. 68–71; Grob, 'Manageriale Macht und die Mikropolitik der Raumordnung', p. 155.

which used Alusuisse sources on the failed SOMIGA project in Guinea.<sup>127</sup> This present study focusses on the Sierra Leonian SIEROMCO, which was Alusuisse's second most important bauxite source and compares it to the SOMIGA project in the last part.

Some of the most piercing insights into conflicts surrounding bauxite production after decolonisation have come from scholarly critics of the aluminium multinationals. The economist Norman Girvan was a leading figure in the research and politics of the Caribbean bauxite industry.<sup>128</sup> Girvan was part of a larger current critical, of the role mining could play in developing countries.<sup>129</sup> He sought to understand and correct, what he saw as the “cumulative process of development and enrichment for the aluminium companies, and the metropolitan economies where they are based, and a cumulative process of underdevelopment and dependence for the bauxite countries”.<sup>130</sup> Girvan is a useful source to identify potentially conflicting interests between aluminium companies and bauxite-producing states.<sup>131</sup> Bonnie Campbell, political scientist, is the foremost expert on the Guinean bauxite sector.<sup>132</sup> Campbell concerns herself with the governance of extractive industries in Africa. She has traced the conflicts between the Guinean government and foreign multinationals since the country's independence. Based on the work of Girvan, Campbell and the research on the aluminium industry, Table 1 shows a systematic

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<sup>127</sup> This small paper has become the basis for chapter IV in the present thesis. See Lukas Nyffeler, 'Alusuisse in Guinea. The Tougué Project 1970-1978 in the Company Archive' (unpublished Seminar paper, Université de Genève, 2022).

<sup>128</sup> See Girvan, 'Transnational Corporations and Non-Fuel Primary Commodities in Developing Countries', p. 722; see also Norman Girvan, 'Making the Rules of the Game: Company-Country Agreements in the Bauxite Industry', *Social and Economic Studies*, 20.4 (1971), 378–419; François Gèze, 'La bataille des matières premières minérales : multinationales contre pays producteurs. Le cas du cuivre et de l'aluminium', *Revue Tiers Monde*, 17.66 (1976), 289–306 <<https://doi.org/10.3406/tiers.1976.2634>>; *Transnational Corporations, Extractive Industries and Development*, ed. by UNCTAD, World Investment Report, 2007 (New York: United Nations, 2007).

<sup>129</sup> For a comparative approach to Ghana, see Ronald Graham, *The Aluminium Industry and the Third World: Multinational Corporations and Underdevelopment*, 1st edn (London: Zed Press, 1982); For more on Jamaica see Lou Anne Barclay, *Managing FDI for Development in Resource-Rich States: The Caribbean Experience*, 1st ed. 2015. (London: Palgrave Macmillan UK, 2015) <<https://doi.org/10.1057/9781137516091>>; Lou Anne Barclay and Norman Girvan, 'Transnational Restructuring and the Jamaican Bauxite Industry: The Swinging Pendulum of Bargaining Power', in *Aluminium Ore. The Political Economy of the Global Bauxite Industry*, ed. by Robin S. Gendron, Mats Ingulstad, and Espen Storli (Vancouver ; Toronto: UBC Press, 2013), pp. 238–167.

<sup>130</sup> Girvan, 'Making the Rules of the Game', p. 378.

<sup>131</sup> This is in contrast to other approaches with a focus on internal class formation and domestic politics. See for example: Evelyne Huber Stephens, 'Minerals Strategies and Development: International Political Economy, State, Class and the Role of the Bauxite/Aluminum and Copper Industries in Jamaica and Peru', *Studies in Comparative International Development*, 22.3 (1987), 60 <<https://doi.org/10.1007/BF02687144>>.

<sup>132</sup> See Bonnie Campbell, *Les enjeux de la bauxite: la Guinée face aux multinationales de l'aluminium* (Montréal: Presses de l'Université de Montréal, 1983); Bonnie Campbell, 'Negotiating the Bauxite/Aluminium Sector under Narrowing Constraints', *Review of African Political Economy*, 51, 1991, 27–49; Bonnie Campbell and Jennifer Clapp, 'Guinea's Economic Performance under Structural Adjustment: Importance of Mining and Agriculture', *The Journal of Modern African Studies*, 33.3 (1995), 425–49; Campbell, 'Reflections from the Guinean Bauxite-Aluminium Sector'; Bonnie Campbell, 'Guinea and Bauxite-Aluminium: The Challenges of Development and Poverty Reduction', in *Mining in Africa: Regulation and Development*, ed. by Bonnie Campbell (London; New York: Pluto Press, 2015), pp. 66–118.

overview of potential Alusuisse interests for bauxite mining and transformation in Africa.

*Table 1 Potential Alusuisse Interests*

Category	Variable	Explanation
Production	Bauxite Volume	Bauxite needs to be provided to a big enough volume: out of four tons of bauxite you can make one ton of aluminium. <sup>133</sup>
	Bauxite Quality	The quality of bauxite needs to be good enough: different qualities give rise to more or less efficient production. <sup>134</sup>
	Energy	The transformation of bauxite and especially alumina is very energy intensive, these capacities need to be provided. <sup>135</sup>
	Labour	Mining and first transformations are also fairly labour intensive. <sup>136</sup>
	Technology	The transformation process is quite complicated and need special machines and skills. <sup>137</sup>
Infrastructure	Mining Town	Build and maintain accommodation for workers and employees. <sup>138</sup>
	Export Infrastructure	A good infrastructure is necessary to transport bauxite, alumina and aluminium to the next production step, which is often located in other countries. <sup>139</sup>
	Distance to Markets	Access to the consumer markets is an essential question for the placing of final goods factories. <sup>140</sup>
Risk Reduction	Economic Risk	To reduce the economic risk of a big new and expensive investment, corporations often formed joint-ventures. <sup>141</sup>
	Political Risk	Producing in independent states of the global south also brings political risks to the corporations: nationalisations, taxation and states trying to gain control and benefits over their natural resources. <sup>142</sup> One important strategy to reduce risks is to spread

<sup>133</sup> See Gendron, Ingulstad, and Storli, 'Opening Pandora's Bauxite', p. 4.

<sup>134</sup> Campbell argues that corporations could gain a special mining rent when exclusively exploiting high quality deposits. See Campbell, *Les enjeux de la bauxite*, p. 41.

<sup>135</sup> Guinea had huge potential for hydro power but not a lot of it was developed. See Campbell, *Les enjeux de la bauxite*, p. 128.

<sup>136</sup> See Campbell, *Les enjeux de la bauxite*, p. 44.

<sup>137</sup> See Girvan, 'Transnational Corporations and Non-Fuel Primary Commodities in Developing Countries', p. 729.

<sup>138</sup> The design of the company town can also have implications for the control of the workforce. See Grob, 'Manageriale Macht und die Mikropolitik der Raumordnung'.

<sup>139</sup> Infrastructure building and financing was an important point of conflict between Guinea and the Multinationals. See Campbell, *Les enjeux de la bauxite*, p. 114.

<sup>140</sup> See Campbell, *Les enjeux de la bauxite*, p. 43.

<sup>141</sup> See Girvan, 'Transnational Corporations and Non-Fuel Primary Commodities in Developing Countries', p. 733.

<sup>142</sup> See for example the nationalization of Alcan in Guinea. Robin S. Gendron, 'Canada and the Nationalization of Alcan's Bauxite Operations in Guinea and Guyana', in *Aluminium Ore. The Political Economy of the Global Bauxite Industry*, ed. by Robin S. Gendron, Mats Ingulstad, and Espen Storli (Vancouver ; Toronto: UBC Press, 2013), pp. 211–37; Florence Hachez-Leroy, 'Enjeux et Stratégies Internationaux dans le Secteur de l'Aluminium en Afrique (1960-2010)', in *L'Afrique indépendante dans le système international*, ed. by Georges-Henri Soutou and Émilie Robin Hivert, Mondes contemporains (Paris: Presses de l'Université Paris-Sorbonne, 2012), pp. 261–81.

		the production chain over different countries with redundancies to not put all eggs in one basket. <sup>143</sup>
Control	Long term Access	Bauxite transformation requires technical processes fitting the exact chemical composition of a particular bauxite source. It is not efficient to run a factory with bauxite from different deposits: long term access is therefore key and for that reason companies want to have as much control over their sources as possible. <sup>144</sup>
	Barriers to Entry	They also want to control bauxite reserves to create market barriers against the entry of potential competition. <sup>145</sup>
	Contract duration	The need for control expresses itself often in legal terms: corporations want long term contracts. <sup>146</sup>
	Ownership	To whom belongs the subsidiary? <sup>147</sup>
	Operations	Who makes the key decisions over investment and sale prices? <sup>148</sup>
Profitability	Strategic Function	Profitability depends on the current strategy: volume expansion, diversification, which also depend on their expectation of the development of demand and the capacities of their rivals. <sup>149</sup>
	Prices	Profitability is important wherever prices are involved: bauxite, labour, energy and transport should be cheap. <sup>150</sup>
	Taxes and Tariffs	Higher taxes and tariffs make production in a country less profitable. The real tax burden can also be influenced by transfer pricing. <sup>151</sup>
	Exchange Rates	Exchange rates can also influence prices negatively or positively. <sup>152</sup>
	Funding Conditions	Aluminium production is very capital-intensive and its expansion depends on the availability of a lot of funding to good conditions. <sup>153</sup>

These variables will be tested against the sources in the Alusuisse company archive and compared to the interests of the bauxite-producing states in order to gain insights into power relations, control and benefits. These insights form the

<sup>143</sup> See Gendron, Ingulstad, and Storli, 'Opening Pandora's Bauxite', p. 12; Girvan, 'Transnational Corporations and Non-Fuel Primary Commodities in Developing Countries', p. 729.

<sup>144</sup> See Girvan, 'Making the Rules of the Game', p. 381.

<sup>145</sup> See Girvan, 'Transnational Corporations and Non-Fuel Primary Commodities in Developing Countries', p. 715.

<sup>146</sup> See Campbell, 'Reflections from the Guinean Bauxite-Aluminium Sector', p. 274.

<sup>147</sup> See Campbell, 'Guinea and Bauxite-Aluminium', p. 76.

<sup>148</sup> See Bauer, 'Alusuisse in Sierra Leone', p. 136.

<sup>149</sup> See Knoepfli, 'Alusuisse: Early Multinationalisation, Rise and Crisis', p. 141.

<sup>150</sup> See Girvan, 'Making the Rules of the Game', p. 381; The importance of energy prices was one issue in the Volta River project in Ghana. Jon Olav Hove, 'The Volta River Project and Decolonization, 1945-57: The Rise and Fall of an Integrated Aluminium Project', in *Aluminium Ore. The Political Economy of the Global Bauxite Industry*, ed. by Robin S. Gendron, Mats Ingulstad, and Espen Storli (Vancouver ; Toronto: UBC Press, 2013), pp. 185–2010.

<sup>151</sup> See Girvan, 'Transnational Corporations and Non-Fuel Primary Commodities in Developing Countries', p. 721.

<sup>152</sup> This became a big problem for Alusuisse in the 1970s. See Knoepfli, 'Alusuisse: Early Multinationalisation, Rise and Crisis', p. 140.

<sup>153</sup> See Campbell, *Les enjeux de la bauxite*, p. 23.



basis for the assessment of Alusuisse's actions in West-Africa as investment imperialism and as an example of Swiss imperialism.

Up until now, the Guinean bauxite sector has received considerable attention, while the Sierra Leonean counterpart has remained virtually overlooked.<sup>154</sup> This discrepancy is explained by the fact that Guinea boasts the world's largest bauxite reserves, while Sierra Leone is only a small player in comparison. The Guinean government's strategy regarding bauxite mining is well documented, particularly by the aforementioned Bonnie Campbell. To comprehend the Sierra Leonean government's objectives regarding bauxite mining, we must rely on broader historical accounts on the country's history and political economy.

On the 2<sup>nd</sup> of October 1958 Guinea declared its independence from France. The former union leader Sekou Touré became President of a one-party state until his death in 1984.<sup>155</sup> Bauxite mining contributed 25% of Guinean GDP, 95% of exports, and 79% of tax revenue in the 1980s.<sup>156</sup> Given the country's dependence on that sector, the Guinean government sought to sustain and enhance state revenues from it. But, according to Campbell, the prime objective of the Guinean government in the 1960s and 1970s, has been to encourage local transformation of bauxite in alumina and then aluminium.<sup>157</sup> Guinea managed to negotiate state participation in all mining ventures and the multinationals contractually promised to further local transformation.<sup>158</sup> Guinea lacked the technology, capital and market knowledge to create an aluminium industry without Western multinationals, who had no interest in local transformation. As a result, to this day, no new alumina or aluminium factory has been opened in Guinea, since it became independent in 1958.<sup>159</sup>

On the 27<sup>th</sup> of April 1961 Sierra Leone gained its independence from Great Britain.<sup>160</sup> Milton Margai became the Prime Minister of a conservative government,

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<sup>154</sup> In most treatments of the Sierra Leonian mining sector, bauxite is marginalised. See for example Kenneth Swindell, 'Mining Workers in Sierra Leone: Their Stability and Marital Status', *African Affairs*, 74.295 (1975), 180–90 <<https://doi.org/10.1093/oxfordjournals.afraf.a096584>>; Priscilla Schwartz, 'Sustainable Development and Mining in Sierra Leone' (unpublished PhD Thesis in Law, Queen Mary University of London, 2005) <<https://qmro.qmul.ac.uk/xmlui/handle/123456789/1871>> [accessed 19 June 2023]; I was unable to access this book, which mentions SIEROMCO as part of the Sierra Leonian Mining industry: Winston Forde, *The Story of Mining in Sierra Leone*, 2011 <<https://www.scribd.com/book/387796235/The-Story-of-Mining-in-Sierra-Leone>> [accessed 19 June 2023].

<sup>155</sup> See Guia Migani, 'Sékou Touré et la contestation de l'ordre colonial en Afrique sub-saharienne, 1958-1963', *Monde(s)*, N° 2.2 (2012), 257–73.

<sup>156</sup> Campbell and Clapp, p. 427.

<sup>157</sup> Campbell and Clapp, p. 428.

<sup>158</sup> Campbell, 'Reflections from the Guinean Bauxite-Aluminium Sector', pp. 275–78.

<sup>159</sup> See Knierzinger, *Bauxite Mining in Africa*, p. 9.

<sup>160</sup> See David Harris, *Sierra Leone: A Political History*, 1st edn (Oxford University Press, 2014), p. 43.

relying on British colonial institutions, such as the chieftains.<sup>161</sup> The British had delegated local governance by formally recognizing certain ruling families, who took over local governance.<sup>162</sup> After independence, Paramount Chiefs continued to be elected by the same ruling families.<sup>163</sup> On the national level, state authorities remained weak.<sup>164</sup> The economy consisted primarily of agriculture and mining, particularly diamonds but also rutile and bauxite. In 1964, Milton Margai died and was replaced by his half-brother Albert Margai.<sup>165</sup> Albert Margai lost the election in 1967 to Siaka Stevens.<sup>166</sup> Stevens remained in power until 1985 and decisively shaped Sierra Leone with his “particular blend of personality, patronage and persecution”.<sup>167</sup> The system developed by Stevens, is usually characterised as “neo-patrimonial”.<sup>168</sup> In such a system, politics are structured by patron-client relationships. Political support is exchanged for access to state resources. These resources can include jobs, government contracts or opportunities for illegal gains.<sup>169</sup> In this system, governments prioritised the enrichment of elites, who controlled the state.<sup>170</sup> The resulted failing state and socio-economic discontent provided fertile breeding ground for the civil war that gripped Sierra Leone in 1994.<sup>171</sup> Patrick Johnston has argued that multinational mining corporations played a particular role in maintaining this neo-patrimonial system.<sup>172</sup> Government tops granted concessions to foreign firms to mine diamonds both to keep assets out of domestic opponents hands, and to generate revenue, which could be distributed to clients.<sup>173</sup> Therefore, these links to multinationals were valuable political assets in Sierra Leone, especially, because the weak state, lacked the ability to tax a productive economy.<sup>174</sup> Based on this neo-patrimonial system, we would expect the government to use Aluisse to gain access to resources to distribute. Potential conflicts would therefore not be about local transformation, as in the Guinean case;

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<sup>161</sup> See Harris, p. 46.

<sup>162</sup> See Daron Acemoglu, Tristan Reed, and James A. Robinson, ‘Chiefs: Economic Development and Elite Control of Civil Society in Sierra Leone’, *Journal of Political Economy*, 122.2 (2014), 319–68 (p. 319) <<https://doi.org/10.1086/674988>>.

<sup>163</sup> See Acemoglu, Reed, and Robinson, p. 326.

<sup>164</sup> See Acemoglu, Reed, and Robinson, p. 362.

<sup>165</sup> See Harris, p. 53.

<sup>166</sup> See Harris, p. 55.

<sup>167</sup> See Harris, p. 63.

<sup>168</sup> See, for example David J. Francis, *The Politics of Economic Regionalism: Sierra Leone in ECOWAS*, Routledge Revivals (Routledge, 2017), p. 83; David Fashole Luke and Stephen P. Riley, ‘The Politics of Economic Decline in Sierra Leone’, *The Journal of Modern African Studies*, 27.1 (1989), 133–41 (p. 134).

<sup>169</sup> See Francis, p. 83.

<sup>170</sup> See Francis, p. 85.

<sup>171</sup> See Luke and Riley.

<sup>172</sup> Patrick Johnston, ‘International Norms, Commerce, and the Political Economy of Insecurity in Sierra Leone’, *Canadian Journal of African Studies / Revue Canadienne Des Études Africaines*, 41.1 (2007), 66–94.

<sup>173</sup> See Johnston, p. 69.

<sup>174</sup> See Johnston, p. 74.

but about state revenues. Since the Sierra Leonean bauxite sector so far been overshadowed by the country's diamond mining, this thesis will lay groundwork.

## 5 Bauxite Mining in Light of the Alusuisse Company Archive

This master's thesis employs a methodology of reconstruction from archival material.<sup>175</sup> Swiss public archives hold only traces of Alusuisse's activities, for example in documents of the Federal Department for Foreign Affairs.<sup>176</sup> The same goes for the newspaper archives accessible online.<sup>177</sup> Fortunately, the Alusuisse archives are publicly available, which is very rare for Swiss companies.<sup>178</sup> As usual for complex, multinational corporations, Alusuisse maintained written records to facilitate internal coordination, comply with legal reporting requirements, enforce internal compliance, and enable future activity reviews.<sup>179</sup> Other sources were aimed at shaping the public perception of the company, such as draft press releases or annual reports, or tailored to influence external stakeholders, like letters and contract proposals. Naturally these documents excluded additional oral negotiations and explanations in formal or informal settings and presumed the recipients understanding for unstated assumptions. Activities that could be disapproved of by higher ups or illegal activity tend not to be documented.<sup>180</sup> The maintenance of large archives is expensive and complicated, hence why many enterprises neglect it.<sup>181</sup> Moving headquarters, like Alusuisse did in the 1940s, selling and reselling of the company may introduce disorganisation and can lead to the loss of documents.

Alusuisse was bought by its Canadian competitor Alcan in 2000 and was dismantled.<sup>182</sup> Its archive has been given to the Swiss Economic Archive (SWA) in Basel and has been freely available to researchers since 2016. Between 2011 and 2019, the archivists and researchers of the SWA viewed and organised the archive, partially following the original structure and partially reorganising following the guidelines of the archive.<sup>183</sup> They aimed at making the decisions and activities of

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<sup>175</sup> See Stephanie Decker, 'The Silence of the Archives: Business History, Post-Colonialism and Archival Ethnography', *Management & Organizational History*, 8.2 (2013), 155–73 <<https://doi.org/10.1080/17449359.2012.761491>>.

<sup>176</sup> See for example Letter by Swiss Charché d'Affaires a.i. in Conakry Ernst Schmid, 20.7.1972, [dodis.ch/53229](https://dodis.ch/53229) on the morale of Swiss Alusuisse employees in Guinea or Notiz über den Besuch einer guineischen Regierungsdelegation in Bern vom 24.9.1970 in Bern by Minister Richard Pestalozzi from the 28.09.1970, [dodis.ch/53209](https://dodis.ch/53209) regarding the SOMIGA project.

<sup>177</sup> For Swiss newspapers, [e-newspaperarchives.ch](https://e-newspaperarchives.ch), [swissdox.ch](https://swissdox.ch) and [e-periodica.ch/](https://e-periodica.ch/) were consulted, as well as the Financial Times Historical Archive. Search terms were "SIEROMCO", "Alusuisse"AND"Sierra Leone", "Sierra Leone"AND"bauxite". The very few articles on SIEROMCO have been cited, wherever appropriate.

<sup>178</sup> See Meister, p. 40; Guex, v.

<sup>179</sup> See Decker, p. 161.

<sup>180</sup> See Decker, p. 165.

<sup>181</sup> See Decker, p. 158.

<sup>182</sup> See Knierzinger, *Bauxite Mining in Africa*, p. 86.

<sup>183</sup> See the detailed explanations how the archive was processed and organised in the Swisscollections database on the Firmenarchiv Alusuisse, SWA PA 600, online: <https://swisscollections.ch/Record/991170431653605501>, accessed 5.12.2022.

the company traceable and understandable over long periods of time. The 250 meters of archival material include comprehensive minutes of the directing bodies, internal and external letters, reports and planning documents, numbers on the flow of money and goods as well as minutes of oral discussions with partners.

In order to find the relevant documents for the case studies and assure their proper contextualisation, the research proceeded top-down, following the Alusuisse hierarchy.<sup>184</sup> Based on the annual reports 1955-1976, the most important projects in Africa were identified.<sup>185</sup> The minutes of the Board of Directors 1942-1992, who meet roughly five times a year were used understand the strategic considerations of the company.<sup>186</sup> The Board of Directors discussed the SIEROMCO subsidiary 17 times between 1960 and 1992: most intensively in the 1960s, when the company was set up and then only in cases of conflicts with the government. The SOMIGA project was discussed between 1970 and 1977. In preparation to board meetings the operative leadership, the Directorate General, prepared reports on the business situation, which were consulted whenever projects were discussed in the Board of Directors.<sup>187</sup> The minutes of the Directorate General were systematically consulted for any references to Sierra Leone or Guinea for the available years 1958-1969.<sup>188</sup> Combined these sources gave a comprehensive account of the strategic considerations of Alusuisse regarding SOMIGA and SIEROMCO. The archives of the subsidiaries in Sierra Leone and Guinea are not available.

The Alusuisse legal department maintained its own archive, which was notably better preserved compared other divisions.<sup>189</sup> Most detailed sources on SOMIGA and SIEROMCO are found there. The legal department was primarily concerned with contract negotiations and taxation. Whenever the legal department was involved, they received copies of letters, minutes, and analyses produced by other departments. The legal department did not systematically collect documents on production, wages, prices, and investments. Instead, they were only gathered in specific conflicts, such as with the local host governments. As conflicts become

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<sup>184</sup> As is standard practice in business history. Decker, p. 168.

<sup>185</sup> Referenced as "Geschäftsbericht Alusuisse XXX".

<sup>186</sup> Referenced as "Protokoll der XXX. Sitzung des Verwaltungsrates". The minutes are digitised until 1985.

<sup>187</sup> Until 1972, these reports were entitled "Bericht über die allgemeine Geschäftslage", afterwards "Bericht der Generaldirektion an den Verwaltungsrat". Since the function of the report did not change and for the sake of clarity, they will all be referenced as "Bericht über die allgemeine Geschäftslage". The reports do not indicate the date of writing but the date of the Board meeting they were created for. This is also the date referenced in the following pages.

<sup>188</sup> Until 1964, they were entitled "Protokoll der Direktorenkonferenz" or "Direktionssitzung", afterwards "Protokoll der Sitzung der Generaldirektion". Since neither the participants, nor the content of the meeting changed, they will all be referenced as "Protokoll der Sitzung der Generaldirektion".

<sup>189</sup> Sources from the legal archived referenced by a title, date and their archive signature begins with "SWA PA 600 f St".

more recent, a greater number of sources related to them are typically preserved. Considering potential future legal conflicts, it would have been prudent to maintain more evidence on the negotiations of the current contract rather than on a much older one. But during these negotiations, Alusuisse employees often also collected information on earlier years. For example, most of the quantitative sources on SIEROMCO used in this thesis, were created in 1991.<sup>190</sup> These sources are incredibly valuable and allow a detailed reconstruction of negotiations, obstacles and project results for Sierra Leone. The priorities and biases of the legal department has contributed to the focus on country-company negotiations, as discussed in Chapter 3.

It would be crucial to contrast Alusuisse point of view with that of the host governments. However Guinean government records have been destroyed or are unavailable, which is why researchers like Knierzinger have done field interviews in Guinea. Unfortunately, this is beyond the scope of this project.<sup>191</sup> This limitation is typical for most post-colonial countries in Africa.<sup>192</sup> Nevertheless, Western business archives, augmented by Western government files are known to hold important resources on post-colonial history. When seeking to comprehend the perspectives of African government officials through Alusuisse sources, it was essential to adopt a critical approach towards the themes, attitudes, and biases conveyed by the authors, as well as to identify what they might have omitted or remained silent about.<sup>193</sup> For the convenience of the reader, all citations are translated into English and all currencies are converted to US Dollars and adjusted for inflation to the value of the US Dollar in 1963, when SIEROMCO started operations. Wherever useful, the original amounts or foreign language can be found in the footnotes. The sources for the figures are included in the bibliography.

Based on the described company sources, this thesis will reconstruct the history of the Alusuisse subsidiary SIEROMCO between 1960 and 1992 and SOMGIA between 1970 and 1978. The analysis will focus on four related dimensions: project elaboration, conflicts with local governments, project results and comparison of the two projects. Results are measured by analysing the conclusions that Alusuisse drew themselves in minutes and reports, and on the basis

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<sup>190</sup> See *Renegotiations with Sierra Leone Government*, 11.03.1991, SWA PA 600 f St-1416-11-6.

<sup>191</sup> See Knierzinger, *Bauxite Mining in Africa*, p. 3.

<sup>192</sup> See Decker, p. 162.

<sup>193</sup> See Decker, p. 167.

of production, tax, and financial figures. The first three parts are dedicated to SIEROMCO, while the smaller SOMGIA project is explained in Part IV. Part I shows how SIEROMCO was established in the 1960, how bauxite mining began and the attractive conditions provided by the Sierra Leonian government. Part II analyses the increasing difficulties SIEROMCO faced in the 1970s because of turbulences in the international aluminium market and increasing conflicts with the government over control and tax revenue. Part III looks at the renewed expansion of an increasingly profitable SIEROMCO and how Alusuisse dealt with the challenges and criticism that arose from those profits. Part IV explains the elaboration and downfall of the SOMGIA project, because of the 1970s economic turbulences and conflicts with the Guinean government.

In the conclusion both projects will be compared to further generalise the results. Based on the hypothesis on conflicting interests developed in Chapter 4, it will become clear, what power Alusuisse had over host governments and where their relationship was symbiotic. This will allow a conclusion about the power Alusuisse exerted over foreign economic assets and decisions. Together with an evaluation of the material and capital flows, Alusuisse was able to extract, this will make it possible to determine, whether the company's activities fit the conception of investment imperialism as described in Chapter 3. This will allow a contribution to the historiographical debate on Swiss imperialism, by showing the continued importance of private imperialist actions of Swiss companies.

## PART I INVESTMENT IMPERIALISM IN SIERRA LEONE (1960-1970)

In 1960, Alusuisse founded the subsidiary Sierra Leone Ore and Metal Co. (SIEROMCO) in Freetown to evaluate, mine, and later export bauxite.<sup>194</sup> Over the next thirty years, SIEROMCO produced bauxite under changing economic and political conditions. The mine was shut down in January 1995 due to the Civil War and sold to the government of Sierra Leone in the year 2000.<sup>195</sup> Based on Alusuisse's overall strategy and the political conditions in Sierra Leone, this Part I establishes the initial objectives and conditions for the SIEROMCO bauxite mine and presents the results of the early years of operations.

*Chapter 6* analyses the conflicting or converging interests between Alusuisse and the Sierra Leonian government in the early 1960s. *Chapter 7* shows the favourable conditions granted to Alusuisse during the first country-company negotiations. The control Alusuisse gained over economic assets in Sierra Leone, and the benefits it gained are demonstrated in *Chapter 8*. Part I proves that the Swiss company found a very cheap raw material source in Sierra Leone by establishing a monopoly position thanks to the Sierra Leone government, conforming to an imperialist model.

### 6 Why did Alusuisse Expand to Sierra Leone?

Alusuisse needed raw materials to fuel their expanding aluminium factories while navigating the political challenges of Decolonisation. In the Sierra Leonian Mokanji Hills, they found high-quality bauxite deposits.<sup>196</sup> Despite the close relationship Alusuisse had with other aluminium multinationals, they did not pursue a joint venture. The conservative Sierra Leonian government welcomed the revenues and employment foreign investment brought.

SIEROMCO was a child of the rapidly expanding economy after the Second World War, the "trente glorieuses". Global demand for aluminium skyrocketed because of its increasing civilian (e.g. tin cans) as well as military (e.g. aeroplanes) use.<sup>197</sup> The aluminium multinationals sought new energy and bauxite sources to increase production levels. This led to the globalisation of production networks,

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<sup>194</sup> See *Geschäftsbericht Alusuisse* 1961, p. 7, SWA PA 600 b C 1.

<sup>195</sup> See 'Algroup zieht Schlussstrich unter Engagement in Sierra Leone', *SWI swissinfo.ch*, 23 September 2000 <<https://www.swissinfo.ch/ger/algroup-zieht-schlussstrich-unter-engagement-in-sierra-leone/1768854>> [accessed 16 January 2023].

<sup>196</sup> See *Protokoll der 303. Sitzung des Verwaltungsrates*, 17.12.1963, p. 6, SWA PA 600 b C 1.

<sup>197</sup> See Gendron, Ingulstad, and Storli, 'Opening Pandora's Bauxite', p. 10.

particularly due to the concentration of the World's main bauxite reserves around the equator. Alusuisse exemplifies the internationalisation of aluminium production. In 1963, the company changed its name to Schweizerische Aluminium AG, highlighting its Swiss identity in the global market.<sup>198</sup> This was a common strategy for Swiss multinationals in that period.<sup>199</sup>

SIEROMCO was intended as a long-term bauxite source, firmly under Alusuisse's control. In 1960, Alusuisse management formulated a new four-pillar strategy, focussing on expansion, integration, diversification and innovation.<sup>200</sup> Since the end of the Second World War, the company had quadrupled its profits and was now poised for rapid growth.<sup>201</sup> New bauxite sources were needed to expand production. For Alusuisse President Meyer, Sierra Leone was "the beginnings of a long-term solution to the raw material problem".<sup>202</sup> SIEROMCO also played a crucial role in the backward integration, involving control not only over aluminium production but also bauxite mining and transformation.<sup>203</sup> Backwards integration would ensure independent access to crucial raw materials, irrespective of other firms.<sup>204</sup>

SIEROMCO was not a joint-venture project between multiple aluminium companies. This is notable because of the highly cartelised aluminium market after the Second World War.<sup>205</sup> In Guinea, Alusuisse participated in the joint venture mine and alumina factory FRIA since 1958.<sup>206</sup> Alusuisse had to contemplate whether they could expand into Sierra Leone without partners.<sup>207</sup> In 1956, they had entered into a syndicate agreement with Billiton,<sup>208</sup> VAW<sup>209</sup> and Olin,<sup>210</sup> for joint exploration and exploitation of bauxite in West Africa. However, the Alusuisse legal team eventually determined that solo exploration and mining were permissible

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<sup>198</sup> From Aluminium Industrie Aktien Gesellschaft (AIAG). See Terrettaz.

<sup>199</sup> See Donzé, p. 377.

<sup>200</sup> See Knoepfli, 'Alusuisse: Early Multinationalisation, Rise and Crisis', p. 134.

<sup>201</sup> See Knoepfli, 'Alusuisse: Early Multinationalisation, Rise and Crisis', p. 134.

<sup>202</sup> Cited after Knoepfli, 'Alusuisse: Early Multinationalisation, Rise and Crisis', p. 135.

<sup>203</sup> See *Protokoll der 366. Sitzung des Verwaltungsrates*, 11.09.1974, p. 2, SWA PA 600 b D 2-1.

<sup>204</sup> See *Protokoll der 303. Sitzung des Verwaltungsrates*, 17.12.1963, p. 6, SWA PA 600 b D 2-1.

<sup>205</sup> See Bertilorenzi, *The International Aluminium Cartel*, p. 286.

<sup>206</sup> See Campbell, *Les enjeux de la bauxite*, p. 75.

<sup>207</sup> See the note *Syndikatsvertrag zwischen Billiton, AIAG, VAW und Olin*, 13.06.1960, SWA PA 600 f St-1416-11-1.

<sup>208</sup> Billiton was a British company, founded in 1860, that was mainly engaged in tin mining but had expanded into bauxite and Aluminium. In 2001 it merged with the Australian BHP Ltd to form BHP Billiton. See 'BHP Billiton', *Encyclopedia Britannica*, 2023 <<https://www.britannica.com/topic/BHP-Billiton>> [accessed 10 July 2023].

<sup>209</sup> Vereinigte Aluminium-Werke AG (VAW) was a German aluminium multinational, founded in 1917. See 'Lautawerk (Vereinigte Aluminiumwerke AG)', *Landesverband Industriekultur Sachsen* <<https://www.industriekultur-in-sachsen.de/erleben/akteure-erlebnisorte/details/lautawerk-vereinigte-aluminiumwerke-ag/>> [accessed 19 August 2023].

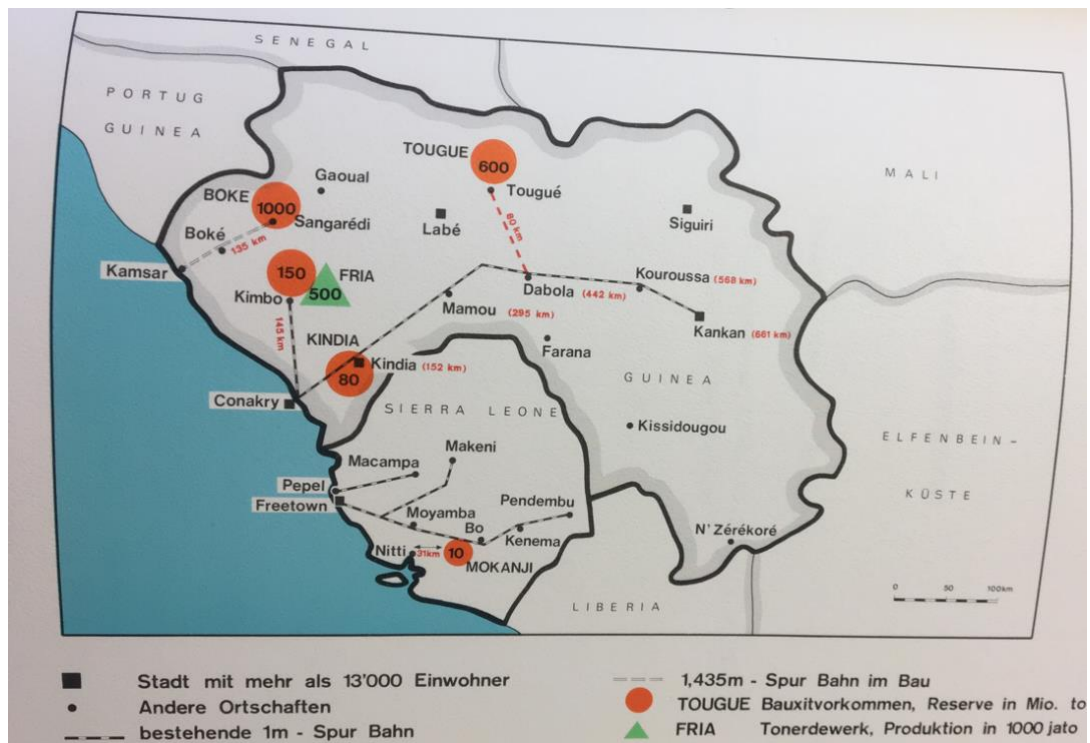
<sup>210</sup> Olin was an American corporation, that engaged in the aluminium industry between 1956 and the 1970s. It also participated in the Ormet plant. See Gene Smith, 'Olin Leaving Aluminum Industry', *The New York Times*, 17 November 1972 <<https://www.nytimes.com/1972/11/17/archives/olin-leaving-aluminum-industry-olin-will-leave-aluminum-field.html>> [accessed 10 July 2023].



as the syndicate had not yet engaged in joint activities in Sierra Leone.<sup>211</sup> SIEROMCO remained 100% in Swiss hands.<sup>212</sup>

Joint ventures had become a common strategy for multinationals to share the political risks and the costs of investing in African countries since the 1950s.<sup>213</sup> Risks arising from independence movements, nationalism, and socialism were concerning for all multinational corporations.<sup>214</sup> They included political disruption of operations, nationalisation of assets, protectionist tariffs, and the control over foreign exchange and capital flows. Mineral deposits were at risk of being nationalised as newly independent countries wanted to gain control over their natural resources.<sup>215</sup> So why did Alusuisse go solo in Sierra Leone? The Mokanji Hills deposits in Sierra Leone were considerably smaller than other mines, as demonstrated in *Figure 2* and featured no local transformation, lowering energy demand, investment costs and thus economic risk.<sup>216</sup> Lastly, Sierra Leone was considered relatively “politically safe”, which reduced political risk.

*Figure 2 Map of bauxite Industry in Guinea and Sierra Leone 1970.*



Source: *Protokoll der 339. Sitzung des Verwaltungsrates, 25.06.1970, p. 4-6, SWA PA 600 b C 1.*

<sup>211</sup> See *Letter to President Meyer*, 16.06.1960, SWA PA 600 f St-1416-11-1.

<sup>212</sup> Only once, in 1966, did the Directorate General consider selling SIEROMCO to another multinational, but no agreement was reached. See *Protokoll der Generaldirektion*, 15.07.1966, SWA PA 600 b E 1-1.

<sup>213</sup> See Bertilorenzi, *The International Aluminium Cartel*, p. 286.

<sup>214</sup> See Donzé, p. 387.

<sup>215</sup> See, for example, Gendron.

<sup>216</sup> The mines in Fria, Guinea or Gove, Australia, also included alumina processing.

As Alusuisse first planned its mine in the Mokanji hills, Sierra Leone was still a British protectorate. The Sierra Leone People's Party (SLPP) had won all elections to the Protectorate Assembly since 1951, and its leader, Milton Margai, headed the government.<sup>217</sup> Milton Margai negotiated the country's independence from Great Britain, which was realised on the 27<sup>th</sup> of April 1961. The SLPP maintained its majority, but the All People's Congress (APC), founded by Siaka Stevens, emerged as its main opposition. Despite the independence, the conservative Sierra Leonian government remained oriented toward Great Britain and kept the British Monarch as head of state.<sup>218</sup> On the 31<sup>st</sup> of October 1961, Alusuisse signed a contract with the government of Sierra Leone, receiving the licence to mine and ship aluminium ore (bauxite).<sup>219</sup> In part, the contract had been negotiated during the independence process and the British authorities aided the Swiss company in getting "facilitations" for its investments.<sup>220</sup> This is evidence that Alusuisse profited from the classical imperialist powers such as Great Britain, as was typical for Swiss imperialism.<sup>221</sup> In contrast to Guinea's Sékou Touré, Milton Margai never considered nationalising foreign mining assets and instead offered tax breaks to private companies.<sup>222</sup> As the first bauxite shipments left Sierra Leone in 1963, the Alusuisse Board of Directors remarked favourably on the political stability of Sierra Leone.<sup>223</sup>

In April 1964, Milton Margai died and was replaced by his half-brother Albert Margai.<sup>224</sup> Albert Margai attempted to find a compromise between the conservative SLPP and his personally mildly left-leaning politics.<sup>225</sup> As the Sierra Leonian policy towards foreign companies remained unchanged, the Alusuisse management was content with the relations to the Sierra Leonian government during Albert Margai's reign.<sup>226</sup> Albert Margai lost the 1967 parliamentary elections to Siaka Stevens by a narrow margin.<sup>227</sup> A hardening ethno-regional

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<sup>217</sup> See the timeline in C. Magbaily Fyle, *Historical Dictionary of Sierra Leone*, Historical Dictionaries of Africa, 99, 2nd edn (Lanham, Maryland, Toronto, Oxford: Scarecrow Press, 2006), p. xxii.

<sup>218</sup> See Harris, p. 51.

<sup>219</sup> See *An Act to Ratify and Confirm an Agreement for the Prospecting and Mining of Deposits of Aluminium Ores in certain Areas in Sierra Leone*, Supplement to the Sierra Leone Gazette, Extraordinary Vol. XCII, No. 20, 19.03.1962, SWA PA 600 f St-1416-11-2.

<sup>220</sup> In German: "Erleichterungen". See *Protokoll der Generaldirektion*, 5.12.1960, SWA PA 600 b E 1-1.

<sup>221</sup> An alternative interpretation of the phrase "Anglo-Saxon side", would be that the aid was rendered by Alusuisse's British syndicate partner Billiton. This would be further proof of the oligopolist structure of the aluminium market and how it benefited Alusuisse with regards to local governments.

<sup>222</sup> See Harris, p. 52.

<sup>223</sup> See *Protokoll der 303. Sitzung des Verwaltungsrates*, 17.12.1963, p. 6, SWA PA 600 b C 1.

<sup>224</sup> See Fyle, p. 123.

<sup>225</sup> See Harris, p. 55.

<sup>226</sup> See *Protokoll der Generaldirektion*, 29.06.1964, SWA PA 600 b E 1-1.

<sup>227</sup> See Harris, p. 55.

divide, disunity in the SSLP and the increasing state debt and corruption began to destabilise the political situation. Then the military intervened, as it was not unusual for Africa at the time.<sup>228</sup> On this occasion, the Alusuisse Directorate General showed their disdain for democracy by only remarking that “the transition to a military dictatorship did not have any unfavourable consequences”.<sup>229</sup> This is typical for Alusuisse’s management: as long as political events didn’t affect the mine, they were considered irrelevant. The military coups and counter-coups ended in April 1968, when the election winner Siaka Stevens from the APC, reasserted himself as Prime Minister.<sup>230</sup> This became possible due to splits in the officer corps, his popularity and his support from traditional elites.<sup>231</sup> Stevens remained in power until 1985, decisively transformed the political system in Sierra Leone. Beginning in 1969, this also impacted Alusuisse, as *Chapter 10* shows.

In the 1960s, Alusuisse was looking for cheap and secure bauxite deposits and found them in Guinea. Because of the smaller size mine and the favourable relation to the Sierra Leonian government, they could exploit the Mokanji bauxite without joint venture partners. In the conservative Sierra Leonian government, still closely related to the British Empire, the Swiss company found a partner, primarily interested in generating some state revenue and local jobs. The next chapter analyses, how the 1961 contract expressed this relationship.

## 7 The Lopsided 1961 Contract with the Sierra Leone Government

In 1961, Alusuisse received the licence to mine and ship aluminium ore in Southern Sierra Leone to very attractive conditions.<sup>232</sup> According to Bauer, the contract heavily favoured the Swiss company over the Sierra Leonian government, reflecting an “extreme power imbalance”.<sup>233</sup> Essentially, the 1961 agreement awarded Alusuisse exclusive mining and exporting rights for all known bauxite in Sierra Leone, in return for providing monetary compensation to the government. The agreement covered four topics: motivations of the contracting parties

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<sup>228</sup> See Harris, p. 60.

<sup>229</sup> In German: “Der Übergang zur Militärdiktatur hatte keine ungünstigen Auswirkungen”. See *Bericht über die allgemeine Geschäftslage*, 13.12.1967, SWA PA 600 b D 2-4.

<sup>230</sup> See Harris, p. 63.

<sup>231</sup> See Harris, p. 62.

<sup>232</sup> See *An Act to Ratify and Confirm an Agreement for the Prospecting and Mining of Deposits of Aluminium Ores in certain Areas in Sierra Leone*, Supplement to the Sierra Leone Gazette, Extraordinary Vol. XCII, No. 20, 19.03.1962, SWA PA 600 f St-1416-11-2.

<sup>233</sup> In German: ‘(...) spiegeln das enorme Machtungleichgewicht von Leistungen und Gegenleistungen wider.’ See Bauer, ‘Alusuisse in Sierra Leone’, p. 117.

(paragraphs 1-4), the scope and duration of the licenses (2-6), taxes and tariffs (7-8), and additional provisions (9-11).

According to the agreement, the motivations for the agreement were, to explore, develop, and work the bauxite deposits and to support companies utilising Sierra Leone's natural resources.<sup>234</sup> The contract also referenced Alusuisse's previous expenditures to find viable bauxite deposits and their intention to define the terms and conditions of mining operations before committing to further investments. These provisions exemplify the typical relationship between bauxite-producing states and aluminium multinationals. The states relied on the capital and expertise possessed by the companies to extract their natural resources, granting Alusuisse the leverage to negotiate special privileges and ensure the profitability of their investment.

The contract granted Alusuisse and its subsidiaries exclusive prospecting and mining rights for bauxite within an approximately 330 km<sup>2</sup> area where bauxite deposits had been found.<sup>235</sup> The license to search for new deposits (prospecting) was valid for five years, and the mining license was valid for 15 years. Both licenses could be renewed once with conditions identical to the original, except for terms related to payments by the company or the renewal of the licenses. These provisions secured a long-term monopoly on bauxite in Sierra Leone for Alusuisse. If the aluminium multinationals had not already formed an oligopoly, this would have prevented other enterprises from competing with Alusuisse. Erecting barriers to enter the market was a typical strategy employed by aluminium multinationals.<sup>236</sup> The absence of competition, in turn, limited the Sierra Leone government's ability to negotiate in their favour. The contract terms could not be altered, effectively preventing the government from making any demands on the mine's operations for thirty years. The government could only revoke the license if Alusuisse violated the contract terms. However, as the agreement placed minimal demands on the company, the likelihood of this happening was very low. In practice, Alusuisse was guaranteed complete control over this natural resource. However, Alusuisse was prohibited from mining diamonds or other minerals within its prospecting area.

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<sup>234</sup> See *An Act to Ratify and Confirm an Agreement for the Prospecting and Mining of Deposits of Aluminium Ores in certain Areas in Sierra Leone*, Supplement to the Sierra Leone Gazette, Extraordinary Vol. XCII, No. 20, 19.03.1962, paragraphs 1-4, SWA PA 600 f St-1416-11-2.

<sup>235</sup> See *An Act to Ratify and Confirm an Agreement for the Prospecting and Mining of Deposits of Aluminium Ores in certain Areas in Sierra Leone*, Supplement to the Sierra Leone Gazette, Extraordinary Vol. XCII, No. 20, 19.03.1962, paragraphs 2-6, SWA PA 600 f St-1416-11-2.

<sup>236</sup> See Girvan, 'Transnational Corporations and Non-Fuel Primary Commodities in Developing Countries', p. 715.

Diamond licenses were a crucial government tool, used to secure political support and control government revenues, and obtaining such licenses would have required a separate contract.<sup>237</sup>

Alusuisse was also offered generous tax benefits, as was typical for foreign companies in Sierra Leone.<sup>238</sup> The Directorate General was particularly satisfied with the tax structure.<sup>239</sup> SIEROMCO had to pay a small ground rent of ca. \$1'400 per year.<sup>240</sup> The most significant government revenue came from royalty payments of \$0.20 per ton of exported bauxite.<sup>241</sup> Alusuisse enjoyed a five-year tax and tariff exemption period at the start of operations.<sup>242</sup> After this initial period, they could still deduct construction expenses and exploration costs from before the first bauxite was shipped, as well as any losses from future income taxes. This became a way for Alusuisse to avoid paying income taxes. Moreover, the import of building materials and machinery for the mine was to remain tariff-free. Instead of reinforcing state capacity through taxation, Alusuisse barely paid any taxes. Over the first ten years of operations, SIEROMCO paid an average of \$0.05 to \$0.10 per dollar of exported bauxite to the Sierra Leonean government.<sup>243</sup>

Lastly, the contract granted Alusuisse broad rights to conduct business, allowing them to change the natural landscape (including waterways and land clearing) and construct roads, buildings and other infrastructure necessary for mining operations and employee housing.<sup>244</sup> Alusuisse could hire expatriates for skilled jobs without restrictions, but had to prioritise skilled Sierra Leonians, provided they met the necessary qualifications. Unskilled labour was to be sourced locally, with government assistance if needed. In a neo-patrimonial system, such an arrangement was attractive for the central government because it provided jobs that

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<sup>237</sup> Corporations such as the Sierra Leone Selection Trust (SLST) or the Diamond Corporation, an arm of the De Beers Mining cartel of South Africa, held those licences. See Fyle, p. 186.

<sup>238</sup> See Harris, p. 52.

<sup>239</sup> See *Protokoll der Generaldirektion*, 4.7.1962, SWA PA 600 b E 1-1.

<sup>240</sup> The prospecting lease it was 5 British West African Pound for each of the 127 square miles. The smaller area of the Mining lease cost 160 Pound per square miles. Additional occupied land used for processing and plant facilities also cost unspecified surface rent. The total payment over the first six years was 1000 Leone per year, or \$1371. See *Fiscal and other charges*, 18.02.1990, SWA PA 600 f St-1416-11-6.

<sup>241</sup> 1 shilling and 6 pence British West African Pound per ton. In 1964, the currency was replaced by the Sierra Leonean Leone. Alusuisse documents report payments of 1.5 Leone per ton. See *Fiscal and other charges*, 18.02.1990, SWA PA 600 f St-1416-11-6.

<sup>242</sup> See *An Act to Ratify and Confirm an Agreement for the Prospecting and Mining of Deposits of Aluminium Ores in certain Areas in Sierra Leone*, Supplement to the Sierra Leone Gazette, Extraordinary Vol. XCII, No. 20, 19.03.1962, paragraphs 7-8, SWA PA 600 f St-1416-11-2.

<sup>243</sup> The average was \$0.05 according to *Fiscal and other charges*, 18.02.1990. Since Alusuisse could no longer track certain taxes and charges in 1990, we can assume those to be similar to the mid-1970s and adjust for the volume expansion to reach another \$0.05.

<sup>244</sup> See *An Act to Ratify and Confirm an Agreement for the Prospecting and Mining of Deposits of Aluminium Ores in certain Areas in Sierra Leone*, Supplement to the Sierra Leone Gazette, Extraordinary Vol. XCII, No. 20, 19.03.1962, paragraphs 9-11, SWA PA 600 f St-1416-11-2.

could be distributed in exchange for political support. In turn, the Sierra Leonean government would assist Alusuisse in labour management, similar to the assistance Alusaf subsidiary received from the government in South Africa.<sup>245</sup> Finally, Alusuisse had the right to repatriate dividends and interests without special restrictions. Alusuisse was still bound by the general currency restrictions.

The Swiss company was guaranteed a 30-year monopoly on Sierra Leonean bauxite and substantial tax incentives. This was made possible by the oligopolistic structure of the aluminium market, Alusuisse's relationship with the British colonial government, and its control over the capital and knowledge needed for bauxite extraction. The government granted Alusuisse considerable autonomy to assume local government functions, conduct business as they pleased and extract raw materials. In return, Alusuisse provided cash and jobs to government officials for distribution or appropriation. These conditions exemplify investment imperialism. The following chapter explores how these legal conditions were implemented.

## 8 Investment Imperialism in Practice: Capital Flows and Foreign Control

The legal conditions for SIEROMCO's activities evoke investment imperialism, and this impression is further reinforced when examining their implementation. Sierra Leonean bauxite was of exceptional quality, making it particularly valuable. Mining and exporting it required substantial investments from Alusuisse. Additionally, the company constructed local public infrastructure, which furthered its influence in Sierra Leone. With government assistance, SIEROMCO employed locals for manual labour at low wages while expatriates oversaw their work. Crucial decisions on hiring, investment, and sales were made by Alusuisse in Zürich. Consequently, SIEROMCO became the second most significant bauxite source for Alusuisse. In the early years, capital outflows were exclusively conducted through bauxite shipments, which also served to avoid taxes.

The geological conditions in Sierra Leone were favourable to bauxite mining. Alusuisse spent approximately \$60'000 in bauxite prospecting over the first ten years, and deposits turned out to be significantly larger than expected.<sup>246</sup> The deposits in the Mokañji Hills were easy to extract and of high quality, which would allow cost-effective refining in Alusuisse's European factories, thus increasing

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<sup>245</sup> See Scherler, p. 68.

<sup>246</sup> 70'000 Leone between 1960 and 1972. Using the average exchange rate and inflation, this equals \$60'087. See *Draft Memorandum by R. Kissling*, 15.12.1972, SWA PA 600 f St-1416-11-2. On bauxite quantities, see also *Protokoll der 355. Sitzung des Verwaltungsrates*, 05.02.1973, p. 4-6, SWA PA 600 b C 1.

bauxite value.<sup>247</sup> The quality of shipped bauxite even improved in the initial years of production, prompting Alusuisse management to judge it “first class” in 1973.<sup>248</sup> SIEROMCO operated a surface mine, where after clearing plants and a thin layer of dirt, the red bauxite earth was excavated and transported by trucks to a washing plant for filtering and removing clay contents.<sup>249</sup> The wet bauxite was then trucked 35 km to the Nitti port, where a transport ship carried it into deep waters for loading onto a high sea vessel destined for Europe. The fact that Alusuisse successfully monopolised a high-quality bauxite deposit promised to enhance the profitability of their aluminium production. According to Campbell, this was a pivotal motivation for the globalisation of aluminium production networks after the Second World War.<sup>250</sup>

SIEROMCO invested \$7.5 million over the first ten years of operation.<sup>251</sup> Alusuisse contributed equity in 1962 and 1966, totalling \$1.6 million.<sup>252</sup> Besides equity, the majority of investments were financed through bauxite revenue and loans by Alusuisse.<sup>253</sup> The management in Zürich regularly discussed specific SIEROMCO plans and investments. For example, on the 10<sup>th</sup> of March 1964, Directorate General approved \$32’000 worth of credit for SIEROMCO, which included production equipment (1 washing plant sieve), housing amenities (20 air conditioners) and transport infrastructure (30 Buoy lights).<sup>254</sup> Alusuisse’s capital export in the form of both direct investment and loans granted it a high degree of control over SIEROMCO, even from far away. About half of the total investments, \$3.7 million, was spent on vehicles and marine transport.<sup>255</sup> Processing facilities, machinery and equipment accounted for \$2.4 million. Additionally, \$1.4 million was expended on buildings and roads.

The Sierra Leonian government participated in funding export infrastructure by contributing \$70’000 towards the construction of a street used to transport bauxite to the port.<sup>256</sup> In turn, the company would take over many local government

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<sup>247</sup> See *Protokoll der 303. Sitzung des Verwaltungsrates*, 17.12.1963, p. 6, SWA PA 600 b C 1.

<sup>248</sup> See *Protokoll der 311. Sitzung des Verwaltungsrates*, 25.06.1965, p. 3, and *Protokoll der 355. Sitzung des Verwaltungsrates* 5.02.1973, p. 4, SWA PA 600 b C 1.

<sup>249</sup> See Bauer, ‘Alusuisse in Sierra Leone’, p. 113.

<sup>250</sup> See Campbell, *Les enjeux de la bauxite*, p. 41.

<sup>251</sup> All investment 1963-1972, deflated to 1963 US dollar. See *Investments 1963-1990*, 14.2.1991, SWA PA 600 f St-1416-11-6.

<sup>252</sup> In 1962, Alusuisse bought 300’000 shares worth 2 Leone each for CHF 3’622’000. In 1966, they waived CHF 3.6 million in SIEROMCO debt. The total of CHF 7.2 Mio is converted to US dollar with the exchange rate of CHF/USD= 4.37 according to IMF, International Financial Statistics. See *Capital Invested in SIEROMCO*, 18.1.1991, SWA PA 600 f St-1416-11-6.

<sup>253</sup> The 1966 equity contribution was a debt waiver by Alusuisse headquarters.

<sup>254</sup> CHF 224’000 equals to \$31’960. See *Protokoll der Generaldirektion*, 10.03.1964, SWA PA 600 b E 1-1.

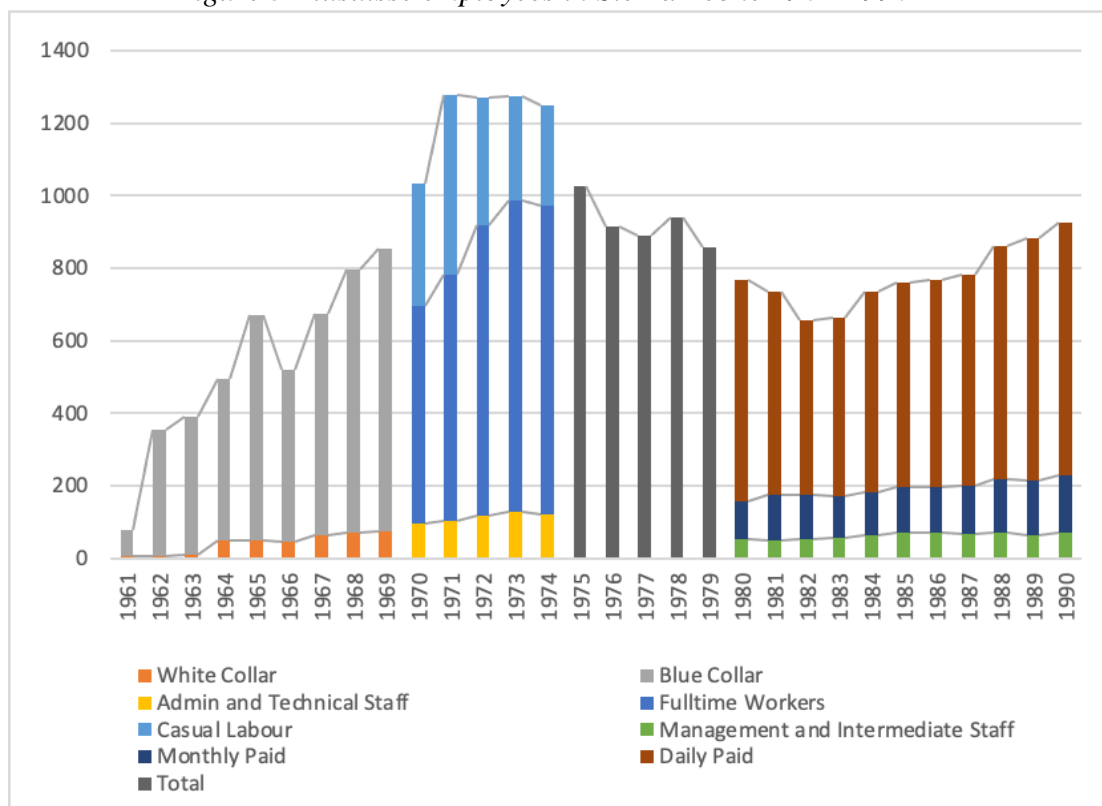
<sup>255</sup> See *Investments 1963-1990*, 14.2.1991, SWA PA 600 f St-1416-11-6.

<sup>256</sup> 50’000 Leone in 1964 equals \$71’343. See *Protokoll der Generaldirektion*, 15.04.1964, SWA PA 600 b E 1-1.

functions, providing infrastructure and healthcare in the mining area. The government lacked the capacity to provide these services, which benefited the local population. The development impetus, partially financed by official Swiss development cooperation, further enhanced Alusuisse's influence and autonomy in Sierra Leone.<sup>257</sup> The use of Swiss development resources for the benefit of Swiss corporations was a typical feature of Swiss imperialism.

Bauxite mining, washing and transporting required physical labour. Prospecting, vehicle and machine maintenance and management required qualifications. SIEROMCO employed both international and local personnel. Most foremen and workers were locals, while higher-level management consisted of expatriates, often selected in Zürich and frequently returning to Europe.<sup>258</sup> As shown in *Figure 3* below, blue-collar workers outnumbered white-collar by about ten to one. The number of SIEROMCO employees increased rapidly, reaching 800 in 1968, which accounted for approximately 3% of Alusuisse's global workforce.<sup>259</sup>

*Figure 3 Alusuisse employees in Sierra Leone 1961-1990*



Sources: *Employment Statistics 1970-1990*, 15.2.1991, SWA PA 600 f St-1416-11-6. *Berichte über die allgemeine Geschäftslage 1963-1979*. SWA PA 600 b D 2-4. Different source after 1970, 1975, 1980

<sup>257</sup> See Bauer, 'Alusuisse in Sierra Leone', p. 114.

<sup>258</sup> See *Protokoll der Generaldirektion*, 29.08.1962, SWA PA 600 b E 1-1.

<sup>259</sup> My calculation based on *Berichte über die allgemeine Geschäftslage*, 1963-1979, SWA PA 600 b D 2-4.



The Directorate General noted “good relations” between European and African personnel.<sup>260</sup> Bauer also did not observe the “colonial masters’ posturing” he had expected from white managers when he visited the mine 20 years later.<sup>261</sup> Unfortunately, no data on absolute SIEROMCO wages exists for the 1960s and 1970s. Based on the speculative assumption that wages remained constant in real terms until 1987, a daily wage would have amounted to \$0.50 in the 1960s.<sup>262</sup> This represented an above-average salary for Sierra Leone, with one worker being able to support 10 to 15 people, provided these people were also engaged in subsistence farming. For the mining region, this represented a boon. For Alusuisse, it meant having access to cheap labour, resulting in inexpensive bauxite.

The United Mineworkers Union (UMWU) swiftly gained influence among SIEROMCO workers and enforced negotiations with management.<sup>263</sup> Unfortunately, the Alusuisse archive contains barely any information on these negotiations. The Alusuisse management was initially worried about the unions. Contentious issues possibly included layoffs and wage adjustments in line with inflation. In 1966, SIEROMCO laid off 20% of its workforce, replacing them with more capital-intensive ship loading methods.<sup>264</sup> Domestic inflation in Sierra Leone was only 0.40% in the 1960s.<sup>265</sup> But in 1967, Sierra Leones currency, the Leone, was devalued by 20% in relation to the US Dollar. Alusuisse then raised expatriate pay by 7.25%, and white-collar Sierra Leonian pay by 5%.<sup>266</sup> Raises for blue-collar workers were not mentioned. During their confrontation with the UMWU and their “unreasonable” demands, Alusuisse management could rely on the support of the Sierra Leonian government.<sup>267</sup> However, the exact form of that support remains unclear. At that time, the government was dominated by the military, raising the possibility that repression was used to maintain Alusuisse’s control over cheap Sierra Leonean bauxite and labour.

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<sup>260</sup> See *Berichte über die allgemeine Geschäftslage*, 25.06.1964 and 24.09.1964, SWA PA 600 b D 2-4.

<sup>261</sup> See Bauer, ‘Alusuisse in Sierra Leone’, p. 114.

<sup>262</sup> In 1987, workers were paid \$1 per day and, on average, received various subsidies worth, putting them at \$2 per day total. See Bauer, ‘Alusuisse in Sierra Leone’, p. 121.

<sup>263</sup> See *Berichte über die allgemeine Geschäftslage*, 25.06.1964 and 24.09.1964, SWA PA 600 b D 2-4.

<sup>264</sup> See Swindell, p. 181.

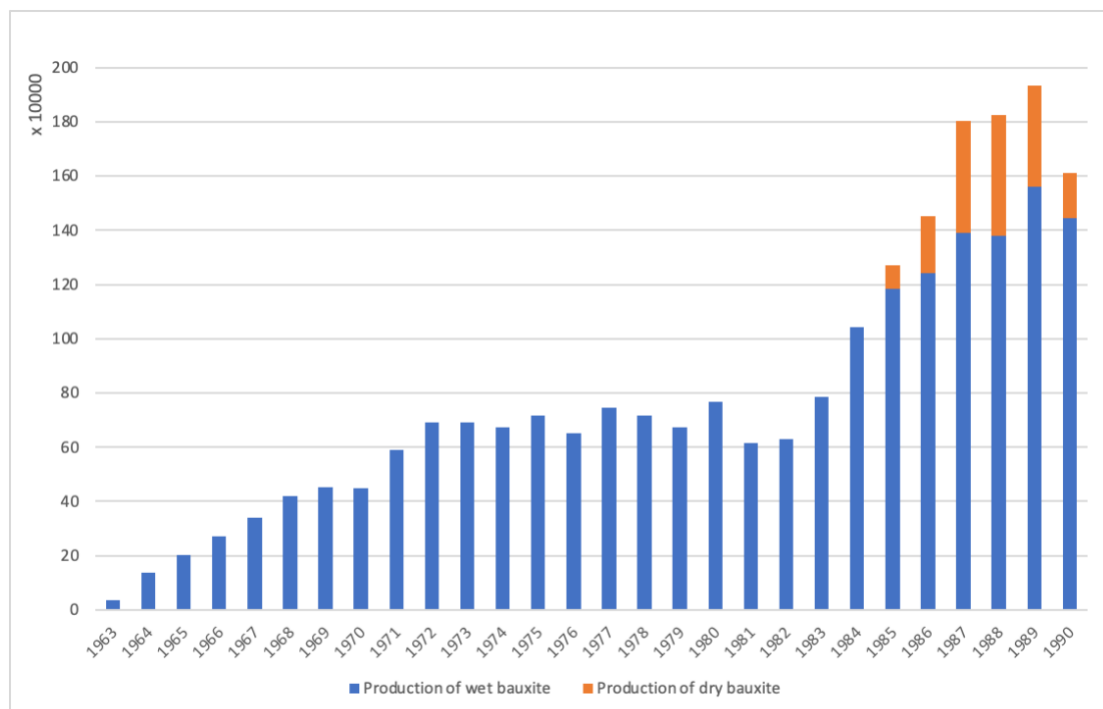
<sup>265</sup> See World Bank, ‘Consumer Price Index for Sierra Leone’ (FRED, Federal Reserve Bank of St. Louis) <<https://fred.stlouisfed.org/series/DDOE02SLA086NWDB>>.

<sup>266</sup> See *Protokoll der Generaldirektion*, 18.12.1967, SWA PA 600 b E 1-1.

<sup>267</sup> See *Bericht über die allgemeine Geschäftslage*, 13.12.1967, SWA PA 600 b D 2-4.

The first bauxite shipments left Sierra Leone in 1963 for Alusuisse factories' in Italy and Germany.<sup>268</sup> SIEROMCO workers rapidly increased production, reaching 400'000 tons per year in 1968, which fulfilled nearly 40% of Alusuisse's factories bauxite needs.<sup>269</sup> *Figure 4* illustrates this steep rise in production. SIEROMCO was a key element in the Alusuisse multinational's efforts to achieve greater integration and gain control over its aluminium production process. SIEROMCO exclusively sold its bauxite to Alusuisse. Alusuisse, in turn, sold the bauxite to its other subsidiaries without ever touching Swiss ground. The multinational engaged in raw materials transit trade, a characteristic feature of the Swiss economy in the 20<sup>th</sup> century, sometimes linked to Swiss imperialism.<sup>270</sup> Since it was all intra-firm trade between different legal entities of the same multinational, all prices and destinations were determined by the Alusuisse headquarters in Zürich. In addition to the improved control over a cheap key resource, this arrangement also enabled Alusuisse to adjust the profitability of its subsidiaries and covertly shift around profits by manipulating the prices the subsidiaries received or had to pay.

*Figure 4 SIEROMCO Bauxite Production in 1'000 tons 1963-1990*



Source: *Production/Export*, 31.01.1991, SWA PA 600 f St-1416-11-6.

<sup>268</sup> See *Geschäftsbericht Alusuisse* 1963, p. 6, SWA PA 600 b C 1.

<sup>269</sup> See *Bericht über die allgemeine Geschäftslage*, 24.09.1968, SWA PA 600 b D 2-4.

<sup>270</sup> In her recent book on the subject, Lea Haller argued that transit trade indeed gave Swiss corporations considerable influence, which has often remained hidden. In the tradition of Behrendt, Haller does not consider this to be part of Swiss imperialism, because it is purely profit-oriented. See Lea Haller, *Transithandel: Geld- und Warenströme im globalen Kapitalismus*, Edition Suhrkamp 2731, Erste Auflage, Originalausgabe (Berlin: Suhrkamp, 2019), p. 8,17,32.

SIEROMCO did not financially break even for the first 20 years of existence.<sup>271</sup> Positive and negative financial results offset each other, as is shown in Figure 5. During the first five years, the tax holiday period, SIEROMCO incurred losses, which could be offset against the positive results of the subsequent seven years. Once the balance approached zero, SIEROMCO began to incur losses again. Only in 1984 did Alusuisse begin to receive dividends, as discussed in *Chapter 12*. At first glance, it seems peculiar that the Alusuisse management never discussed or expressed concern about the apparent “unprofitability” of SIEROMCO. While securing cheap, high-quality bauxite shipments were the most important return for Alusuisse, there is more to the story.

In fact, SIEROMCO was profitable, but the profits were covertly repatriated to Switzerland, concealed within the bauxite shipments. Until 1970, Alusuisse bought 3.3 million tons of bauxite from SIEROMCO for \$4.55 per ton on average and then sold that for \$6.12 per ton to its subsidiaries in Germany and Italy.<sup>272</sup> As a result, Alusuisse made \$3.6 million in “trading profits” appear on its books in Switzerland, achieving a return on equity of 225%. SIEROMCO’s apparent “unprofitability” was a deliberate financial strategy employed by Alusuisse. If all profits had been realised in Sierra Leone, SIEROMCO would have been subject to

*Figure 5 Financial Results SIEROMCO 1963-1984 in US Dollar*



Source: *Financial Results SIEROMCO 1963-1990*, 05.03.1991, SWA PA 600 f St-1416-11-6. U.S. Values were adjusted for Inflation to the US Dollar in 1963 using the US Consumer Price Index. Bureau of Labor Statistics, ‘Consumer Price Index for All Urban Consumers: All Items in U.S. City Average’ (FRED, Federal Reserve Bank of St. Louis) <<https://fred.stlouisfed.org/series/CPIAUCSL>> [accessed 1 July 2023].

<sup>271</sup> See *Financial Results SIEROMCO 1963-1990*, SWA PA 600 f St-1416-11-6.

<sup>272</sup> Assuming that the Italian subsidiary paid the same price as the German. See *SIEROMCO Price Comparison FOB Sierra Leone and CIF Germany 1963-1986*, 14.09.1987, SWA PA 600 b E 6-1-54.

income taxes starting in 1967. By avoiding this, Alusuisse managed to escape \$1.3 million in income tax payments while only paying \$400'000 in royalties and other charges.<sup>273</sup> Presenting SIEROMCO as less profitable than it was also served to improve Alusuisse's bargaining position with the Sierra Leonian government and potentially the unions. Alusuisse management could argue that higher wages or taxes would jeopardise the "barely profitable" company, using it as leverage during negotiations. As evident, Alusuisse didn't receive dividends in the traditional sense but instead obtained its returns through cheap raw materials and trading profits.

Alusuisse fully realised its legal opportunities to monopolise Sierra Leonian bauxite. Thanks to Alusuisse capital and the support of the Sierra Leonian government to manage its workforce, SIEROMCO grew rapidly. The mine was managed in Sierra Leone, but critical decisions were taken in Zürich by Alusuisse. Alusuisse secured a valuable bauxite source, fuelling 40% of its needs and further integrating the production process. In doing that, the company paid very little taxes and got its infrastructure subsidised by the Sierra Leonian and Swiss governments. Because of the Sierra Leonian government's cooperation and Alusuisse's tax avoidance, the West African country got very little in return for its natural resources. The locals around the mine got around 800 above-average paying jobs and improved regional infrastructure. The Sierra Leone central government, on average, received \$50'000-100'000 per year in taxes and charges.<sup>274</sup> Alusuisse invested \$1.6 million, but their trading profits alone amounted to \$3.6 million until 1970. Therefore, the Alusuisse investments created a net outflow of capital, even without considering the possibility that Alusuisse might have undercharged the users of SIEROMCO bauxite. Therefore, all conditions for investment imperialism are met, including foreign control of assets and decisions, utilisation of cheap labour and raw materials, and a net outflow of capital from Sierra Leone.

In the 1970s, Alusuisse faced considerably more challenges. On one side, the global economic turbulences forced the company to change strategy and find new customers for SIEROMCO bauxite. Conversely, a new Sierra Leonian government began to challenge the Swiss control over SIEROMCO.

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<sup>273</sup> Assuming 51.75% tax rate, as in the 1970s according to George E. Lent, 'Corporation Income Tax Structure in Developing Countries', *IMF Staff Papers*, 1977.003 (1977), p. 755 <<https://doi.org/10.5089/9781451969450.024.A006>>.

<sup>274</sup> Between 1963 and 1970, the average was \$50'000 according to *Fiscal and other charges*, 18.02.1990. Since Alusuisse could no longer track certain taxes and charges in 1990, we assume those to be similar to the mid-1970s and adjust for the volume expansion to reach another \$50'000.

## PART II SIEROMCO NAVIGATES UNCERTAINTY AND CONFLICTS (1970-1979)

Part II illustrates how Alusuisse maintained its imperialist hold over Sierra Leonian bauxite, even facing challenges. In the 1970s, Alusuisse's SIEROMCO venture encountered difficulties amid a global economic slump and a more demanding Sierra Leonian government. *Chapter 9* details how Alusuisse adjusted its commercial strategy for SIEROMCO, adapting to lower demand. As the interests of Sierra Leonian elites and Alusuisse partially diverged (*Chapter 10*), the Swiss company had to leverage its control over capital and production to deflect the attempts of the Sierra Leonian government to partake in the management and benefits of the bauxite mine (*Chapter 11*). Only in the 1980s did SIEROMCO finally increase its tax payments.

### 9 The Market Challenge: Who is to Buy Bauxite from SIEROMCO?

Alusuisse's monopolistic power in Sierra Leone did not render it immune to the global macroeconomic turbulences at the end of the "trentes glorieuses". In the mid-1970s, Alusuisse management had to acknowledge their perspective on the aluminium market had been overly optimistic.<sup>275</sup> The global economic turmoil led to increased costs and exposed significant overcapacities in the entire aluminium industry. Consequently, Alusuisse was compelled to reduce investments, begin selling SIEROMCO bauxite to third parties, and incurred trading losses.

The first sign of the end to the aluminium boom was the slowing aluminium demand in 1970.<sup>276</sup> In 1973, the OPEC cartel reduced production, leading to higher oil prices and a general increase in energy prices. As aluminium production is highly energy-intensive, this significantly impacted the aluminium companies.<sup>277</sup> Subsequently, the global economic crisis resulted in a decline in global aluminium demand. For decades, the International Aluminium Cartel had collectively reduced production levels whenever demand was low, aiming to stabilise prices.<sup>278</sup> However, the situation changed because overproduction had become so substantial that compliance among cartel members deteriorated. Additionally, the cartel faced

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<sup>275</sup> For a detailed discussion, see Grob, 'Krisenmanagement der Alusuisse'.

<sup>276</sup> See Bertilorenzi, *The International Aluminium Cartel*, p. 316.

<sup>277</sup> See Bertilorenzi, *The International Aluminium Cartel*, p. 330.

<sup>278</sup> See Bertilorenzi, *The International Aluminium Cartel*, p. 289.

increasing scrutiny by the anti-trust authorities in the United States and Europe, leading to its blockage.<sup>279</sup>

For a prolonged period, the monopolistic practices of the aluminium multinationals had enjoyed support from European and North American governments, who saw their “national champion” aluminium corporation as critical for securing access to aluminium for their militaries.<sup>280</sup> However, as aluminium lost its military-strategic importance, Western governments became less interested in protecting the aluminium companies during a time of general economic disturbance.<sup>281</sup> The policy shift also reflected the growing influence of neoliberal politics, which did not prioritise price stability as previous governments had.<sup>282</sup> The final blow to the cartel came from financial intuitions in the City of London, who succeeded in establishing an aluminium future market on the London Metal Exchange in 1978, a move that the traditional aluminium multinationals had long opposed.<sup>283</sup>

Like its competitors, Alusuisse faced the challenge of overproduction. In 1970, the company publicly assured its shareholders that the slowdown in aluminium demand was temporary and could be overcome by reducing production.<sup>284</sup> In 1971, the Board of Directors decided to halt investment in new projects to address their over-capacities.<sup>285</sup> The new Alusuisse mine in Australia had recently started producing at a rate of 1 million tons of bauxite a year, surpassing SIEROMCO and becoming the company’s primary bauxite supply.<sup>286</sup> By 1974, the Australian mine supplied nearly 4 million tons, accounting for 80% of Alusuisse’s demand.<sup>287</sup> As bauxite supply was secured through the Australian mine and aluminium demand remained weak, SIEROMCO increasingly lost its strategic importance for the Alusuisse management.

Alusuisse also encountered a debt problem. At \$270 million, the Australian mine had been extremely costly, representing the largest foreign direct investment any Swiss company had ever made in a foreign country.<sup>288</sup> Alusuisse had also

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<sup>279</sup> See Bertilorenzi, *The International Aluminium Cartel*, p. 339.

<sup>280</sup> See Bertilorenzi, *The International Aluminium Cartel*, p. 360.

<sup>281</sup> See Bertilorenzi, *The International Aluminium Cartel*, p. 252.

<sup>282</sup> See Bertilorenzi, *The International Aluminium Cartel*, p. 354.

<sup>283</sup> See Bertilorenzi, *The International Aluminium Cartel*, p. 340.

<sup>284</sup> See *Geschäftsbericht Alusuisse 1971*, PA 600 b C 1.

<sup>285</sup> See *Protokoll der 345. Sitzung des Verwaltungsrates*, 24.6.1971, SWA PA 600 b N 55-1.

<sup>286</sup> See *Geschäftsbericht 1971*, p. 9, PA 600 b C 1.

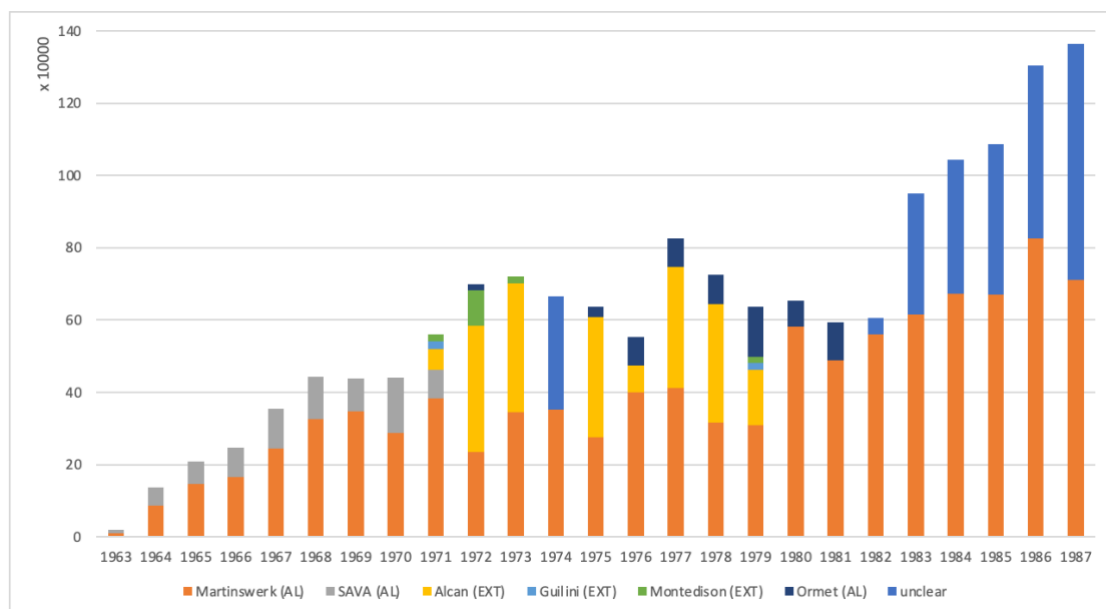
<sup>287</sup> See *Geschäftsbericht 1974*, p. 11, PA 600 b C 1.

<sup>288</sup> See Bauer and others, p. 183.

acquired various corporations (Lonza, Olin).<sup>289</sup> As a result, the financial results of 1975 were disastrous, making profitability and debt reduction the main priorities for Alusuisse. To cope with these challenges, Alusuisse attempted to diversify away from aluminium into chemicals and engineering.<sup>290</sup> The days of ever-expanding aluminium production volumes were over, and the company had to adapt its strategy to the changing market conditions.

Alusuisse's orientation on SIEROMCO bauxite did not change overnight. In the short term, Alusuisse had to find new customers. Since its start-up, Sierra Leonian bauxite had been exclusively used by the Alusuisse subsidiaries SAVA (Italy) and Martinswerk (Germany). However, in 1971 SAVA stopped receiving SIEROMCO bauxite.<sup>291</sup> Martinswerk continued to absorb half of the SIEROMCO production while also increasingly sourcing bauxite from the Australian mine.<sup>292</sup> As Figure 6 shows, SIEROMCO had to begin shipping bauxite to outside

*Figure 6 Recipients of SIEROMCO bauxite in tons 1963-1987*



*Subsidiaries of Alusuisse are marked with "(AL)" and third party customers with "(EXT)".*

*Sources: Berichte über die allgemeine Geschäftslage 1964-1973, SWA PA 600 b 2-4.*

*Analysis of Exports from Sierra Leone since Start-up 1963, 27.08.1987, SWA PA 600 f St-1416-11-6.*

*Sales Prices of SIEROMCO Bauxites, 1981, SWA PA 600 f St-1416-11-1.*

<sup>289</sup> See Knoepfli, 'Alusuisse: Early Multinationalisation, Rise and Crisis', p. 140.

<sup>290</sup> See Knoepfli, 'Alusuisse: Early Multinationalisation, Rise and Crisis', p. 142.

<sup>291</sup> The shift of bauxite mining to Africa and Australia had raised transport prices. Additionally, the Alusuisse management did not approve the militant Italian workers. See Paul W. Bonnot, 'Ein Riese Namens Alusuisse', *SMUV-Zeitung. Organ Des Schweizerischen Metall- Und Uhrenarbeiter-Verbandes* (Bern, 16 August 1972), pp. 13-18.

<sup>292</sup> See Bericht über die allgemeine Geschäftslage, 17.12.1971, SWA PA 600 b D 2-4.

customers, such as the Canadian company Alcan,<sup>293</sup> which consumed one-third of Sierra Leonian bauxite in the 1970s.<sup>294</sup> In 1972, Alusuisse was still optimistic about SIEROMCO's prospects and drew up production expansion plans to utilise newly discovered Sierra Leonian bauxite deposits.<sup>295</sup> However, doubts arose in late 1973 regarding their ability to sell more bauxite.<sup>296</sup> These fears were confirmed in 1975 when SIEROMCO could not sell its entire production, indicating that the new sales destinations were inadequate.<sup>297</sup> Lack of demand was a major limiting factor in the 1970s, especially since strikes at Alcan reduced Canadian demand in the second half of the century.<sup>298</sup>

In 1972, SIEROMCO achieved a production level of nearly 700'000 tons per year, which it maintained for the next decade.<sup>299</sup> Yearly investments continued to rise gradually, reaching \$2 million per year in 1980.<sup>300</sup> These investments were allocated not only for the upkeep of existing machinery, roads and buildings but also to replace workers.<sup>301</sup> This can be inferred from the fact that employment figures peaked in 1971 with over 1'200 personnel in Sierra Leone, and then gradually declined to about 800 in 1980, while production remained steady.<sup>302</sup> During this period, the mineworkers' unions did not resist job cuts and, instead, they had developed a "cordial relationship" with SIEROMCO management.<sup>303</sup> Between 1971 and 1980, Alusuisse purchased 6.6 million tons of Sierra Leonian bauxite for an average of \$4.93 and sold it for \$6.07, making a trading profit of \$7.6 million.<sup>304</sup> In the same period, SIEROMCO paid \$3.5 million in taxes and avoided a further \$4.5 in income taxes. Despite the relatively stagnant state, SIEROMCO

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<sup>293</sup> Alcan was a Canadian company incorporated in 1928. See J.E. Luebering, 'Alcan Aluminium Limited', *Encyclopedia Britannica*, 2023 <<https://academic.oup.com/levels/collegiate/article/Alcan-Aluminium-Limited/5491>> [accessed 10 July 2023].

<sup>294</sup> Alcan had already inquired about buying SIEROMCO bauxite in 1966, but Alusuisse was using it at capacity. See *Protokoll der Generaldirektion*, 22.03.1966, SWA PA 600 b E 1-1. Other smaller customers included Giuliani<sup>294</sup>, Montedison<sup>294</sup> and Brital, and the newly acquired Ormet in the US. The Gebrüder Giuliani GmbH was a small German enterprise involved in aluminium production in Germany, France and Switzerland. See Albert Gieseler, 'Gebrüder Giuliani GmbH', *Dampfmaschinen Und Lokomotiven*, 2009 <[http://www.albert-gieseler.de/dampf\\_de/firmen0/firmadet9529.shtml](http://www.albert-gieseler.de/dampf_de/firmen0/firmadet9529.shtml)> [accessed 1 July 2023]. Montedison is an Italian industrial corporation. See Piazzetta Bossi, 'Montedison S.p.A. - Company Profile, Information, Business Description, History, Background Information on Montedison S.p.A.', Reference for Business <<https://www.referenceforbusiness.com/history2/76/Montedison-S-p-A.html>> [accessed 1 July 2023].

<sup>295</sup> See *Bericht über die allgemeine Geschäftslage*, 22.06.1972, SWA PA 600 b D 2-4.

<sup>296</sup> See *Bericht über die allgemeine Geschäftslage*, 03.09.1973, SWA PA 600 b D 2-4.

<sup>297</sup> See *Bericht über die allgemeine Geschäftslage*, 10.12.1975, SWA PA 600 b D 2-4.

<sup>298</sup> See *Bericht über die allgemeine Geschäftslage*, 01.09.1976 and 03.09.1978, SWA PA 600 b D 2-4.

<sup>299</sup> See *Production/Export*, 31.01.1991, SWA PA 600 f St-1416-11-6.

<sup>300</sup> See *Investments 1963-1990*, 14.2.1991, SWA PA 600 f St-1416-11-6. Deflated to 1963 prices.

<sup>301</sup> See *Bericht über die allgemeine Geschäftslage*, 09.12.1976, SWA PA 600 b D 2-4.

<sup>302</sup> See *Berichte über die allgemeine Geschäftslage 1963-1979*, SWA PA 600 b D 2-4.

<sup>303</sup> *Report by SIEROMCO on the Business year 1977*, 31.10.1978, SWA PA 600 f St-1416-11-3

<sup>304</sup> For the Sales Prices to Martinswerk of \$6.07 see *SIEROMCO Price Comparison FOB Sierra Leone and CIF Germany 1963-1986*, 14.09.1987, SWA PA 600 b E 6-1-54. Alcan and Ormet were the next biggest customers. Between 1975 and 1979, Martinswerk on average paid \$5.98 per ton, Alcan paid \$7.24 and Ormet \$7.24. Lacking price data for the rest of the decade, we assume that the upcharge compared to Martinswerk was constant at 20%, rounded down. *Sales Prices of SIEROMCO Bauxites*, 1981, SWA PA 600 f st-1416-11-1.



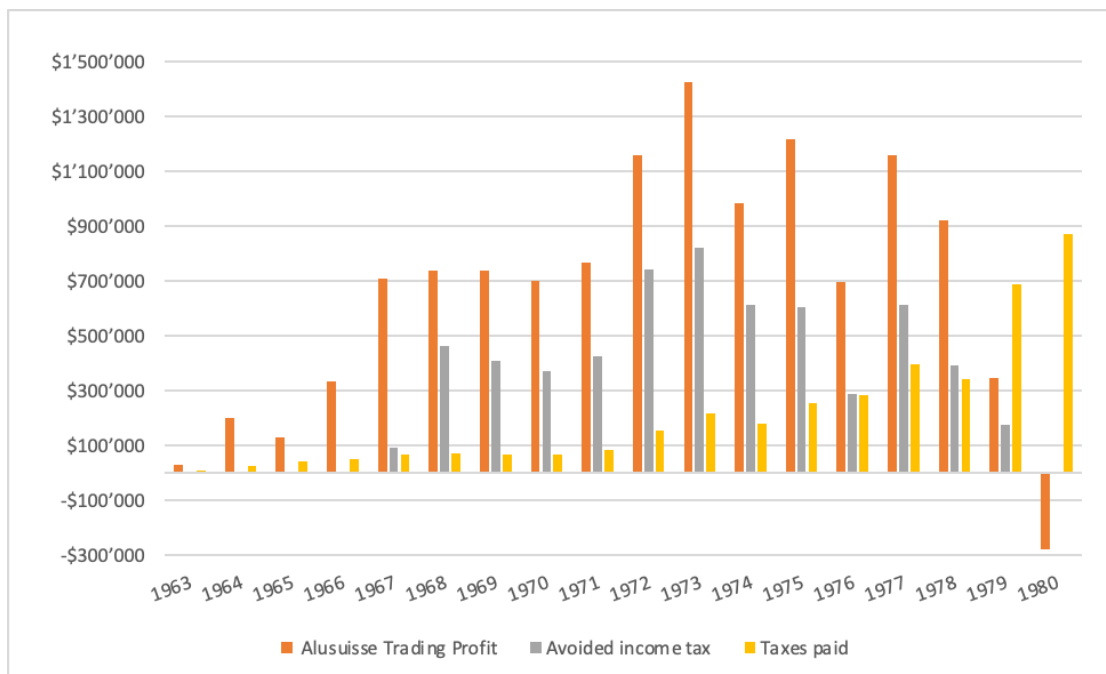
remained profitable for Alusuisse, primarily due to transfer price manipulation. This is visualised in *Figure 7*.

## 10 The Political Challenge: Negotiations and Threats

In Sierra Leone, Alusuisse faced a domestic political challenge as the Sierra Leone government insisted on renegotiating SIEROMCO's ownership and tax regime. Leveraging its financial and managerial control over SIEROMCO, Alusuisse successfully maintained its dominant position. Only from 1980 onwards did they have to increase tax payments. The negotiations of the 1970s demonstrate that Alusuisse had significant power to pursue their interest, even against the wishes of the local elites.

Upon assuming office as Prime Minister in 1968, Siaka Stevens inherited a weak state with an economy dependent on diamonds, burdened by debt and corruption.<sup>305</sup> The military had also recently become involved in politics, and Stevens faced a narrow electoral majority. Furthermore, his relationship with the powerful paramount chiefs in the countryside remained ambivalent. In response to

*Figure 7 Alusuisse Trading Profits, paid taxes and avoided income taxes 1963-1980 in US Dollar*



Sources: *Financial Results SIEROMCO 1963-1990*, 05.03.1991, SWA PA 600 f St-1416-11-6.  
*SIEROMCO Price Comparison FOB Sierra Leone and CIF Germany 1963-1986*,  
 14.09.1987, SWA PA 600 b E 6-1-54.  
 Values were adjusted for inflation to the US Dollar in 1963 using the US Consumer Price Index.

<sup>305</sup> See Harris, p. 63.

these challenges, Stevens consolidated the existing political patronage system, with himself at the top.<sup>306</sup> Stevens could rely on Guinean troops stationed in Sierra Leone in the early 1970s. He integrated top army brass into his patron-client network, and the army base was satisfied with subsidised rice and the benefits from dubious public contracts.<sup>307</sup>

In dealing with political opponents, Stevens used repression and co-optation. In 1970, the newly formed opposition, the United Democratic Party (UDP) was swiftly banned, and its leaders were arrested.<sup>308</sup> Political violence against The SLPP, including the assassination of its leader Salia Jusu-Sheriff, forced the party to withdraw from nationwide polls in 1973.<sup>309</sup> In a highly suspicious referendum with 95% support, Stevens transformed Sierra Leone into a one-party state in 1978.<sup>310</sup> Union leaders or politicians threatening Stevens could be co-opted into the regime or accused of corruption and replaced by Loyalists.<sup>311</sup> Following the British colonial strategy in Sierra Leone, Stevens distributed state resources to clients in exchange for political support, who, in turn, distributed them along ethnic or family ties.<sup>312</sup> As a result of this system, the formal state was displaced by informal networks, with Stevens as “ultimate arbiter” at the top.<sup>313</sup>

Under this system, Sierra Leone’s economic policy was primarily driven by political considerations.<sup>314</sup> Access to mining areas, import-export licences, foreign currencies and loans were distributed as political favours. As a result, the formal economy and official state revenue declined, and economic activities shifted to informal networks. Stevens placed a strong emphasis on controlling the diamond trade, and in 1974, he ended the monopoly of the De Beers corporation, which had previously been obligated to purchase all diamonds at high prices and paid a 7.5% royalty to the state.<sup>315</sup> This process of gaining more control over critical economic sectors had already begun in 1969 when the Sierra Leonian government announced its intention to take 51% ownership stake in the four foreign mining enterprises.<sup>316</sup>

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<sup>306</sup> See Harris, p. 71.

<sup>307</sup> See Harris, p. 65.

<sup>308</sup> See Harris, p. 64.

<sup>309</sup> See Harris, p. 66.

<sup>310</sup> See Harris, p. 67.

<sup>311</sup> See Harris, p. 69.

<sup>312</sup> See Harris, p. 71.

<sup>313</sup> See Harris, p. 72.

<sup>314</sup> See Francis, p. 85.

<sup>315</sup> See Harris, p. 73.

<sup>316</sup> See Bridget Bloom, David Williams, and David Martin, ‘Sierra Leone: Financial Times Survey’, *Financial Times*, 27 March 1972, p. 29+, Financial Times Historical Archive.

SIEROMCO, although a more minor source of taxes and foreign currencies compared to diamond and rutile producers, was still impacted by the new policy. This marked the first challenge to the absolute Swiss control over SIEROMCO.<sup>317</sup>

Sierra Leone was also a founding member of the International Bauxite Association (IBA), participating in a broader movement by resource-rich developing countries to gain more control over their natural resources and increase their revenue shares from multinational companies.<sup>318</sup> Inspired by OPEC, the IBA was formed in March 1974 as a bauxite-producing states' cartel, comprising countries that accounted for 74% of world bauxite production in 1977.<sup>319</sup> Participating governments aimed to exert greater control over the bauxite industry and negotiate better terms with multinational corporations.<sup>320</sup>

During the 1960s and 1970s, resource-rich countries had improved their bargaining power and sought to increase their benefits from resource extraction.<sup>321</sup> IBA member countries were able to influence bauxite prices and increase taxes on bauxite exports.<sup>322</sup> However, they could not agree on uniform policies due to differences in their individual economic and political interests. Additionally, the multinationals undermined the IBA by shifting their bauxite production to Australia and Brazil, ultimately "taming" the IBA.<sup>323</sup> Sierra Leone's adoption of IBA policies could have been influenced by Guinea's Sékou Touré, a key ally of Siaka Stevens, who had already implemented measures to gain greater state control over the bauxite sector and increase domestic benefits.

Alusuisse also managed to "tame" the new mining policy in Sierra Leone. Alusuisse had no intention of giving up any ownership stake in SIEROMCO.<sup>324</sup> The Sierra Leonean government proposed a 51% stake in SIEROMCO in exchange for forgoing future dividends.<sup>325</sup> As SIEROMCO had never paid dividends due to Alusuisse's transfer price manipulation, the offer would have given the stake for

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<sup>317</sup> See *Bericht über die allgemeine Geschäftslage*, 23.06.1975, SWA PA 600 b D 2-4.

<sup>318</sup> See Steven Kendall Holloway, *The Aluminium Multinationals and the Bauxite Cartel*, Macmillan International Political Economy Series (Basingstoke: Macmillan, 1988).

<sup>319</sup> See Isaiah A. Litvak and Christopher J. Maule, 'The International Bauxite Agreement: A Commodity Cartel in Action', *International Affairs (Royal Institute of International Affairs 1944-)*, 56.2 (1980), 296–314 (p. 303) <<https://doi.org/10.2307/2615410>>.

<sup>320</sup> See Bertilorenzi, *The International Aluminium Cartel*, p. 330.

<sup>321</sup> See Barclay, p. 2.

<sup>322</sup> See Barclay and Girvan, p. 142.

<sup>323</sup> See Bertilorenzi, *The International Aluminium Cartel*, p. 331; Paul S. Ciccantell, 'Globalisation and Raw Materials-Based Development: The Case of the Aluminum Industry', *Competition & Change*, 4.3 (2000), 273–323 (p. 288) <<https://doi.org/10.1177/102452940000400302>>.

<sup>324</sup> See *Geschäftsbericht Alusuisse 1969*, p. 8, SWA PA 600 b C 1.

<sup>325</sup> See *Protokoll der 336. Sitzung des Verwaltungsrats*, 11.12.1969, p. 3, SWA PA 600 b C 1.

free. Alusuisse would have to make the subsidiary profitable for meaningful dividends, resulting in potential income tax payments. Alusuisse refused the offer, and negotiations started with Board Member Max Hintermann<sup>326</sup> travelling to Sierra Leone to meet Prime Minister Siaka Stevens in January of 1970.<sup>327</sup> The discussions extended over several years through letters and meetings.<sup>328</sup> Alusuisse's negotiation strategy relied on threats, superficial concessions, and delaying tactics. In the end, Alusuisse retained complete control over SIEROMCO. While the Sierra Leonian government eventually obtained the right to purchase a controlling share from the 1<sup>st</sup> of January 1988, Alusuisse's significant delays rendered the government unable to exercise this option due to a lack of funds.<sup>329</sup> As a result, Alusuisse continued to maintain its hold on the company.

During the negotiations, Alusuisse's decisive threat was to curtail further investments or cease business in Sierra Leone altogether, which would result in job losses and reduced tax revenue. The Sierra Leonian government was unaware of the actual value of SIEROMCO for Alusuisse since the company had covertly hidden its profits. This lack of transparency allowed Alusuisse to present SIEROMCO as a financially vulnerable venture, giving them an advantage in the negotiations and enabling them to maintain control over the operation. They presented SIEROMCO as a "developing" company incapable of competing and supporting 10,000 people in an economically weak area without additional capital injections.<sup>330</sup> Alusuisse offered to invest in expanding production if the government retracted its demands, promising more employment and tax revenue.

However, if the government persisted, it would "inevitably preclude any further investment whatsoever".<sup>331</sup> These were not entirely empty threats, as Alusuisse actually delayed mine expansion plans in 1970 and 1974 due to the negotiations.<sup>332</sup> The strategy worked. The Sierra Leone government began backing off in 1973, fearing the loss of future investments.<sup>333</sup> Alusuisse effectively used its

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<sup>326</sup> Dr. rer. pol. Max Hintermann (MH, 1901-1971) was Director General at Alusuisse until 1967, when he became a Member of the Board of Directors. Between 1965-1971 also served as Board Member of the Swiss Bank Corporation, a Swiss bank. See also <https://dodis.ch/P18808>.

<sup>327</sup> See *Protokoll der 336. Sitzung des Verwaltungsrats*, 11.12.1969, p. 3, SWA PA 600 b C 1.

<sup>328</sup> See *Geschäftsbericht Alusuisse 1972*, p. 6, SWA PA 600 b C 1.

<sup>329</sup> See *The Bauxite Mineral Prospecting and Mining Supplementary Agreement 1980 (Special Provisions) Act*, 18.03.1980, *Supplement to the Sierra Leone Gazette*, Vol CXII, No. 27, 07.05.1981, SWA PA 600 f St-1416-11-2

<sup>330</sup> See the draft document *Negotiations with Sierra Leone Government*, January 1973, SWA PA 600 f St-1416-11-2.

<sup>331</sup> See the draft document *Negotiations with Sierra Leone Government*, January 1973, SWA PA 600 f St-1416-11-2.

<sup>332</sup> See *Protokoll der 336. Sitzung des Verwaltungsrats*, 11.12.1969, p. 3, SWA PA 600 b C 1. See also *Bericht über die allgemeine Geschäftslage*, 11.12.1974, SWA PA 600 b D 2-4.

<sup>333</sup> See *Report to General Management: Negotiations with Sierra Leone Government*, 29.01.1973, SWA PA 600 f St-1416-11-2.

capital as a weapon to enforce its conditions on the Sierra Leone government and maintain an unequal and exploitative situation. Alusuisse concealed SIEROMCO's actual profitability, portraying the subsidiary as weaker than it was. This façade of weakness was then utilised by Alusuisse negotiators as a strategic tool to uphold Alusuisse's dominance. This tactic resonates with a prevalent strategy in Swiss imperialism, as outlined by Guex.<sup>334</sup>

## 11 Alusuisse's Offered Many Fictitious Concessions

Alusuisse also leveraged its control over the bauxite production process and information asymmetry to offer concessions that seemed genuine but were ultimately meaningless upon closer inspection. In October 1972, Alusuisse offered to recultivate the empty mines with fruit trees, open a small metal workshop in Freetown and invite the government to join new joint venture enterprises.<sup>335</sup> The Sierra Leonian government was unimpressed. Alusuisse then made a second offer, which included a 50% increase in yearly tax payments, two seats in the SIEROMCO Board of Directors and the option to acquire the 51% equity stake after waiting ten years.<sup>336</sup> Along with a joint venture in Port Loko and the threats mentioned above, this second offer was enough to reach a first agreement in principle.<sup>337</sup> By June of 1973, the Directorate General was already optimistic about averting the "danger" of partial nationalisation.<sup>338</sup> However, negotiations continued at the insistence of the Sierra Leonian government, and the original 1961 contract was amended in 1976 and 1980.<sup>339</sup>

Neither the workshop nor the recultivation of the land addressed the government's aim of increasing revenue or control over the economy. The metal workshop had been a point of discussion in the 1960s, but Alusuisse had backed out due to insufficient local demand.<sup>340</sup> These proposals were not included in the final agreements. The invitation for the government to participate in new joint

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<sup>334</sup> See Guex, 'De la Suisse comme petit État faible'.

<sup>335</sup> See *Letter to the Minister of Lands and Mines S. B. Kawusa-Konte*, 20.10.1972, SWA PA 600 f St-1416-11-2.

<sup>336</sup> See *Report to General Management: Negotiations with Sierra Leone government*, 29.01.1973, SWA PA 600 f St-1416-11-2.

<sup>337</sup> See Bridget Bloom, David Williams, and David Martin, 'Sierra Leone: Financial Times Survey', *Financial Times*, 27 March 1972, p. 29+, Financial Times Historical Archive.

<sup>338</sup> See *Bericht über die allgemeine Geschäftslage*, 14.06.1973, SWA PA 600 b D 2-4.

<sup>339</sup> See *The Sierra Leone Ore and Metal Company Agreement (1976) Act*, 24.08.1976, *Supplement to the Sierra Leone Gazette*, Vol CVII, No.74, 14.10.1976, SWA PA 600 f St-1416-11-2. *The Bauxite Mineral Prospecting and Mining Supplementary Agreement 1980 (Special Provisions) Act*, 18.03.1980, *Supplement to the Sierra Leone Gazette*, Vol CXII, No. 27, 07.05.1981, SWA PA 600 f St-1416-11-2.

<sup>340</sup> Alusuisse first considered building a small factory for aluminium products in Freetown in 1962, modelled on the Alusuisse subsidiary in Nigeria. A proposal over CHF 500'000 was sent to the Sierra Leonean government in 1963, who accepted it a year later. After agreeing to the construction, Alusuisse pulled out in 1965. See *Protokoll der 297. Sitzung des Verwaltungsrates*, 12.12.1962, p. 5, SWA PA 600 b C 1 and *Protokolle der Generaldirektion*, 29.10.1962, 24.04.1963, 11.06.1964, 07.09.1964, 09.03.1965, 11.05.1965, SWA PA 600 b E 1-1.

venture projects had the potential to increase revenue and control. The Sierra Leonian government's lack of funds hindered its participation in projects outside the country. However, bauxite projects in Sierra Leone offered the option of payment through land rights. A bauxite mining and transformation project in Port Loko was planned, and an agreement was signed in 1978.<sup>341</sup> It was never realised due to funding issues and low global bauxite demand. Alusuisse was hesitant to take on the financial risks of the Port Loko expansion, especially considering the lower quality of bauxite compared to SIEROMCO's. However, the prospect of another Sierra Leonean bauxite mine and alumina factory allowed Alusuisse to appear to make significant concessions during negotiations.

Both the 1976 and the 1980 agreements included the option for the government to nominate two people to the Board of Directors.<sup>342</sup> In practice, it became evident that Alusuisse was determined to maintain complete control by tightly controlling information and reducing the influence of Sierra Leonian board members and the SIEROMCO Board itself. In 1978, when Paramount Chief Sam Margai II became a board member representing the government, he immediately inquired about the employment of Sierra Leonians, their working conditions, and the contribution of SIEROMCO to local development.<sup>343</sup> As the elected leader of the ruling families in the area where the mine was located, Paramount Chief Sam Margai II held significant authority. He would have collected taxes, distributed land, and controlled the local judiciary.<sup>344</sup> In a neo-patrimonial logic; he sought to use his position to provide material benefits to his political clients, such as offering jobs, improving working conditions, or developing local infrastructure. Alusuisse ignored Margai for half a year and only responded after he had followed up, complaining that without such information, his presence on the Board would be "meaningless".<sup>345</sup> However, SIEROMCO's only response was to await the Board meeting.<sup>346</sup> This shows that Alusuisse resisted meaningful government participation in managing the mine by withholding information.

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<sup>341</sup> See *Bericht über die allgemeine Geschäftslage*, 20.06.1977, SWA PA 600 b D 2-4. See also *Proposal to the government of Sierra Leone for the Formation of a new bauxite mining company*, February 1977, SWA PA 600 f St-1416-12-1.

<sup>342</sup> See *The Sierra Leone Ore and Metal Company Agreement (1976) Act*, 24.08.1976, *Supplement to the Sierra Leone Gazette*, Vol CVII, No.74, 14.10.1976, SWA PA 600 f St-1416-11-2. *The Bauxite Mineral Prospecting and Mining Supplementary Agreement 1980 (Special Provisions) Act*, 18.03.1980, *Supplement to the Sierra Leone Gazette*, Vol CXII, No. 27, 07.05.1981, SWA PA 600 f St-1416-11-2.

<sup>343</sup> See *Letter by Sam Margai to SIEROMCO*, 01.03.1978, SWA PA 600 f St-1416-11-3.

<sup>344</sup> See Acemoglu, Reed, and Robinson, p. 319.

<sup>345</sup> See *Letter by Sam Margai to SIEROMCO*, 13.07.1978, SWA PA 600 f St-1416-11-3.

<sup>346</sup> See *Letter by SIEROMCO to Sam Margai*, 17.07.1978, SWA PA 600 f St-1416-11-3.

Alusuisse was willing to offer favours to the central government or local chiefs, such as providing loans or funding public construction, as long as the operation of the mine was not interfered with.<sup>347</sup> Despite half of SIEROMCO's management and the Board of Directors being Sierra Leonian, key decisions were still made in Zürich, as evident in the response to the Ministry of Mines. Alusuisse's intentions to maintain control over SIEROMCO are further evident in the fact that shortly after Margai's appointment, the Alusuisse legal department proposed plans to raise the quota of directors needed to make decisions to four out of six.<sup>348</sup> This would ensure that the three Sierra Leonian board members could not make decisions without Europeans present.<sup>349</sup> It remains unclear whether it was implemented, but considering the limited influence of the Board of Directors, it may have been unnecessary in any case. The two available minutes of the SIEROMCO Board of Directors indicate a body that merely approved decisions that had already been made in Zürich, suggesting limited influence.<sup>350</sup> During these meetings, Sam Margai's inquiries about the employment of Sierra Leonians were also politely ignored. The 100% ownership of SIEROMCO by Alusuisse, coupled with the Swiss company's provision of credit, know-how, and being the sole customer, ensured that it remained under Swiss control, regardless of the composition of the Board of Directors. In a typical imperialist pattern, Alusuisse's economic power undermined Sierra Leone's political efforts at every step, ensuring the company's continued control over SIEROMCO and preserving its dominance over the country's bauxite resources and production process.

Alusuisse agreed to revise SIEROMCO's tax structure to increase tax revenue. In 1974, tax payments were set to rise by approximately 50% through higher rents and the elimination of certain income tax privileges.<sup>351</sup> By 1978, payments were expected to double again, with royalties, rents, and income tax being replaced by a lump sum tax of \$0.90 per ton of bauxite, adjusted automatically to

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<sup>347</sup> See Bauer, 'Alusuisse in Sierra Leone', pp. 110, 120.

<sup>348</sup> See *Notice by the Department for Legal and Tax Matters*, 8.11.1978, SWA PA 600 f St-1416-11-3.

<sup>349</sup> The government of Sierra Leone had appointed P.S. Swarray and Sam Margai, and Alusuisse had appointed a Sierra Leonean national themselves.

<sup>350</sup> *Minutes of the Board of Directors for SIEROMCO in Freetown*, 3.10.1983 and *Minutes of the Board of Directors for SIEROMCO in Zürich*, 16.5.1984, SWA PA 600 f St-1416-11-3.

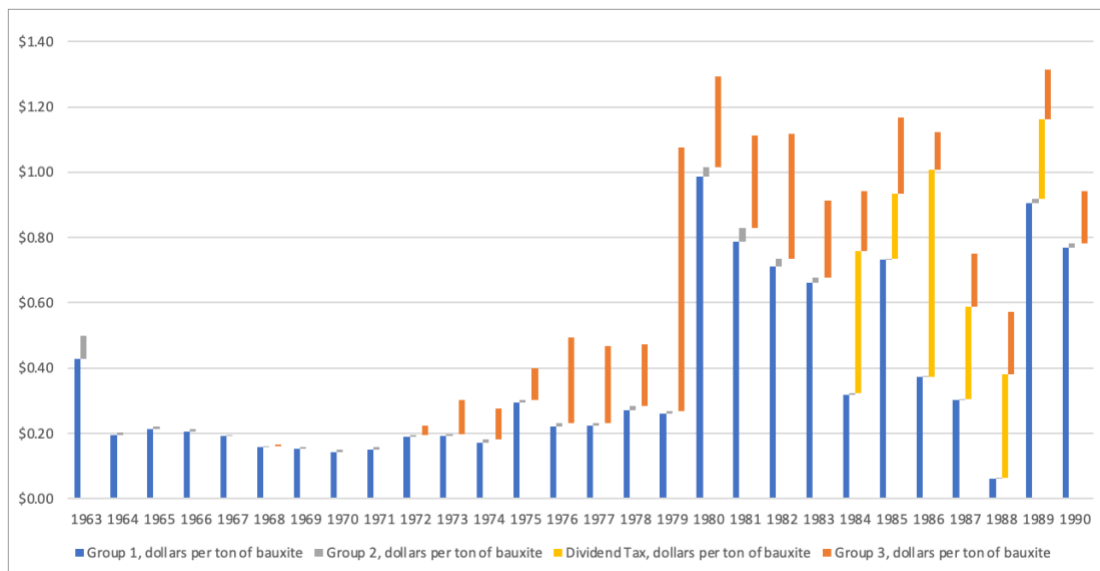
<sup>351</sup> See *Report to General Management: Negotiations with Sierra Leonean government*, 29.01.1973, SWA PA 600 f St-1416-11-2. The mining rent was raised to 640 Leone (\$470) per square mile per year, and the royalties were raised to 0.3 Leone (\$0.22) per ton of bauxite. The prospecting rent was raised to 6 Leone (\$3) per square mile per year in 1976. The changes became retroactively legal in 1976. See *The Sierra Leone Ore and Metal Company Agreement (1976) Act*, 24.08.1976, *Supplement to the Sierra Leone Gazette*, Vol CVII, No.74, 14.10.1976, SWA PA 600 f St-1416-11-2.

the world aluminium price.<sup>352</sup> The revised tax structure had the potential to reduce the impact of Alusuisse's price manipulation and make central government revenue collection more straightforward and predictable. Local landowners would continue to receive 10 Leone (\$4.50) per acre per year if SIEROMCO used their land.

Superficially, Alusuisse's internal analysis indicates a significant increase in the taxes and charges paid by SIEROMCO and its employees to the Sierra Leonian Government, with an average annual growth rate of 50% in the 1960s and 1970s and 90% in the 1980s.<sup>353</sup> In reality, SIEROMCO's tax burden remained relatively constant until the 1980s when accounting for inflation, production growth, and accounting issues. *Figure 8* presents the payments SIEROMCO to Sierra Leone government agencies between 1963 and 1990 as a percentage of bauxite revenue, while *Figure 9* shows the payments in US dollars per ton of bauxite. Grouping the categories, Group 1 includes royalties (1963-1980), turnover tax (1971-1979), and lump sum tax (1978-1990). Group 2 consists of various minor

*Figure 8 SIEROMCO Taxes and Charges 1964-1990 in Us Dollar per ton of exported bauxite*

charges and rents, while Group 3 represents charges with incomplete data sets,



including harbour dues (1963-1973 missing), customs duties (1963-1976 missing)

Sources: *Fiscal and other Charges, 18.02.1990, SWA PA 600 f St-1416-11-6.*

For the used bauxite quantities and estimations of SIEROMCO revenue, see Table 5.

Values were adjusted for Inflation to the US Dollar in 1963 using the US Consumer Price Index.

<sup>352</sup> See *SIEROMCO - reflections concerning bauxite pricing and lump sum, 05.08.1982, SWA PA 600 f St-1416-11-1.* Again these were retroactive changes based on the *Bauxite Mineral Prospecting and Mining Supplementary Agreement 1980 (Special Provisions) Act, 18.03.1980, Supplement to the Sierra Leone Gazette, Vol CXII, No. 27, 07.05.1981, SWA PA 600 f St-1416-11-2.* The new Levies were first discussed in 1978. See *Bericht über die allgemeine Geschäftslage, 28.08.1978, SWA PA 600 b D 2-4.*

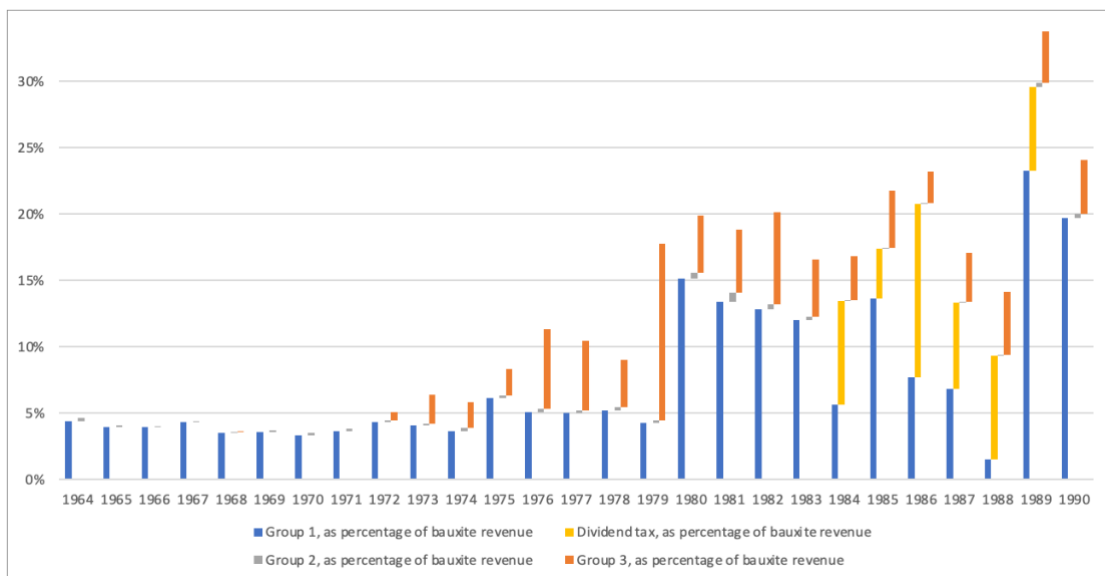
<sup>353</sup> See *Fiscal and other charges, 18.02.1990, SWA PA 600 f St-1416-11-6.*



and payee tax (1963-1990 missing). Additionally, taxes on dividends paid directly by Alusuisse are indicated separately. When comparing the taxes over thirty years, we have to exclude Group 3 from the analysis or assume it contributed about \$0.25 per ton of bauxite, or 5% of revenue, as it did after 1976.

The analysis reveals that despite changes in the tax structure, SIEROMCO's tax burden remained constant for nearly 20 years. While absolute government revenues did increase and reached an average of just under \$300'000 in the 1970s, the government under Stevens's leadership was unable to increase its share of Sierra Leone's natural resources until the 1980s.<sup>354</sup> The introduction of the lump sum tax was a significant turning point, approximately doubling the tax revenue per ton of bauxite (or as a percentage of revenue) starting in 1979. After a decade of negotiations, threats, and illusory concessions by Alusuisse, Siaka Stevens succeeded in increasing the share of the revenue from the depleting bauxite deposits for the Sierra Leonean central government. This was the only substantial concession Alusuisse made to the central government, and it used it to maintain complete operational control over the company, cheap labour, and high-quality bauxite. Alusuisse maintained its imperialist control and benefits, with the government's

*Figure 9 SIEROMCO Taxes and Charges 1964-1990 as a percentage of bauxite revenue*



*Sources: Fiscal and other Charges, 18.02.1990, SWA PA 600 f St-1416-11-6. For the used bauxite quantities and estimations of SIEROMCO revenue, see Table 5. Values were adjusted for Inflation to the US Dollar in 1963 using the US Consumer Price Index.*

<sup>354</sup> Group 1 amounted to \$140'000, and Group 2 was \$5'000. Yearly bauxite revenue in the 1970s, on average, was \$3 million. Assuming Group 3 was 5% of revenue, this would be another \$150'000.

share slightly increased. Alusuisse still paid significantly fewer taxes in Sierra Leone than it would have in Guinea or other bauxite-producing countries.<sup>355</sup>

Alusuisse adapted to global economic turbulence by shifting customers and limiting mine expansion. They also managed to fend off the challenges from the Sierra Leone government through threats, delay tactics, fictitious concessions, and increased tax payments. Having secured its position, Alusuisse adapted to the new conditions in Sierra Leone in the 1980s by investing, increasing production, and finding ways to circumvent the tax regime differently. SIEROMCO's exemption from income tax, allowed Alusuisse to book profits in Sierra Leone without paying taxes on them, a strategy they started implementing in the 1980s, leading to renewed conflicts with the Sierra Leonian government under changing circumstances.

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<sup>355</sup> See *Protokoll der 422. Sitzung des Verwaltungsrates*, 13.06.1983, SWA PA 600 b D 2-1.

## PART III INTERNATIONAL ACTORS AND CRISIS IN SIERRA LEONE (1980-1992)

In the 1980s, a divergence emerged in the economic trajectories of SIEROMCO and Sierra Leone, prompting a renewed phase of negotiations. While Sierra Leone's economy contracted, the government turned to international institutions (IMF) and corporations for support. In contrast, SIEROMCO's production and profits expanded. This divergence prompted the government to seek a larger share of bauxite export revenue. Subsequently, renegotiations of the SIEROMCO agreement were initiated in 1990 and concluded in 1992. The discussions revolved around tax structure and bauxite pricing. Another international actor brought forward the latter concern: UN employees and activists who were critical of Alusuisse's imperialist practices.

### 12 Diverging Economic Prospects Between SIEROMCO and Sierra Leone

After gaining security over the tax and ownership structure of SIEROMCO, Alusuisse took a "leap forward" to increase bauxite production in the 1980s.<sup>356</sup> They needed to take action because, with the price Alusuisse was paying for SIEROMCO's bauxite, the company could not afford the lump sum tax payments required by the new contract with the Sierra Leonian government.<sup>357</sup> As a short-term measure, they increased equity by 1.7 million to improve liquidity before embarking on the largest investments in SIEROMCO's history.<sup>358</sup> Thanks to upgraded machinery and more accessible bauxite deposits, both production and bauxite quality increased, while costs went down. Therefore, the new tax regime incentivised Alusuisse to invest in Sierra Leonian bauxite production, increasing tax revenue. The investment also proved a commercial success for Alusuisse, leading to SIEROMCO breaking even in 1984 and initiating dividend payments alongside trading profits. Throughout the latter half of the 1980s, profits further expanded, aided by Alusuisse's ability to decrease real wages in response to Sierra Leone's inflation.

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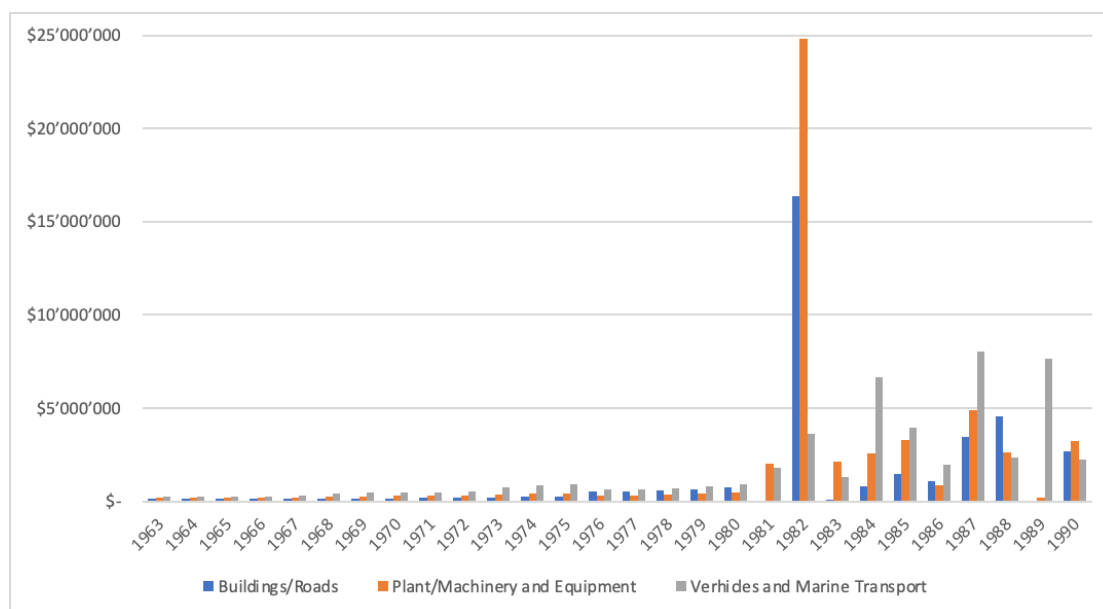
<sup>356</sup> See *Protokoll der Generaldirektion*, 09.01.1980, SWA PA 600 b E 1-1.

<sup>357</sup> See *Protokoll der Generaldirektion*, 09.01.1980, SWA PA 600 b E 1-1.

<sup>358</sup> See *Capital invested in SIEROMCO*, 18.01.1991, SWA PA 600 f St-1416-11-6.

In the 1980s, 86% of all Alusuisse investments in Sierra Leone until 1990 were absorbed. A new mining region in Gondama was developed. With only 20% more workers, output doubled during the decade.<sup>359</sup> Modernisation of machinery and accessing more centralised deposits increased production while lowering costs and workload per ton of bauxite. In 1982, an electric kiln at the Port of Nitti was installed, costing \$40 million, three times the total amount spent on machinery and construction over the previous 19 years.<sup>360</sup> This upgrade made SIEROMCO bauxite more competitive for third-party buyers such as Alcan.<sup>361</sup> Alusuisse financed these investments by providing guarantees for the commercial loans taken on by SIEROMCO, which were repaid in the 1980s.<sup>362</sup> Additionally, Alusuisse deliberately maintained a bauxite transfer price that was higher than economically ideal for the Swiss company. Between 1979 and 1982, this approach resulted in a trading deficit in Zürich, temporarily reversing the prior price manipulation and enabling the export of capital to Sierra Leone.<sup>363</sup> As a result, Alusuisse succeeded in maintaining relatively modest capital risk, proving again the usefulness of transfer price manipulation.

Figure 10 SIEROMCO Investments 1963-1990 in US Dollar



Sources: *Investments 1963-1990*, 14.02.1991, SWA PA 600 f St-1416-11-6.

Values were adjusted for Inflation to the US Dollar in 1963 using the US Consumer Price Index.

<sup>359</sup> See Figure 3 and Figure 4.

<sup>360</sup> See *Alusuisse Distribution of the Financial Model*, 24.08.1990, SWA PA 600 f St-1416-11-6.

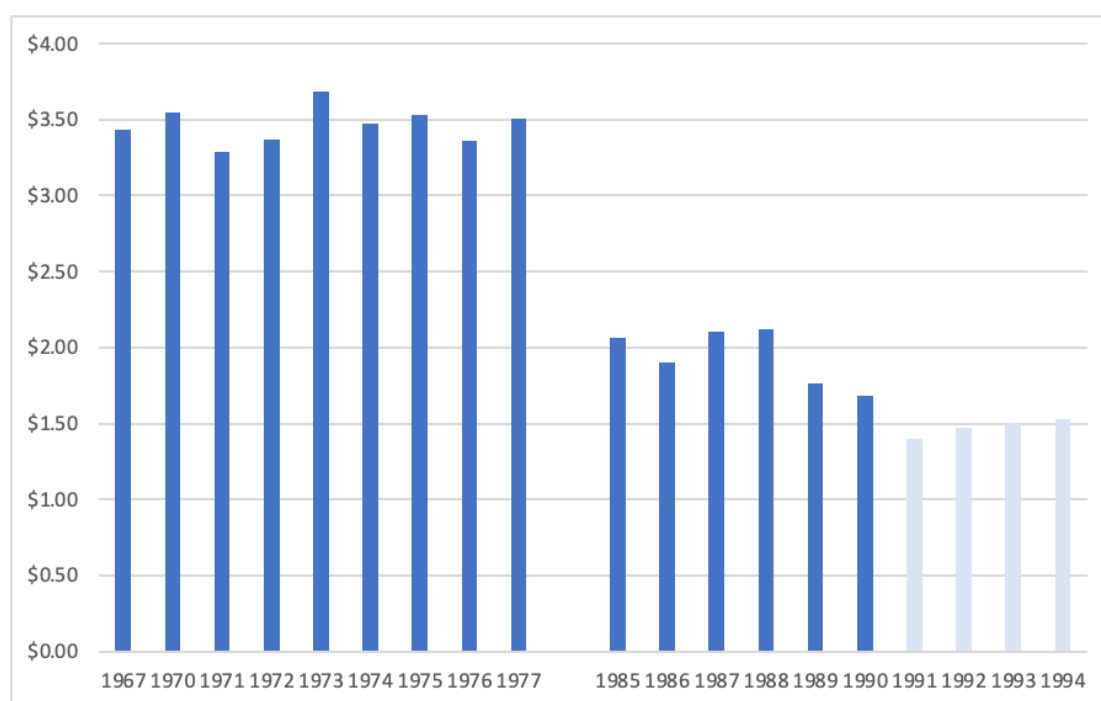
<sup>361</sup> See *Bericht über die allgemeine Geschäftslage*, 03.09.1978, SWA PA 600 b D 2-4.

<sup>362</sup> On the equity see *Capital invested in SIEROMCO*, 18.01.1991, SWA PA 600 f St-1416-11-6.

<sup>363</sup> See *SIEROMCO's Past, Today and Future*, 03.03.1986, SWA PA 600 b E 6-1-54.

The investments increased efficiency: production costs per ton of bauxite declined from \$3.50 to under \$2, starting in 1984, as shown in *Figure 11*. In the second half of the decade, SIEROMCO also profited off the skyrocketing Sierra Leonian inflation. When the Leone devaluated, the local cost structure changed.<sup>364</sup> SIEROMCO generated revenue in US dollars, while its local operating expenses were denominated in Leone. *Figure 12* breaks down the most significant local production costs. As inflation heightened, real costs diminished, even when considering statistical effects and excluding possible undervalued material costs.<sup>365</sup> Notably, fuel prices and wages experienced declines, with labour costs per employee decreasing from \$950 annually in 1982-1983 to \$500 in 1989-1990.<sup>366</sup> This convergence of reduced wages, lower fuel prices, and heightened production collectively bolstered profitability. Alusuisse effectively shielded itself from Sierra Leone's burgeoning economic crisis and even capitalised on it by reducing the real

*Figure 11 Production cost per ton of bauxite in US Dollars*



*Sources: Production Costs, 21.02.1991, SWA PA 600 f St-1416-11-6.  
 Values were adjusted for Inflation to the US Dollar in 1963 using the US Consumer Price Index.  
 The values in light blue were estimates.*

<sup>364</sup> See *Retention of Sales Proceeds Abroad*, 15.04.1984, SWA PA 600 f St-1416-11-1.

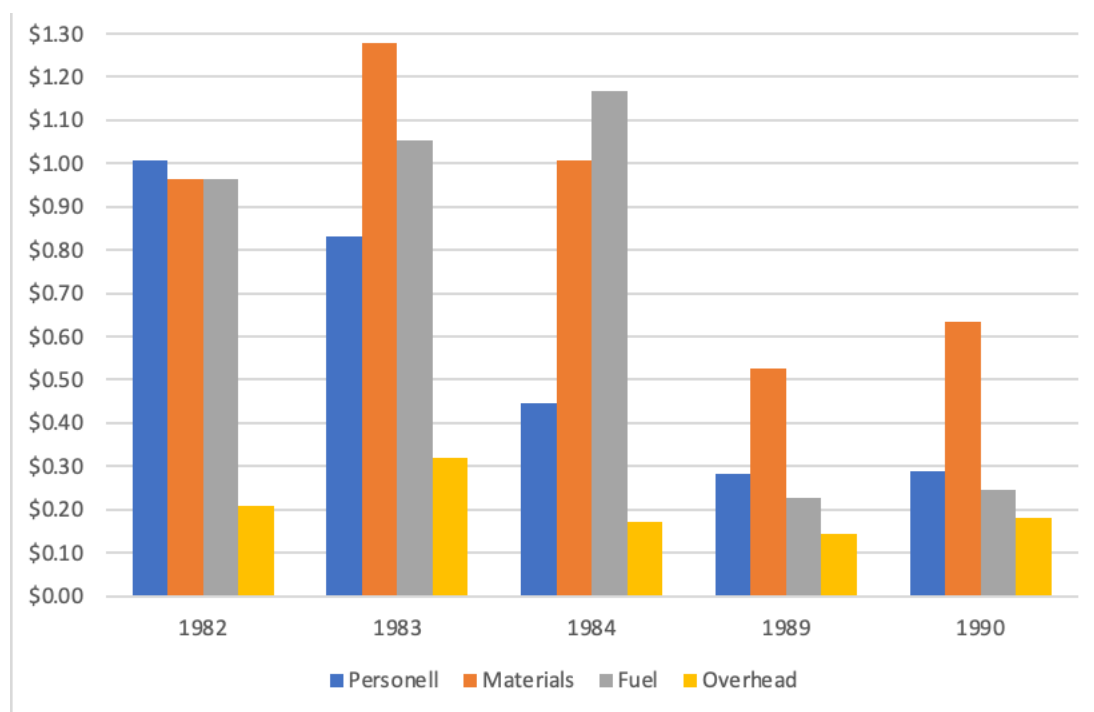
<sup>365</sup> The SIEROMCO books were kept in Leone, which introduced some distortions as exchange rates changed rapidly. Most importantly, USD costs were booked at historical exchange rates, while for revenues, they used current rates. See *Financial Results SIEROMCO 1963-1990*, 05.03.1991, SWA PA 600 f St-1416-11-6. Some costs were undervalued, mainly replacement materials, which were imported. See *Alusuisse Distribution of the Financial Model*, 24.08.1990, SWA PA 600 f St-1416-11-6. As a result, the profitability was overstated. Additional imprecision was introduced, when converting to 1963 USD at yearly exchange rates.

<sup>366</sup> See *Report of the SIEROMCO Managing Director, 1985*, SWA PA 600 f St-1416-11-3.

wages of Sierra Leonian workers, thereby further reducing the already low-cost labour expenses. Hence, the economic downturn in Sierra Leone created new opportunities to intensify imperialist exploitation.

Consequently, SIEROMCO achieved a break-even point and began to generate local profits from 1984 onwards.<sup>367</sup> These profits, totalling \$15.9 million until 1990, were used for ongoing investments, loan repayments, and paying dividends to Alusuisse.<sup>368</sup> Local profits could have been nearly \$8.3 million higher if Alusuisse had not resumed diverting profits through manipulating bauxite prices. Until 1990, Alusuisse received a total of \$2 million in dividends from SIEROMCO, while the government retained an additional \$2.7 million in dividend tax.<sup>369</sup> This demonstrates that while tax revenue for the Sierra Leonian central government saw an increase, Alusuisse's trading profits remained significantly larger. SIEROMCO's newfound income tax exemption provided Alusuisse with greater flexibility in extracting value from Sierra Leone, as they were no longer solely reliant on transfer price manipulation. This flexibility explains why a 1986 report

*Figure 12 Local Costs of Producing one Ton of Bauxite in US Dollar*



Sources: *Retention of Sales Proceeds Abroad, 15.04.1984, SWA PA 600 f St-1416-11-1.*

*Production Costs 1989-1995, 21.02.1991, SWA PA 600 f St-1416-11-1.*

*Values were adjusted for Inflation to the US Dollar in 1963 using the US Consumer Price Index.*

<sup>367</sup> See *Financial Results SIEROMCO 1963-1990, 05.03.1991, SWA PA 600 f St-1416-11-6.*

<sup>368</sup> See *Present Position SIEROMCO, 05.1985, SWA PA 600 f St-1416-11-1.*

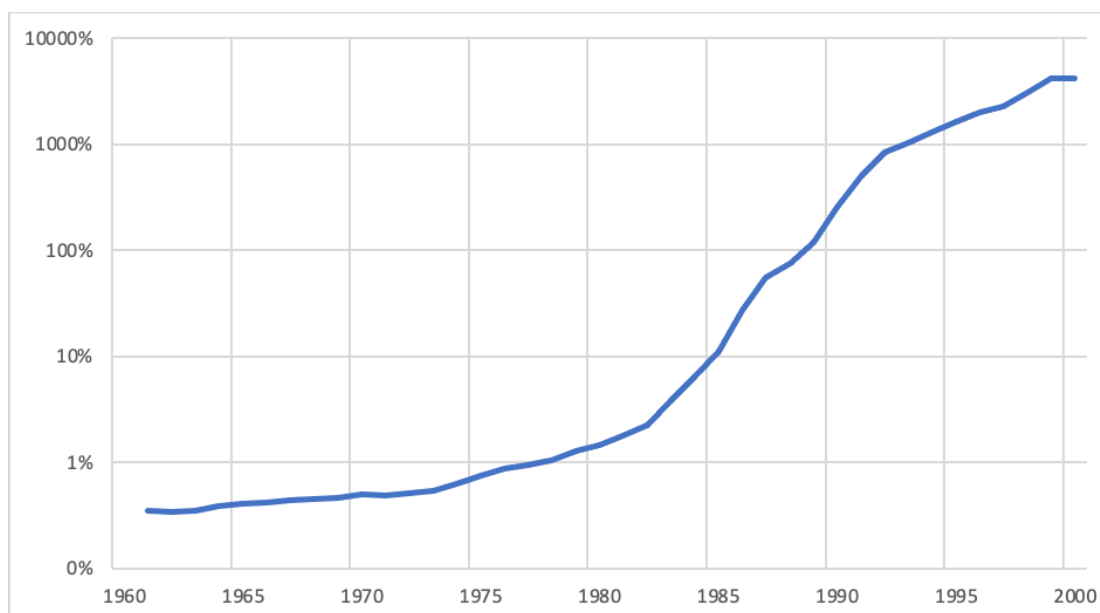
<sup>369</sup> See *Taxation on Dividends, 24.05.1985, SWA PA 600 f St-1416-11-3.*

by Alusuisse employee Felix Schmidt suggested, “do not stir up the present profitable set-up”.<sup>370</sup> Schmidt emphasised the continuous trading profits Alusuisse received without incurring any financial or other obligations on the Swiss company.

Dividends could be repatriated through bauxite shipments, albeit officially.<sup>371</sup> This arrangement took the form of a loan-repayment scheme. Initially, Alusuisse provided the government with a loan of \$3 million, which the government was to repay to SIEROMCO in Leone. Subsequently, SIEROMCO would reimburse Alusuisse with bauxite shipments equivalent to the loan, interest, and an additional \$0.5 million in dividends. The government would obtain foreign currency while Alusuisse safeguarded its gains. This arrangement highlights the contrasting economic situations of the government and SIEROMCO, which subsequently lead to conflicts over the tax system and bauxite pricing.

During the 1980s, Sierra Leone grappled with a severe economic crisis, sharing common challenges with other primary commodity-producing nations during that period.<sup>372</sup> Escalating oil prices were countered by declining prices for diamonds and tropical produce, resulting in balance of payment issues.<sup>373</sup> In 1982 Sierra Leone limited the amount of sales proceeds SIEROMCO could hold in

*Figure 13 Sierra Leone Inflation 1961-2000, log-scale*



Source: World Bank, ‘Consumer Price Index for Sierra Leone’ (FRED, Federal Reserve Bank of St. Louis) <<https://fred.stlouisfed.org/series/DDOE02SLA086NWDB>>.

<sup>370</sup> See *SIEROMCO’s Past, Today and Future*, 03.03.1986, SWA PA 600 b E 6-1-54.

<sup>371</sup> See *Return to Shareholder*, 19.02.1991, SWA PA 600 f St-1416-11-6.

<sup>372</sup> See Francis, p. 80.

<sup>373</sup> See Harris, p. 76; John Weeks, *Development Strategy and the Economy of Sierra Leone*, 1st edn (Palgrave Macmillan UK, 1992), p. 27.

international accounts to buy spare parts and equipment and repay debts at 40%.<sup>374</sup> Alusuisse could partially navigate around these capital controls through the use of transfer price manipulation. Mineral exports made up 80% of Sierra Leone's import revenues.<sup>375</sup> Sierra Leone's specific circumstances included the depletion of diamond reserves and heightened smuggling, marking the end of the diamond boom in the 1970s.<sup>376</sup> Corruption and an economic policy focus on foreign mining corporations hindered industrial growth, leaving agriculture underdeveloped and ill-equipped to support the expanding population. During Siaka Stevens' leadership, revenue sources shifted from the formal to the informal sector, leading to a decline in the government's revenue generation capacity. The collection of income tax became nearly non-existent. Throughout the 1970s, only a meagre 1.7% of business taxes were collected.<sup>377</sup>

High levels of debt burdened Sierra Leone, impeding interest payments and debt repayment. Consequently, the government had to negotiate with international bodies such as the Club de Paris and the IMF, which imposed their economic priorities on the country. Despite the allure of foreign funding from the IMF for neo-patrimonial leaders, IMF policies that advocated cutting state spending, devaluing the currency, and attracting foreign businesses exacerbated the economic decline, exacerbating social suffering.<sup>378</sup> Inflation surged throughout the 1980s, eroding the government's foreign currency reserves.<sup>379</sup> Alusuisse profited of this system, benefiting from tax advantages without substantial consideration for Sierra Leone's long-term development. The company also played a role in the political economy that failed to deliver well-being to the average Sierra Leonian, as it contributed revenue primarily benefiting government elites. As one of the few foreign multinational mining firms, Alusuisse shared a portion of the responsibility for the nation's economic and social deterioration.

In 1984, Siaka Stevens, who was ageing, handed over leadership to Brigadier Momoh as his successor. The government's dependency on external sources increased further, as Stevens still held significant control networks while Momoh had limited influence.<sup>380</sup> Against the backdrop of worsening economic

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<sup>374</sup> See *Present Position SIEROMCO*, 05.1985, SWA PA 600 f St-1416-11-1.

<sup>375</sup> See Francis, p. 79.

<sup>376</sup> See Harris, p. 73; Francis, p. 83.

<sup>377</sup> See Harris, p. 75.

<sup>378</sup> See Harris, p. 78; Francis, p. 80.

<sup>379</sup> See Weeks, p. 45.

<sup>380</sup> See Johnston, p. 69.



conditions, Momoh intensified the previous approach by implementing additional IMF programs and courting international companies.<sup>381</sup> Foreign loans, in turn, enabled Sierra Leonian officials to implement economic policies benefiting multinational corporations at the expense of local residents.<sup>382</sup> The Sierra Leonean central government faced conflicting pressures in its relationship with SIEROMCO. On the one hand, SIEROMCO was a significant source of tax revenue and foreign currency, prompting the government to seek increased benefits. The contrast between SIEROMCO's rising profitability and Sierra Leone's economic decline accentuated this interest. On the other hand, the government was required to showcase its collaboration with the IMF, which stipulated favourable conditions for foreign enterprises like SIEROMCO. In this context, the tax arrangement with SIEROMCO was revisited in the 1980s, resulting in a comprehensive contract revision by 1992. During this period, the Sierra Leone government also began to scrutinise Alusuisse's pricing policies due to international attention.

### 13 Transfer Price Manipulation in the International Spotlight

In the 1980s, the Sierra Leonian government gradually became aware of Alusuisse's deliberate under-pricing of Sierra Leonian bauxite. This tactic made SIEROMCO appear less profitable than it was, allowing Alusuisse to avoid taxes and government scrutiny in Sierra Leone. This revelation was prompted by the growing international attention surrounding transfer price manipulation. Alusuisse, in particular, drew the focus of activists critical of the imperialist practices of multinational corporations, including individuals like Tobias Bauer and United Nations officials who began advising the Sierra Leonian government in the 1980s. Although Tobias Bauer's estimations about the extent of hidden profits in Alusuisse's transfer prices were somewhat overstated, it is evident that "trading profits" were indeed the primary method through which SIEROMCO's profits were transferred to Switzerland, as previously discussed.

During the 1980s and 1990s, there was a proliferation of scientific studies investigating potential manipulation of intra-company trade prices by multinational corporations.<sup>383</sup> They argued that such manipulation was to bypass capital controls,

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<sup>381</sup> See Johnston, p. 71.

<sup>382</sup> See Johnston, p. 72.

<sup>383</sup> Wells had already mentioned the possibility in 1971. See Louis T. Wells, 'The Multinational Business Enterprise: What Kind of International Organization?', *International Organization*, 25.3 (1971), 447-64; But it really gained attention in the 1980s. See f.ex: G. Franklin Mathewson, *Fiscal Transfer Pricing in Multinational Corporations*, Ontario Economic Council Research

taxes, and tariffs. As the Alusuisse case demonstrates, this approach serves as a valuable tool for economic imperialism by concealing a net capital outflow and obscuring actual profitability. During the early 1980s, Alusuisse faced allegations of transfer price manipulation in Iceland and Australia, resulting in public scandals. In 1980, the Icelandic government initiated an official investigation into Alusuisse, suspecting that the company deliberately kept its Icelandic subsidiary ISAL in a state of financial loss by overcharging for raw materials.<sup>384</sup> Alusuisse had exploited the perceived lack of profitability of ISAL as a negotiating tactic with the government, seeking concessions such as discounted electricity rates and lenient environmental regulations. The company engaged in a practice where it purchased alumina from its Australian subsidiary and subsequently sold it to its Icelandic subsidiary. By analysing the export statistics from Australia and the import statistics in Iceland for the same shipments, a discrepancy of 54% in value increase “on the seas” was revealed.<sup>385</sup> This suggested that Alusuisse manipulated intra-firm prices.

Alusuisse denied the allegations of overcharging ISAL, stating instead that they had provided inaccurate information to the trade ministries, thus rendering the calculation incorrect.<sup>386</sup> Furthermore, they insisted on trading at “arm’s length”, as if transactions were taking place between independent entities. However, due to the confidentiality of Alusuisse’s financial records, it was not feasible to independently verify or refute these assertions. In July 1981, Iceland officially declared Alusuisse in breach of contract and requested renegotiations. Ultimately, Alusuisse navigated the situation using delay tactics and leveraging its political connections within Iceland. This manoeuvring worked in their favour: In 1983, following a change in government, a settlement was reached between the parties, with Alusuisse agreeing to pay \$3 million.<sup>387</sup> It appears that Alusuisse employed similar economic imperialist tactics in both Sierra Leone and Iceland.

This context helps to clarify why the Sierra Leonean government and its advisors initiated inquiries into bauxite pricing. Alusuisse responded with obstructive tactics, similar to how they had behaved in the 1970s. In 1982, the

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Studies (Toronto: University of Toronto Press, 1979), xvi <<https://doi.org/10.3138/9781487573737>>; Meena Patel, ‘A Note on Transfer Pricing by Transnational Corporations’, *Indian Economic Review*, 16.1/2 (1981), 139–52; Ahmed Sakr Ashour, ‘Self-Serving Practices of Multinational Corporations in Less Developed Countries’, *Management International Review*, 21.3 (1981), 67–79.

<sup>384</sup> See Davidsson, p. 168.

<sup>385</sup> See Davidsson, p. 168.

<sup>386</sup> See Davidsson, p. 171.

<sup>387</sup> See Davidsson, p. 173.

Ministry of Mines requested copies of SIEROMCO's sales agreements with its "customers".<sup>388</sup> The company's response stated that its sole customer was Alusuisse, who then sold to end users, effectively omitting the pertinent pricing information sought by the Ministry. In 1984, the government engaged the services of the British bank Samuel Montagu & Co as an advisor to enhance foreign reserves.<sup>389</sup> In discussions with SIEROMCO, the bank sought information about final customers, prices, and the sales process.<sup>390</sup> These questions were aimed at uncovering suspected pricing manipulation, a matter that Alusuisse regarded as "very delicate".<sup>391</sup> Therefore, they only supplied the price Alusuisse paid to SIEROMCO, which was already included in official export statements.<sup>392</sup> Alusuisse hesitated to provide the pricing information due to their concern that the Sierra Leonean government might discover the extent of profit hidden through transfer price manipulation. Once more, secrecy and foreign control over economic processes emerge as pivotal instruments in upholding the investment imperialism practised by the Swiss company.

In addition to the international coverage of the Alusuisse scandal in Iceland, there were also direct links that brought the issue of price manipulation into the negotiations between the Sierra Leonean government and Alusuisse. Regarding the Alusuisse case, the Icelandic government had sought advice from experts, some of whom later became involved in providing consulting services to the Sierra Leonean government. Both governments received advice from the United Nations Centre on Transnational Corporations (UNCTC), with Carlos M. Varsavsky offering guidance in Iceland. Peter Robbins and Rory Allans providing input in Sierra Leone.<sup>393</sup> Robbins and Allan developed models and conducted calculations for the Sierra Leone government.<sup>394</sup> And they were also actively involved in the negotiations with Alusuisse in Freetown. Sierra Leonean government also consulted the International Bauxite Association.<sup>395</sup>

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<sup>388</sup> See *Letter by the Ministry of Mines to SIEROMCO*, 16.06.1982, and *Letter by SIEROMCO to The Ministry of Mines*, 10.08.1982, SWA PA 600 f St-1416-11-1.

<sup>389</sup> See *Retention of Sales Proceeds Abroad*, 08.03.1984, SWA PA 600 f St-1416-11-1.

<sup>390</sup> See *Telex by R.L. Stone*, 12.03.1984, SWA PA 600 f St-1416-11-1.

<sup>391</sup> See *Note on Samuel Montagu & Co*, 19.03.1984, SWA PA 600 f St-1416-11-1.

<sup>392</sup> See *Telegram to R.L. Stone*, 30.04.1984, SWA PA 600 f St-1416-11-1.

<sup>393</sup> See Davidsson, p. 169.

<sup>394</sup> See *Meeting on the 23.-25.10.1990 in Sierra Leone*, 06.11.1990, SWA PA 600 f St-1416-11-6. Robbins was involved in Chemical equivalence calculations. See *Telefax to Alusuisse*, 17.06.1990, SWA PA 600 f St-1416-11-6. Allans created a financial model for SIEROMCO. See *Alusuisse Distribution of the Financial Model*, 24.08.1990, SWA PA 600 f St-1416-11-6.

<sup>395</sup> See *Letter by the Ministry of Mines*, 21.05.1990, SWA PA 600 f St-1416-11-6. S.L. Carmichael from the nationalised Guyana Bauxite Industry Development Company (BIDCO) also participated in negotiations on the side of Sierra Leone. See *Interne Notiz betreffend SIEROMCO Vertragsverhandlungen*, 18.10.1990, SWA PA 600 f St-1416-11-6.

The journalist Elias Davidsson initially conducted the import-export calculations for the Iceland case and raised the concerns about possible manipulation.<sup>396</sup> In 1989, he wrote a chapter on this topic for the critical history of Alusuisse, as cited in the last paragraph. In the same book, economist Tobias Bauer applied a similar methodology to analyse Alusuisse's operations in Sierra Leone and discovered similar evidence of price manipulation.<sup>397</sup> In 1987, Bauer informed various Sierra Leonean government officials about his findings.<sup>398</sup> In Switzerland, Bauer presented his findings at an event together with Peter Robbins from the UNCTC.<sup>399</sup> Both of them were involved in NGOs that accused multinational corporations of practising imperialism in the Third World. Tobias Bauer was associated with the "Aktion Finanzplatz Schweiz-Dritte Welt", while Robbins was connected with the "Third World Information Network".<sup>400</sup> Local Swiss press then reported on the "manipulator" Alusuisse was assisted by Swiss business secrecy laws in Sierra Leone, presenting it as a prime example of how powerful multinationals deprive developing countries of income and taxes. This was part of increased scrutiny towards multinationals in Switzerland since the 1970s.<sup>401</sup>

Between Varasavsky, Robbins and Allans from the UNCTC and the researchers Davidsson and Bauer, Alusuisse was under scrutiny of well-informed, politically engaged and internationally connected people. Alusuisse certainly took notice of the UNCTC officials. The company described them as seeing themselves as "Robin Hood in the service of developing countries," ironically commenting on their idealist motivations.<sup>402</sup> But the Alusuisse management ascribed considerable influence to the UNCTC officials in Sierra Leone and labelled government offers in 1990 as "UN-proposals".<sup>403</sup>

Bauer attempted to prove Alusuisse's transfer price manipulation by comparing the export price for Sierra Leonean bauxite, which Bauer obtained from the Bank of Sierra Leone, with the import price indicated in the German trade statistics.<sup>404</sup> The import and export prices are not denominated to the same

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<sup>396</sup> See Davidsson, p. 168.

<sup>397</sup> See Bauer, 'Alusuisse in Sierra Leone', pp. 133–35.

<sup>398</sup> See Bauer, 'Zum Finanzgebahren der Alusuisse', p. 136.

<sup>399</sup> See sgb, 'Transfer Pricing: Beispiel Alusuisse', *Berner Tagwacht* (Bern, 7 October 1989), p. 12.

<sup>400</sup> See ass, 'Die Verschwiegenen Geschäfte Der Multis in Der Dritten Welt', *Der Bund* (Bern, 9 October 1989), section Wirtschaft, p. 13. Markus Mugglin, 'Licht ins Dunkel der Manipulierer', *Der Bund* (Bern, 26 October 1989), section Wirtschaft, p. 21. See also the website of the now-defunct NGO: <https://www.aktionfinanzplatz.ch/>.

<sup>401</sup> See Kuhn, p. 1.

<sup>402</sup> See *Meeting of the 23.-25.10.1990 in Sierra Leone, 06.11.1990, SWA PA 600 f St-1416-11-6*

<sup>403</sup> See *Meeting of the 23.-25.10.1990 in Sierra Leone, 06.11.1990, SWA PA 600 f St-1416-11-6*.

<sup>404</sup> See Bauer, 'Alusuisse in Sierra Leone', p. 133.

contractual terms. The export price here is on a “fob” (“free on board”) basis: the seller’s responsibility ends after they have loaded the goods on the ship of the buyer.<sup>405</sup> The import price is on a “cif” (“cost, insurance, and freight”) basis: the seller is responsible for any costs until the agreed upon destination has been reached including transport and insurance. Subtracting the fob price from the cif price per definition gives an amount comprising both hidden profits and legitimate costs. Lacking the actual costs, Bauer assumed them to be 30% of the cif price, based on international comparisons.<sup>406</sup> The remaining difference between export (fob) and import price (cif) was \$2.63 per ton or 25% of the import price. Bauer interpreted this figure to be the hidden profits, amounting to \$24.5 million between 1964-1986.<sup>407</sup> This particular accusation against Alusuisse was the only notable instance of accusations of Swiss imperialism in Sierra Leone, which gained attention in the Swiss press and played a role in prompting the Sierra Leonean government to adopt measures to counteract potential price manipulation tactics.

As previously discussed in earlier chapters, it is evident that Alusuisse did engage in transfer price manipulation to manipulate profitability. Bauer’s discussions with Sierra Leonian officials – the Minister of Mines, Minister of Finance, and Chief Sam Margai – raised “extremely alarming” concerns for SIEROMCO’s management.<sup>408</sup> They were unsure how to address the accusations of transfer price manipulation. Once the article was published, even the Alusuisse Board of Directors discussed the matter briefly.<sup>409</sup> Alusuisse’s PR Department and upper management devised various strategies. At first, they wanted to legitimise the price manipulation as valid returns on their investment, especially given foreign currency controls in Sierra Leone.<sup>410</sup> This option was rejected in favour of asserting that Bauer’s figures were inaccurate, a claim difficult to verify.<sup>411</sup>

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<sup>405</sup> In their internal documentation Alusuisse sometimes used “fas” (“free alongside ship”), which is similar to fob but the buyer has to load the ship themselves.

<sup>406</sup> That is 30% of the average cif price. The average cif price 1964-1986 according to Bauer was \$21, 70% of which equals \$14.70. The average fob price according to Bauer was \$9.50. The “corrected” price of \$14.70 minus the fob price \$9.50 equals \$5.20, which Bauer rounded down to \$5 per ton. In the text above, the dollar value is then adjusted for inflation.

<sup>407</sup> Bauer gives the figures of \$5 upcharge and \$70 million in profit transfer between 1964-1986. The calculation was probably 14’000’000 tons of bauxite times \$5 equals exactly \$70 million. Alusuisse sources add up to 14’650’000 tons 1963-1986, which is a bit more than \$70 million.

<sup>408</sup> See *Report on the Visit of Tobias Bauer in Sierra Leone*, 09.08.1987, SWA PA 600 b E 6-1-54.

<sup>409</sup> See *Protokoll der 455. Sitzung des Verwaltungsrates*, 08.02.1988, SWA PA 600 b D 2-1.

<sup>410</sup> See *Draft Responses to the questions of Tobias Bauer*, 15.09.1987, SWA PA 600 b E 6-1-54. For the questions, see *Letter by Tobias Bauer to Alusuisse*, 27.08.1987, SWA PA 600 b E 6-1-54.

<sup>411</sup> See *Draft Responses to the questions of Tobias Bauer*, 15.09.1987, SWA PA 600 b E 6-1-54. See also the comments in black ink arguing for the first and the red ink arguing for the second strategy in *Draft Article Commented by H.P. Held of the PR Department*, 09.12.1987, SWA PA 600 b E 6-1-54.

E. Arpagus, the Alusuisse employee overseeing bauxite trading, amassed data on prices, volumes, and transport expenses for bauxite shipments between SIEROMCO and Martinswerk.<sup>412</sup> However, during the oral interview he granted Bauer in 1987, Arpagus presented only a highly curated selection of information. Arpagus argued that bauxite export prices were greater and import prices lower than indicated by public statistics, mirroring their stance in the Iceland case. Bauer, however, remained unconvinced, as both Martinswerk and the German statistical office denied the possibility of statistical inaccuracy.<sup>413</sup> Notably, Arpagus cited significantly higher transportation costs, beyond Bauer’s assumption, citing difficult loading conditions in Sierra Leone and costly transportation along the Rhine from the port of Rotterdam to Martinswerk. *Table 2* displays the discrepancy between in calculation based on the spreadsheet created by Arpagus in 1987.<sup>414</sup> The Alusuisse calculation of trading profit is 60% lower due to the higher transport costs, 24% due to higher export prices and 16% due to lower import prices.<sup>415</sup>

*Table 2 Prices and Transportation Costs SIEROMCO-Martinswerk 1964-1986 in US dollar (1963)*

	EXPORT PRICE SIERRA LEONE	TRANSPORT COSTS	IMPORT PRICE GERMANY	TRADING PROFIT
US DOLLAR PER T (BAUER)	\$4.68	\$3.13	\$10.44	\$2.63
US DOLLAR PER T (ALUSUISSE)	\$5.09	\$4.38	\$10.10	\$0.63
DIFFERENCE	\$0.42	\$1.25	\$0.34	<b>\$2.00</b>
TOTAL (BAUER)	\$41'601'847	\$28'350'325	\$94'501'084	\$24'548'912
TOTAL (ALUSUISSE)	\$46'085'506	\$39'635'502	\$91'414'751	\$5'693'742
DIFFERENCE	\$4'483'660	\$11'285'177	\$3'086'333	<b>\$18'855'170</b>

Comparison with other documents reveals that the elevated costs claimed by Alusuisse were plausible, and the company employed comparable figures and quantities in various internal analyses. For instance, a confidential shipping contract from 1989 indicates that the freight cost from Sierra Leone to Rotterdam could indeed be as high as claimed.<sup>416</sup> Confidential calculations of Alusuisse’s trading

<sup>412</sup> See *SIEROMCO – Price comparison – FOB Sierra Leone & CIF Germany 1963-1986*, 14.09.1987, SWA PA 600 b E 6-1-54.

<sup>413</sup> See Bauer, ‘Alusuisse in Sierra Leone’, p. 133.

<sup>414</sup> See *SIEROMCO – Price comparison – FOB Sierra Leone & CIF Germany 1963-1986*, 14.09.1987, SWA PA 600 b E 6-1-54.

<sup>415</sup> I divided the export price difference, transport cost difference and import price difference by the total difference.

<sup>416</sup> Shipping a ton of bauxite from Sherbro River to Rotterdam cost \$10.90 in 1989. See *Shipping Contract with A/S Bulkhandling Oslo*, 07.09.1989, SWA PA 600 f St-1416-11-6.

profit involving Sierra Leonian bauxite span from \$0.45 to \$1.22, contingent on the time frame in question.<sup>417</sup> These calculations also include other customers besides Martinswerk, which paid a comparatively low price. Therefore, a \$0.63 trading profit is more plausible than Bauer's claim of \$2.63 by a good margin. Although Bauer's estimates were overstated, he still revealed the mechanism through which Alusuisse repatriated profits and minimised taxes. Alusuisse could not publicly contradict him using accurate figures without inadvertently proving the "substantial" sums they had extracted from Sierra Leonian bauxite.<sup>418</sup>

Consequently, after the article's publication, Alusuisse opted to refrain from public commentary to prevent additional journalistic focus on the issue.<sup>419</sup> Regarding the publication of the book *Alusuisse – a Swiss Colonial History*, Alusuisse opted for the same strategy, after briefly considering legal actions against the authors and consulting private investigators.<sup>420</sup> The public revelation of their exploitative strategies was disconcerting for Alusuisse's management. The favoured approach seemed to be ongoing discretion, as maintaining commercial secrecy made it challenging to substantiate critical allegations unless Alusuisse disclosed information.

Using the most plausible figures, an average trading profit of \$0.81 per ton, Alusuisse accumulated \$16.5 million from 1963 to 1990.<sup>421</sup> Furthermore, they received \$2 million in dividends. Given SIEROMCO's assets valuation of \$4.9 million in 1990, this equates to an average annual return on investment of 25%. Furthermore, from 1981 to 1990, SIEROMCO had to pay \$1.3 million to Alusuisse for technical guidance and support.<sup>422</sup> Alusuisse also obtained loans from SIEROMCO and accessed the latter's overseas cash reserves.<sup>423</sup> Even though the Sierra Leonian subsidiary had lost its strategic importance, it was still financially attractive for Alusuisse. In contrast, the Sierra Leone government's revenue from

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<sup>417</sup> Trading Profits were not constant over time and no complete picture of all trading profits are available. For the following years, trading profits are available. The conversion rates accounting for exchange rate changes and inflation were weighted by bauxite quantity per year. For 1967, trading profit was \$0.45 per ton of bauxite. See *Protokoll der Generaldirektion*, 15.07.1966, SWA PA 600 b E 1-1. For 1963-1979, it was \$1.22. See *SIEROMCO: Gegenüberstellung Handelsgewinne*, 08.02.1988, SWA PA 600 b E 6-1-54. For 1963-1985, it was \$0.73. See *SIEROMCO's Past, Today and Future*, 03.03.1986, SWA PA 600 b E 6-1-54.

<sup>418</sup> See *Protokoll der 355. Sitzung des Verwaltungsrates*, 05.02.1973, p. 6, SWA PA 600 b D 2-1.

<sup>419</sup> See *Note by the PR Department*, 05.02.1988, SWA PA 600 b E 6-1-54.

<sup>420</sup> See *Note by the Legal Department*, 23.08.1988, and the dossier provided by Pressdok AG, 24.08.1988, SWA PA 600 f 51 4.

<sup>421</sup> This is the calculation with the longest timespan, which was used to determine a bargaining position in 1991. See *SIEROMCO Renegotiations 1991 Analysis – Summary*, 14.12.1990, SWA PA 600 f St-1416-11-6.

<sup>422</sup> See *Service Agreement*, 23.09.1981, SWA PA 600 f St-1416-11-6. Technically the money went to Alumining, the mining division of the company. It is revenue and not profit, as Alusuisse would have some expenses. See *Charges under the service fee agreement*, 04.03.1991, SWA PA 600 f St-1416-11-6.

<sup>423</sup> See *Alusuisse Distribution of the Financial Model*, 24.08.1990, SWA PA 600 f St-1416-11-6.

SIEROMCO, Alusuisse, and its employees amounted to \$15.9 million in taxes and charges, with 80% of this sum accruing during the 1980s. If we also consider that Alusuisse had the option to subsidise its subsidiaries with cheap bauxite shipments, Alusuisse extracted considerable value from Sierra Leone. Bauer's source, an unnamed former Alusuisse manager, appears to have conveyed accurate information, Alusuisse did manipulate transfer prices to "realise the dividends in Zürich".<sup>424</sup>

During the 1980s, the global attention on transfer price manipulation by multinational corporations also cast a spotlight on Alusuisse's operations in Sierra Leone. Sierra Leonean government officials engaged internationally connected experts well-versed in Alusuisse's activities in other countries. Tobias Bauer's investigation unveiled a crucial aspect of Alusuisse's strategy concerning SIEROMCO. Although Bauer's estimate of concealed profits through bauxite price manipulation was too high, Alusuisse could not openly dispute his findings without revealing that the financial gains they achieved from SIEROMCO were significantly higher than previously known. Coupled with the deteriorating economic conditions discussed in *Chapter 12*, this discovery prompted the Sierra Leonean government to demand a new pricing and tax structure for SIEROMCO in the late 1990s.

#### 14 Re-Evaluation of the Tax and Price Regime until 1992

The deteriorating budget deficit and suspicions of hidden profitability drove Sierra Leone's government to re-evaluate its agreements with Alusuisse from 1990 to 1992. Sierra Leone's tax returns were "out of line", compared to other bauxite-producing states.<sup>425</sup> As the IBA pointed out, the Sierra Leonean government only received a quarter of Jamaica's and one-sixth of Guinea's tax revenue per ton of bauxite. The renewed contract established in 1992 possibly marked an improvement for Sierra Leone's government.<sup>426</sup> It ensured a more robust tax structure, positioning the country to benefit from potential future growth in raw material prices. The new agreement required bauxite prices to be determined as if between independent entities. SIEROMCO relinquished certain tax privileges, such as duty-free

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<sup>424</sup> See Tobias Bauer, 'Die Alusuisse Hat Einen Schatz in Sierra Leone', *Die Weltwoche* (Zürich, 4 February 1988), p. 21.

<sup>425</sup> The IBA compared Sierra Leone to Guinea and Jamaica. While the IBA underestimated the actual tax returns to the government of Sierra Leone from SIEROMCO, their conclusion is still accurate. The correct numbers are used in the calculations above. See *Letter by the IBA to the Ministry of Mines*, 15.02.1990, SWA PA 600 f St-1416-11-6.

<sup>426</sup> See *Bauxite Mineral Prospecting and Mining Agreement 1992*, 03.04.1992, SWA PA 600 b N 98.



machinery imports, and became liable for income tax.<sup>427</sup> Alusuisse agreed to the updated tax framework while maintaining full ownership of SIEROMCO and securing the ability to repatriate dividends.

Alusuisse entered into negotiations, despite the current agreement's validity until 1997.<sup>428</sup> The company was willing to make concessions because they were well aware of the highly favourable terms they had profited off so far. Due to its exemption from income tax, SIEROMCO managed to reduce its tax payments by half during the highly profitable period of 1984-1989.<sup>429</sup> Carlos Lewis, a tax consultant for Alusuisse, commented: "In a situation like this, there would justifiably be cause for concern. In our opinion, however, [the] government should have done their homework." This statement shows, that Alusuisse was aware, that they had so far taken advantage of the Sierra Leonian government. Nevertheless, the company expressed "strong disappointment" when Sierra Leone called the mining arrangement "exploitative".<sup>430</sup> Alusuisse also knew that even the current demands by the Sierra Leonian government were lower than the conditions other bauxite-producing countries offered.<sup>431</sup>

During negotiations, Alusuisse could count on international allies of its own. The company employed various consultants in legal and technical matters.<sup>432</sup> Additionally, Alusuisse was aware of the pressures exerted by the International Monetary Fund and the World Bank on the Sierra Leonian government, which Alusuisse sought to use to its advantage.<sup>433</sup> Alusuisse hoped to leverage the attention of the "foreign investment community" to secure its position. Alusuisse negotiators threatening to cut back investments and mine expansions as they had done in the 1970s.<sup>434</sup> For Alusuisse, the negotiation was also an opportunity to reduce capital controls and thus be able to repatriate its benefits more easily.<sup>435</sup>

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<sup>427</sup> See *Outline of Proposed Fiscal Arrangement*, 29.10.1990, SWA PA 600 f St-1416-11-6.

<sup>428</sup> The 1980 contract was renewed in 1987 for ten more years with only minor changes. The government declined buying a 50% stake. SIEROMCO agreed to contribute to an Agricultural Development fund and take measures to reclaim the used areas. See *The Bauxite Mineral Prospecting and Mining Supplementary Agreement (1987) Act*, 23.07.1987, Supplement to the Sierra Leone Gazette, Vol. CXIX, No. 38, 07.07.1988, SWA PA 600 b N 98.

<sup>429</sup> See *Comparative Schedule of Tax and Lump Sum Payment*, 29.05.1990, SWA PA 600 f St-1416-11-6. Income tax savings amounted to \$9.5 million over the whole period, compared to the \$8.2 million Alusuisse paid.

<sup>430</sup> See *Renegotiations Sieromco Agreement*, 21.12.1990, SWA PA 600 f St-1416-11-6.

<sup>431</sup> See *Tax Regime SIEROMCO*, 11.02.1991, SWA PA 600 f St-1416-11-6. In Ghana, the government had a 55% stake in the Alcan subsidiary, which also had to pay a 4-5% royalty on the bauxite value and 35% income tax. The government was also included in yearly price negotiations. See *Discussion with Tom Dougan from British Alcan*, 28.01.1991, SWA PA 600 f St-1416-11-6.

<sup>432</sup> For example, the British Consultant Bureau or the raw materials expert James King. See *Letter by Consultant R. Poncis*, 14.01.1991, and *Meeting with Mr. James King on February 1, 1991*, 06.02.1991, SWA PA 600 f St-1416-11-6.

<sup>433</sup> See *Letter by Consultant R. Poncis*, 14.01.1991, SWA PA 600 f St-1416-11-6.

<sup>434</sup> See *Renegotiations SIEROMCO Agreement*, 21.12.1990, SWA PA 600 f St-1416-11-6.

<sup>435</sup> See *Renegotiations SIEROMCO Agreement*, 21.12.1990, SWA PA 600 f St-1416-11-6.

Finally, the Swiss were also uncertain about the future of SIEROMCO and estimated that conditions on the bauxite market would turn against it, meaning prices would have to be lowered.<sup>436</sup> Therefore, Alusuisse welcomed a tax regime, that primarily taxed profits instead of revenue.<sup>437</sup>

The Sierra Leonian government and its international advisors demanded that Alusuisse raise SIEROMCO's sales price to follow an arm's length standard.<sup>438</sup> Thus making all profits taxable in Sierra Leone. Alusuisse agreed in principle but claimed to be already paying the correct price. This was difficult to prove or disprove since bauxite is a heterogeneous mineral without one clear market price. The government demanded to see freight and sales contracts proving Alusuisse's assertions. The company refused, citing the Swiss legal code prohibition on sharing trade secrets.<sup>439</sup> This is a regularly cited feature of Swiss imperialism.<sup>440</sup> As an alternative, both sides produced "equivalence calculations", comparing the prices, chemical composition and transport costs for bauxites originating in various countries. The calculations did not resolve the dispute. The governments' model showed that SIEROMCO bauxite was 25% under-priced.<sup>441</sup> Alusuisse's model showed the current price as precisely correct.<sup>442</sup> Both questioned each other's assumptions regarding quality and transport costs.<sup>443</sup> At the end of the day, only Alusuisse knew the exact chemical composition of Sierra Leonian bauxite and did not allow independent confirmation.<sup>444</sup> Alusuisse had the information advantage and could deadlock the argument.

The drawback of this information asymmetry was pointed out to Alusuisse by its consultant James King. He stated that: no matter how correct the model was, the government would not be convinced because the assumptions were too easily manipulated.<sup>445</sup> Because of that, in the end Alusuisse had to concede and share its contracts, as long as the government keeps them confidential.<sup>446</sup> In order to maintain

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<sup>436</sup> See *Market Prospects for Trihydrate Bauxite*, 03.1991, SWA PA 600 f St-1416-11-6.

<sup>437</sup> See *Renegotiations with Sierra Leone Government*, 11.03.1991, SWA PA 600 f St-1416-11-6.

<sup>438</sup> See *Meeting of the 23.-25.10.1990 in Sierra Leone*, 06.11.1990, SWA PA 600 f St-1416-11-6.

<sup>439</sup> See *Meeting of the 23.-25.10.1990 in Sierra Leone*, 06.11.1990, SWA PA 600 f St-1416-11-6. See also *Renegotiations Sieromco Agreement*, 21.12.1990, SWA PA 600 f St-1416-11-6.

<sup>440</sup> For example, See Stucki.

<sup>441</sup> The model was supplied by the International Bauxite Association. See *Letter by the Ministry of Mines*, 21.05.1990, SWA PA 600 f St-1416-11-6.

<sup>442</sup> See *Alusuisse Proposed Price Formula*, 13.12.1990, SWA PA 600 f St-1416-11-6.

<sup>443</sup> Alusuisse said the IBA overestimated the quality of Sierra Leonean bauxite and underestimated the shipping cost. See *Letter to the Ministry of Mines*, 22.06.1990, SWA PA 600 f St-1416-11-6. Peter Robins of the UNCTC, in turn, demanded independent proof for these Alusuisse claims, which he did not receive. See *Telefax to Alusuisse*, 17.06.1990, SWA PA 600 f St-1416-11-6.

<sup>444</sup> See *Telefax to Peter Robbins*, 13.07.1990, SWA PA 600 f St-1416-11-6.

<sup>445</sup> See *Meeting with Mr. James King on February 1, 1991*, 06.02.1991, SWA PA 600 f St-1416-11-6.

<sup>446</sup> See *Bauxite Mineral Prospecting and Mining Agreement 1992*, 03.04.1992, SWA PA 600 b N 98.

the arm's length standard, the 1992 agreement also changed the way SIEROMCO bauxite was sold. Before, Alusuisse bought the entire production from the Sierra Leonian company and sold it to subsidiaries or third parties. Now, SIEROMCO had to sell its bauxite directly as a principal and could only employ Alusuisse as a sales agent, who received a 2.5% commission.<sup>447</sup> This is less than Alusuisse would have wanted, also because the contract did not give Alusuisse subsidiaries preferential prices, which the company had long insisted upon.<sup>448</sup>

After the arm's length agreement was supposed to keep more profits in Sierra Leone, the new tax regime was designed to take advantage of that. Instead of paying a lump sum per ton of bauxite, SIEROMCO was charged percentages on export value (4% royalty) and income (37.5% income tax).<sup>449</sup> This was even lower than Alusuisse had been prepared to pay.<sup>450</sup> On income over \$2.2 million, a new extraordinary profit tax of 50% was due.<sup>451</sup> In case SIEROMCO was not profitable, it still had to pay a minimum income tax of 3.5% on export value. During the negotiation, Alusuisse had repeatedly rejected such a tax floor, citing the "undue hardship" on SIEROMCO should market conditions turn sour.<sup>452</sup> For nearly 30 years, most of the company's taxes had not been linked to profitability.<sup>453</sup> Now Alusuisse wanted the government also to share the risks, if it had to share the rewards.

The government prevailed, and the contract included taxes independent of income (minimum tax, royalty) and taxes to take advantage of high income (income

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<sup>447</sup> The Sierra Leonean government proposed 1%. Alusuisse had demanded 3-5%. See *Renegotiations SIEROMCO Agreement*, 21.12.1990, SWA PA 600 f St-1416-11-6.

<sup>448</sup> Alusuisse had demanded discounts of up to 10% for its subsidiaries. See Alusuisse Proposed Price Formula, 13.12.1990, and *Renegotiations SIEROMCO Agreement*, 21.12.1990, SWA PA 600 f St-1416-11-6. Possibly, Alusuisse could still give discounts based on payment terms, volume and contract duration but not simply because the customer is another subsidiary.

<sup>449</sup> See *Bauxite Mineral Prospecting and Mining Agreement 1992*, 03.04.1992, SWA PA 600 b N 98.

<sup>450</sup> The Sierra Leonean government proposed a 40% income tax and 5% Royalty in October 1990. See *Outline of Proposed Fiscal Arrangement*, 29.10.1990, SWA PA 600 f St-1416-11-6. Alusuisse replied that both figures were too high. See *Renegotiations SIEROMCO Agreement*, 21.12.1990, SWA PA 600 f St-1416-11-6. However, internally, Alusuisse was always happy with 5% Royalty and had even been prepared to pay up to 50% income tax. See *Evaluation of Various Bauxite Mineral Prospecting Agreements in Sierra Leone*, 1.10.1990, as well as *Tax Regime SIEROMCO*, 22.02.1991, and *Renegotiations with Sierra Leone Government*, 11.03.1991, SWA PA 600 f St-1416-11-6.

<sup>451</sup> The original figure is \$10 million in 1992 money. Alusuisse had been prepared to pay a 79.5% income tax if net profit went over 20% of equity. See *Evaluation of various bauxite mineral Prospecting agreements in Sierra Leone*, 1.10.1990, SWA PA 600 f St-1416-11-6. Then the government proposed a 40% tax on accumulated cash receipts. See *Outline of Proposed Fiscal Arrangement*, 29.10.1990, SWA PA 600 f St-1416-11-6. Alusuisse agreed to an extraordinary profit tax but found this version cumbersome. See *Outline of Proposed Fiscal Arrangement*, 29.10.1990, SWA PA 600 f St-1416-11-6.

<sup>452</sup> See *Renegotiations SIEROMCO Agreement*, 21.12.1990, SWA PA 600 f St-1416-11-6. It was also not just a negotiation tactic. The opposition in principle can also be traced in internal documents. The British Consultant Bureau advised Alusuisse to "strongly resist" any minimum tax. See *Letter by Consultant R. Poncis*, 14.01.1991, SWA PA 600 f St-1416-11-6. The Alusuisse financial division also found it "not-acceptable" because it's "economically not justified" to pay income tax without income. See *Tax Regime SIEROMCO*, 22.02.1991, SWA PA 600 f St-1416-11-6. An earlier version of the minimum tax had been to maintain the lump sum but deduct the income tax, which would have resulted in a similar effect. See *Outline of Proposed Fiscal Arrangement*, 29.10.1990, SWA PA 600 f St-1416-11-6.

<sup>453</sup> The old royalties, turnover tax, and lump sum payments were either percentages of bauxite value, fixed sums per ton of bauxite or percentages of revenue. Only the dividend tax had anything to do with profitability.

tax, extra income tax). Alusuisse also had to concede certain tariff privileges and accepted a new 10% import tariff on machinery that had previously been duty-free and a 2% import inspection fee, which SIEROMCO had previously refused to pay.<sup>454</sup> On the other hand, Alusuisse was guaranteed the secure repatriation of dividends, with only 10% dividend tax, which had previously amounted to 55%. The pegging of all smaller taxes and charges to a US dollar price index, thus protecting the revenue from inflation was beneficial to Sierra Leone. Alusuisse got more predictability with the assurance that no new taxes and charges could be introduced.

*Table 3 Comparison of SIEROMCO Tax Regime 1992*

TYPE OF TAX	1980-1992 CONTRACT <sup>455</sup>	1992 CONTRACT
ON REVENUE	lump sum = ca. 12% Rev.	royalty + min. income tax = 4% +3.5% = 7.5% Rev.
ON INCOME	n/a	no income = 0% Rev. <sup>456</sup> high income = ca. 15.5% Rev. <sup>457</sup>
ON DIVIDENDS	55% tax = ca. 7% Rev.	10% tax = ca. 1.4% Rev. <sup>458</sup>
TARIFFS/RENTS	various = ca. 4% Rev.	various = ca. 5% Rev. <sup>459</sup> 10% on machines = ca. 5% Rev. <sup>460</sup>
TOTAL <sup>461</sup>	no profit = ca. 16% Rev. high profit = ca. 23% Rev.	no profit = ca. 17.5% Rev. high profit = ca. 34.5%

The impact of this new tax regime can only be estimated as we lack tax data after 1990. *Table 3* shows estimations of SIEROMCO taxes as percentages of revenue and compares them to the historical yearly tax payments under the 1980 contract. The comparison shows a 50% increase in tax payments if SIEROMCO

<sup>454</sup> When Sierra Leone introduced a new import/export inspection fee in 1990, SIEROMCO refused to pay. See *Report on visit to SIEROMCO from February 4.-11.1990*, 12.02.1990, SWA PA 600 f St-1416-11-6. The company considered this fee an additional tax and, therefore, a breach of contract. The fee amounted to 2% of goods value and would have increased SIEROMCO's total tax bill by 1%. 2% of \$23 million in imports and exports, in 1963 is \$154'000, which is 1% of all Taxes and Charges paid in 1990. In the final contract, the fee is only for imports, not for bauxite exports as the original version had been.

<sup>455</sup> for details on effective tax payments. dividend tax was 7% of revenue 1984-1989. Tariffs, rents and various small charges were 4% on average between 1980-1990.

<sup>456</sup> Since the minimum income tax is counted as a tax on revenue in this table, it is deducted from the income tax category.

<sup>457</sup> Between 1985-1990, SIEROMCO income was \$2.25 million on average. Income over \$2.5 million amounted to \$0.25 million on average. Normal income tax of 37% amounted to a tax of \$2.25 million \* 37% = \$0.83 million. \$0.83 million is 14% of revenue (ca. \$5.8 million on average). The \$0.25 million income over the cut-off is taxed at 50%. 50% tax on \$0.25 million is \$0.125 million or 2% of revenue. From this the minimum income tax of 3.5% of revenue is deducted. Normal income tax plus extraordinary income tax minus minimum income tax equals to 14%+2%-3.5%=15.5%.

<sup>458</sup> Assuming the same dividend payments as made 1984-1989.

<sup>459</sup> The 1992 contract includes 1.10 per t of bauxite (0.6 export freight levy, 0.25 Harbour dues, 0.23 Port Charges, 0.03 Development fund), which amounts to ca. 5% of the ca. \$20 price in running currency.

<sup>460</sup> Excluding 1982, investment in machinery was \$2.5 million on average in the 1980s. They would have to pay a 2% import inspection fee and 10% tariff. 12% of \$2.5 million is \$0.3 million, which is ca. 5% of the \$5.8 million average revenue 1982-1990.

<sup>461</sup> The variation without profit does not include dividend or income tax but assumes everything else stays the same, which is a simplifying assumption.

were to maintain its profits as it did from 1985 to 1990. However, in a scenario where SIEROMCO did not generate profits, as it did until 1984, taxes would likely remain stable.<sup>462</sup> The fact that revenue taxes were lower than the lump sum likely explains why Alusuisse was prepared to accept a tax floor. Alusuisse found itself in a situation without a downside: if profits grew, the government's share would also increase, but dividends could be repatriated more smoothly. However, there was no scenario in which the tax burden would render SIEROMCO unprofitable. Alusuisse secured full ownership of SIEROMCO until 2002.<sup>463</sup> At that point, the government could acquire a 49% minority stake. Contractual disputes were designated to be settled via the International Centre for Settlement of Investment Disputes (ICSID), rendering Alusuisse less reliant on the Sierra Leonean judicial system. This arrangement empowered the company to engage international institutions when encountering conflicts.

The negotiations in the early 1990s saw substantial international involvement, with advisors and institutions from both sides. The Sierra Leonean government had support from the IBA, UNTCT, and anti-imperialist activists. Tobias Bauer and others revealed some of their transfer price manipulation tactics, weakening Alusuisse ability to rely on secrecy. The IBA partially addressed the information imbalance by providing data on other nations' tax regimes and bauxite chemical compositions. The international questioning of imperialism did influence the balance of power between Alusuisse and the Sierra Leonian government. Alusuisse garnered assistance from the IMF, World Bank, and legal and technical consultants. Notably, the international financial institutions held considerable sway due to their influence over Sierra Leone's heavily indebted government. Swiss imperialism could use such institutions, as they had used more powerful imperialist states. Domestically, President Momoh's Sierra Leonean government was economically and politically weaker than his predecessor Siaka Stevens. As the significance of SIEROMCO diminished for Alusuisse, their bargaining position grew stronger. Alusuisse had to make concessions regarding bauxite pricing and tax returns during prosperous periods. Nonetheless, they retained control over the

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<sup>462</sup> The tariffs are the most difficult to predict: If SIEROMCO makes losses, would they continue to invest as before, invest more or less? It is not clear. Therefore the 17.5% is close enough to 16% to make a definitive conclusion impossible.

<sup>463</sup> See *Bauxite Mineral Prospecting and Mining Agreement 1992*, 03.04.1992, SWA PA 600 b N 98.

company, possibly aiming to exploit new contract loopholes in the future, as they had done in the past.

Ultimately, SIEROMCO became a casualty of Sierra Leone's collapsing political economy, which it benefited from and contributed to sustaining. In 1994, the weakened Sierra Leonean state apparatus proved unable to contain social turmoil, leading to a civil war that resulted in the factory's closure. Later, Aluisse relinquished ownership of the company to the Sierra Leonean government without compensation.<sup>464</sup>

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<sup>464</sup> See 'Algroup zieht Schlussstrich unter Engagement in Sierra Leone'.

## PART IV A FAILED BAUXITE MINE IN GUINEA (1970-1978)<sup>465</sup>

This last part is devoted to analysing the SOMIGA project in Guinea across the border from Sierra Leone. The situation was similar to the one described in Part II since SOMGIA was also developed in the boom period and affected by the changing economic conditions in the aluminium market. In the Guinean government, Alusuisse faced a partner with stronger intentions for local transformation and participation in bauxite mining. During the boom period, Alusuisse was willing to accommodate such state sovereign strategies. But when aluminium demand fell, funding remained unsure, and the bauxite quality was worse than expected, the Swiss pulled out of the project. Important similarities with SIREOMCO emerge: Due to its control over capital and technology, Alusuisse could get very favourable terms and fend off interference from the government. It also profited of Swiss development aid, which was more important in Guinea than in Sierra Leone. The example shows that Alusuisse was not all-powerful, faced with changing aluminium market.

### 15 Conflicting and Converging Interest in the Tougué Project in Guinea

In the early 1970s, Alusuisse was developing plans for a bauxite mine in the Tougué region of Guinea. Sierra Leone's neighbour was host to the world's largest bauxite reserves, known for its high quality.<sup>466</sup> At that moment, SIEROMCO had become the most important bauxite source for Alusuisse and the new Australian mine neared completion.<sup>467</sup> The company still followed their Post-War Boom strategy of expanding and integrating production, which had underpinned the early years of the Sierra Leonian mine.<sup>468</sup> The end of the boom and the strategic shift inside Alusuisse changed their priorities in such a way, that the mine never started production. Nevertheless, the negotiations, initial contract and conflicts surrounding the end of the project are insightful into the way Swiss investment imperialism operated in West Africa.

Guinea achieved independence from France on the 2<sup>nd</sup> of October 1958, the first French colony in Africa to do so.<sup>469</sup> In contrast to Sierra Leone, its relationship

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<sup>465</sup> An earlier version of this chapter was developed for a seminar paper under Prof. Flores at the University of Geneva. See Nyffeler, 'The Tougué Project'.

<sup>466</sup> See *Protokoll der 399. Sitzung des Verwaltungsrates*, 25.6.1970, SWA PA 600 b D 2-1.

<sup>467</sup> See *Chapter 8*.

<sup>468</sup> See *Chapter 6*.

<sup>469</sup> See Fyle.

with its former colonial ruler was more antagonistic.<sup>470</sup> After Guinea rejected participating in the proposed French community of nations, France cut all ties with the country. Ahmed Sékou Touré, a former union leader, became President of a one-party state until his passing in 1984. Under his leadership, Guinea had to search for new economic and diplomatic partners in the Western and Eastern blocs of the cold war and became one of the first to receive development aid.<sup>471</sup> The Guinean economy was nationalised under government control. However, in the bauxite sector, the new government effectively collaborated with multinational corporations to sustain colonial extraction projects like FRIA.<sup>472</sup> This was the context in which Alusuisse initially entered Guinea: in 1958, they acquired a 10% stake in the alumina factory located in Fria, Western Guinea.<sup>473</sup> This move provided Alusuisse with a reliable supply of alumina, generating profits of \$350'000-550'000 annually, and fostering amicable relations with the Guinean government.<sup>474</sup>

Due to its economic policies, the Alusuisse management did not consider Guinea to be “a dream investment country”.<sup>475</sup> This stemmed from the fact that the Guinean government had more stringent mining policies and was willing to nationalise Western assets if multinational corporations failed to adhere to the terms, as was the case with the Canadian company Alcan in 1961.<sup>476</sup> Bauxite mining held far greater significance for the Guinean economy compared to Sierra Leone’s. Bauxite formed the cornerstone of Guinea’s mining sector, accounting for 95% of exports and 79% of tax revenue.<sup>477</sup> The Guinean government prioritised local transformation as a strategic objective. Rather than solely exporting bauxite, they insisted that companies establish local manufacturing capabilities to process it into alumina, aluminium, and finished products. These stages of the production process added significant value and would result in greater tax revenue and contribute to local development. A more integrated Guinean aluminium industry would enhance the government’s negotiating leverage with multinational corporations. These

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<sup>470</sup> See Elizabeth Schmidt, ‘Anticolonial Nationalism in French West Africa: What Made Guinea Unique?’, *African Studies Review*, 52.2 (2009), 1–34.

<sup>471</sup> See Nyffeler, ‘Schweiz-Guinea’, p. 14.

<sup>472</sup> See Campbell, *Les enjeux de la bauxite*, p. 151.

<sup>473</sup> See Campbell, *Les enjeux de la bauxite*, p. 75.

<sup>474</sup> See Knoepfli, *Im Zeichen der Sonne*, p. 70.

<sup>475</sup> In German: “Kein Traumbild eines Investitionslandes”. See *Protokoll der 399. Sitzung des Verwaltungsrates*, 25.6.1970, SWA PA 600 b D 2-1.

<sup>476</sup> See Gendron.

<sup>477</sup> See Campbell, ‘Guinea and Bauxite-Aluminium’, p. 74.



corporations would have more at stake in terms of potential withdrawal from the country and the possibility of the government nationalising their assets. During the 1960s, the Guinean government devised a model in which it held a 50% stake in all mining operations.<sup>478</sup> This model served as an inspiration for comparable policies in Sierra Leone. The Guinean government not only exhibited greater rigour in enforcing these joint venture stipulations but also insisted on receiving 65% of profits and participated in determining bauxite prices.

The Guinean government's insistence on local transformation did not agree with Alusuisse. Even though transforming bauxite in Guinea would reduce transportation costs, the Alusuisse Board of Directors rejected this option due to their concern about losing control over their raw material supply.<sup>479</sup> To diversify production locations and enhance resilience against strikes and natural disasters, the Board decided to construct a new factory in Wilhelmshaven, Germany. This choice would lead to higher production costs but greater political stability and proximity to consumer markets. Their perception of Guinea solely as a bauxite supplier for the German factory established the framework for negotiations with the Guinean government.

## 16 Initial Contract and Founding of SOMIGA

During his visit to Guinea in May 1970 for negotiations regarding a long-term bauxite contract from the Boké mine, Alusuisse President Emanuel Meyer was presented with an alternative proposal by the Guinean authorities.<sup>480</sup> They suggested a joint venture to develop and transform bauxite resources in the Tougué region of Guinea. Given Alusuisse's lack of intent to make significant investments in Guinea, Meyer initially declined the proposal, citing limited financial resources. The proposal gained considerable appeal for the Alusuisse delegation when the Guinean government offered to finance all essential infrastructure, including train tracks and a new port, to facilitate the development of the Tougué region. Infrastructure constitutes a substantial component of costs in any mining project. The proposition became highly appealing to Alusuisse due to the postponement of building local bauxite transformation facilities.<sup>481</sup>

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<sup>478</sup> See Campbell, *Les enjeux de la bauxite*, p. 83.

<sup>479</sup> See *Protokoll der 399. Sitzung des Verwaltungsrates*, 25.6.1970, SWA PA 600 b D 2-1.

<sup>480</sup> See *Cooperation Guinée-Alusuisse. Compte-Rendu de la rencontre*, 27.5.1970, SWA PA 600 f St-1427-01-1.

<sup>481</sup> In follow-up negotiations in Guinea from the 7th to the 10th of November 1970, Guinea demanded an augmented bauxite production goal (eight instead of two million tons a year) and the option of buying bauxite from SOMIGA to the same conditions

Upon this basis, the Accord de Coopération entre la République de Guinée et Aluminium Suisse SA was signed in Conakry in February 1971.<sup>482</sup> Adhering to the standard legal requisites in Guinea, the accord laid the groundwork for the establishment of two companies: Société Minière et de Participations Guinée-Alusuisse (SOMIGA) in Conakry and Intersomiga in Zürich. Alusuisse and the Guinean government would hold equal 50% stakes in both joint venture entities. Alusuisse provided a loan to the government for their share (\$1.8 million), with the repayment arranged through bauxite shipments from SOMIGA. SOMIGA would be granted exclusive rights to mine and process bauxite in the Tougué region for eighty years. Alusuisse would be obligated to purchase one million tons of bauxite annually, with the option to procure additional quantities for its internal needs at a price 10% below the global market rate. Intersomiga was as the sole global distributor for the remaining bauxite. Guinea would be responsible for establishing the necessary infrastructure and could not impose charges exceeding cost price for transportation services under SOMIGA. All operations would be exempt from taxes and tariffs. Of the SOMIGA profits, Guinea would receive 65%, while the remainder would be allocated to Alusuisse.<sup>483</sup>

The contract proved advantageous for Alusuisse as it ensured long-term, cost-effective access to bauxite. Alusuisse President Meyer described it as “completely unexpected and better than we ever could have expected”.<sup>484</sup> The Alusuisse Board of Directors also expressed contentment, especially regarding the approach taken towards local transformation. Alusuisse was only required to produce a feasibility study regarding the potential establishment of an alumina factory in Guinea, and this was to be undertaken three years after the commencement of bauxite exports.<sup>485</sup> By that point, Guinea would have fulfilled its obligations, and Alusuisse would have already obtained what it truly desired: bauxite for its factory in Wilhelmshaven. The construction of the factory was set only to begin “as soon as economic and market conditions and financing availability

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as Alusuisse. This was unexpected but acceptable for Alusuisse. See *Note by Marc L. Pache*, 12.11.1970, and *Protokoll des Verwaltungsratsausschusses*, 18.11.1970, SWA PA 600 f St-1427-01-1.

<sup>482</sup> See *Accord de Coopération entre la République de Guinée et Aluminium Suisse SA*, 23.2.1971, SWA PA 600 f St-1427-02-1. For its ratification, See *Journal Officiel de la République de Guinée*, 01.03.1971, p. 18, SWA PA 600 f St-1427-02-1.

<sup>483</sup> The 65% share of the profits was enforced on all bauxite-related contracts in Guinea by the government. See Campbell, *Les enjeux de la bauxite*, p. 87.

<sup>484</sup> In German: “völlig unerwartet, besser als wir jeh zu erwarten hofften” See *Protokoll der 399. Sitzung des Verwaltungsrates*, 25.6.1970, SWA PA 600 b D 2-1.

<sup>485</sup> See *Protokoll der 343. Sitzung des Verwaltungsrates*, 3.3.1971, SWA PA 600 b D 2-1.

permit”.<sup>486</sup> This meant that Alusuisse was under no obligation to build the factory if funding or projected profitability were lacking – aspects that Guinea had limited means to verify.

In contrast to the 1961 contract that Alusuisse entered into with the government of Sierra Leone, the agreement with Guinea was considerably longer in duration (80 years compared to 30 years) and provided a more comprehensive tax exemption.<sup>487</sup> SOMIGA was only partially owned by Alusuisse, in contrast to the full ownership of SIEROMCO. This arrangement granted the Guinean government greater influence over SOMIGA’s operations and a majority share of its profits. However, presumably, Alusuisse would still retain decisive control over the company due to its capital investment and its monopoly over mining, refining, and sales expertise. This assertion is substantiated by the fact that the Guinean government did not succeed in implementing additional local transformation initiatives within any of the mining companies where it held a stake. The clauses pertaining to local transformation are particularly revealing of the extent to which Alusuisse was able to impose its priorities over those of the Guinean government. These clauses assured Alusuisse that they would not have to realise the government’s primary objective (local transformation), which they had no intention of doing. Hence, if the contract had been fully executed, it would likely have led to a scenario somewhat akin to that of SIEROMCO, wherein Alusuisse wielded foreign control over Guinea’s raw materials with little regard for the priorities of the Guinean government or its populace.<sup>488</sup>

When conflicts arose between Alusuisse and the Guinean government, the company resorted to issuing threats of project withdrawal to safeguard its control. During a Swiss delegation’s visit to Guinea in March 1971, their anticipated mining concession was not granted.<sup>489</sup> Instead, the Guinean government only offered a concession for conducting geological research. Following their return, Alusuisse President Meyer promptly composed a strongly-worded letter to Guinean Minister Beavogui.<sup>490</sup> In the letter, he asserted that Guinea should adhere to the terms of the contract, emphasising that Alusuisse would have “no desire or interest in working

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<sup>486</sup> In French: “Aussitôt que les conditions économiques et de Marché ainsi que ces possibilités de financements le permettront”. See *Accord de Coopération entre la République de Guinée et Aluminium Suisse SA*, 23.2.1971, SWA PA 600 f St-1427-02-1.

<sup>487</sup> See *Chapter 7*.

<sup>488</sup> See *Chapter 10*.

<sup>489</sup> See *Telegram by Chevalier in Conakry to Meyer in Zürich*, 26.3.1971, SWA PA 600 f St-1427-02-1.

<sup>490</sup> In French: “aucun désir et aucun intérêt à travailler en Guinée”. See *Letter by Meyer to Beavogui*, 6.4.1971, SWA PA 600 f St-1427-02-1.

in Guinea” if the contract was not followed to the satisfaction of Alusuisse.<sup>491</sup> The matter was of such significance that President Meyer personally travelled to Guinea shortly after that, ensuring that the concession was granted as initially planned.<sup>492</sup>

In addition to employing threats, Alusuisse also took care to cultivate positive relationships with their Guinean counterparts in the government. In its pursuit of access to Guinean bauxite reserves, Alusuisse overlooked the Guinean government’s increased prosecution, denunciations, and even killings of potential political adversaries in 1971.<sup>493</sup> Vice-Director Kissling centralised all correspondence related to Guinea to ensure prompt responses, because “dealing with the issue of Guinea is of utmost importance, and our first-class relations with this country and its government must be maintained”.<sup>494</sup> To uphold these “first-class” relations, Alusuisse arranged accommodations at the Hotel President in Geneva for a visiting Guinean Secretary of State in February 1971.<sup>495</sup> They also facilitated visits to Iceland in June 1971 for Guinean officials. Alusuisse President Meyer accompanied senior government officials to a lunch meeting with Swiss federal counsellors in 1970, as highlighted in the introduction.<sup>496</sup> This illustrates how Alusuisse benefited from its connection with the Swiss government.

Guinea had initially been a primary target for Swiss development assistance.<sup>497</sup> However, the diplomatic relationship between Switzerland and Guinea soured after Guinea expelled 45 Swiss missionaries in 1967.<sup>498</sup> Conversely, Guinea was discontented with Switzerland’s friendly ties to apartheid-era South Africa.<sup>499</sup> These factors, combined with disagreements concerning the allocation of Swiss development aid resources in Guinea, resulted in a decrease in Switzerland’s development engagement in Guinea.<sup>500</sup> During the negotiations of the SOMGIA contract, a delegation from the Guinean government approached the Swiss foreign ministry, requesting renewed development projects.<sup>501</sup> Despite the Swiss officials’

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<sup>491</sup> In his response Beavogui called it an “unfortunate misunderstanding”. In French: “regrettable malentendu”. See *Letter by Beavogui to Meyer*, 15.4.1971, SWA PA 600 f St-1427-02-1.

<sup>492</sup> See *Note by the Legal Department*, 4.5.1971, SWA PA 600 f St-1427-02-1.

<sup>493</sup> See *Protokoll der 342. Sitzung des Verwaltungsrates*, 8.2.1971, SWA PA 600 b D 2-1.

<sup>494</sup> In German: “Die Behandlung der Angelegenheit Guinea ist von äusserster Wichtigkeit, und unsere erstklassigen Beziehungen zu diesem Land und seiner Regierung müssen aufrechterhalten werden”. See *Note by the Directorate General*, 1971, SWA PA 600 f St-1427-02-1.

<sup>495</sup> See *Program for the visit of Guinean Secretary of State Mohammad Lamine Touré*, 26.2.1971, SWA PA 600 f St-1427-01-1 and *Program for a trip to Iceland from the 18<sup>th</sup> to the 20<sup>th</sup> of June 1971*, 3.6.1971, SWA PA 600 f St-1427-01-1.

<sup>496</sup> See Nyffeler, ‘Schweiz-Guinea’, p. 34.

<sup>497</sup> See Schuwey.

<sup>498</sup> See Nyffeler, ‘Schweiz-Guinea’, p. 22.

<sup>499</sup> See Nyffeler, ‘Schweiz-Guinea’, p. 24.

<sup>500</sup> See Nyffeler, ‘Schweiz-Guinea’, p. 48.

<sup>501</sup> See Nyffeler, ‘Schweiz-Guinea’, p. 51.

reservations, this interaction highlights the Guinean government's anticipation that development aid would be linked to securing lucrative contracts for Swiss companies. It is likely that Alusuisse capitalised on this expectation or even encouraged it. This instance shows that Alusuisse profited of the efforts of Swiss development aid, which was one of its intended purposes.<sup>502</sup> This is as a feature of Swiss imperialism.

Furthermore, Alusuisse actively sought development aid subsidies for the SOMGIA project itself. Alusuisse President Meyer directly approached Swiss Foreign Minister Pierre Graber to make inquiries in this regard.<sup>503</sup> Alusuisse put forth a proposition suggesting that the Swiss federal government cover the expenses for the feasibility study of the required train line to facilitate the export of Tougué bauxite. Alusuisse framed it as a "sign of goodwill" from the Swiss government towards Guinea.<sup>504</sup> Nevertheless, Swiss officials opted not to pursue this course of action.<sup>505</sup> The decision was based on the consideration that financing the entire railway project would prove too costly for Switzerland. Additionally, funding solely the feasibility study was deemed the contractual responsibility of Alusuisse rather than the Guinean government. However, political factors also played a role in this decision. Swiss officials harboured doubts about the developmental impact of resource extraction projects devoid of local transformation. Furthermore, there was a concern about avoiding the perception of subsidising a "big capitalist" entity like Alusuisse, as such a move could potentially lead to criticism from the Swiss public and parliament.<sup>506</sup> This instance illustrates that despite Alusuisse's attempt to engage the Swiss state for its business objectives in Guinea, it was unsuccessful due to the heightened public scrutiny and attention that Swiss economic imperialism was attracting during that period.

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<sup>502</sup> See Nyffeler, 'Schweiz-Guinea', p. 43 See also Edwin Stopper: Querschnitt durch die Besprechungen mit führenden Persönlichkeiten in Westafrika, 12.03.1960, Swiss Federal Archives, CH-BAR#E2004B#1971/13#49\*, Online: <<https://dodis.ch/54979>>.

<sup>503</sup> See Nyffeler, 'Schweiz-Guinea', p. 34. See also Note by Swiss Secretary of State Raymond Probst, 16.11.1970, dodis.ch/53238.

<sup>504</sup> See *Aktennotiz der Aussprache zwischen der Handelsabteilung und dem Dienst für Technische Zusammenarbeit vom 6. November: Alusuisse Guinea - Eisenbahnlinie Dabola-Tougué*, 16.11.1970, Swiss Federal Archive, CH-BAR#E7110#1981/41#1285\*, Online: <<https://dodis.ch/53238>>.

<sup>505</sup> It is not quite clear if Alusuisse had asked the Swiss government to fund the study in the name of development aid while knowing that it was never Guinea's responsibility in the first place. The other option would be that the clause making Alusuisse responsible for the study was only added after Alusuisse had already asked the Swiss government for it.

<sup>506</sup> See *Aktennotiz der Aussprache zwischen der Handelsabteilung und dem Dienst für Technische Zusammenarbeit vom 6. November: Alusuisse Guinea - Eisenbahnlinie Dabola-Tougué*, 16.11.1970, Swiss Federal Archive, CH-BAR#E7110#1981/41#1285\*, Online: <<https://dodis.ch/53238>>.

The planned bauxite mine in Tougué was never brought to fruition. As discussed in *Chapter 9*, the early 1970s marked a significant turning point in the aluminium market and Alusuisse's strategic direction. The geological surveys in the Tougué region were not affected by the 1971 Alusuisse investment stop.<sup>507</sup> However, when the Alusuisse Board of Directors concluded in September 1974 that capital investments should be confined to politically "safe" regions in Europe and North America, the prospects for SOMGIA had already dimmed.<sup>508</sup> The original plans for the mine had been formulated under the assumption of sustained growth in aluminium demand, which did not materialise. The market conditions and Alusuisse's financial limitations significantly raised the hurdles for initiating the mine. Challenges related to infrastructure funding and bauxite quality lower than anticipated rendered the project unfeasible.

Funding and constructing the export infrastructure remained unresolved problems. Alusuisse's commitment was limited to financing a feasibility study for the railway line. Guinea would be responsible for constructing and operating the railway line and a seaport. The financing for these infrastructure projects was expected to come from external sources, but Alusuisse and the Guinean government failed in organising the required capital. Their efforts were unsuccessful with the Swiss government, the World Bank, and the United Nations Development Programme.<sup>509</sup> The issue of securing funding for infrastructure was frequently discussed in SOMIGA's Board of Directors meetings. For instance, in a 1972 meeting, Guinean Minister of Economy and Finance Ismael Touré emphasised the need for more funding proposals from Alusuisse.<sup>510</sup> Then, in 1973, Touré asserted that they had found appealing financing options, although this claim seems questionable given the lack of apparent progress.<sup>511</sup> Alusuisse's annual reports continued to mention the unresolved infrastructure problem.<sup>512</sup>

The geological survey, completed in 1973, revealed another significant challenge: bauxite quality.<sup>513</sup> The speed at which the study was conducted was

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<sup>507</sup> See *Protokoll der 345. Sitzung des Verwaltungsrates*, 24.6.1971, SWA PA 600 b D 2-1.

<sup>508</sup> See *Protokoll der 366. Sitzung des Verwaltungsrates*, 11.9.1974, SWA PA 600 b D 2-1.

<sup>509</sup> See *Note by R. Kissling*, 27.7.1971 and *Letter by JJ Comtesse to Alusuisse*, 27.7.1971, SWA PA 600 f St-1427-03-4.

<sup>510</sup> See *Procès-verbal du Conseil d'Administration de SOMIGA*, 13.11.1972, SWA PA 600 f St-1427-03-4.

<sup>511</sup> See *Procès-verbal du Conseil d'Administration de SOMIGA*, 15.5.1973, SWA PA 600 f St-1427-03-4.

<sup>512</sup> See *Geschäftsbericht 1975*, p. 11, SWA PA 600 b C 1.

<sup>513</sup> See *Bauxites de Tougué. Étude préliminaire de faisabilité*, 11.1973, SWA PA 600 f St-1427-03-7.

noted by Swiss diplomats, enhancing Alusuisse's standing in the eyes of the Guinean government.<sup>514</sup> The survey revealed a bauxite reserve of 2.293 billion tons in Tougué.<sup>515</sup> This meant it was significantly larger than the deposits in Sierra Leone, as SIEROMCO had mined only 20 million tons between 1963 and 1990. However, the quality of the bauxite was lower than initially anticipated. The highest-quality bauxite was found on the Tontiole plateau, yielding 176 million tons that could sustain operations for 23 years at the planned rate. The estimated cost of this mining endeavour was \$50 million over the entire duration, a high expense due to the remote geographical location.<sup>516</sup> Up until that point, SIEROMCO had only invested 7.5 million.<sup>517</sup> As a result, the feasibility study concluded that the project would be "difficult to realise".<sup>518</sup> The central issue boiled down to economic viability. The substantial investment would only be justified if the bauxite could be transported at a reasonable cost and sold at a sufficiently high price. However, the calculation of transport costs was hindered by the uncertainty surrounding whether and when the necessary transportation infrastructure would be built. Furthermore, the unique chemical composition of the bauxite meant it could only be sold to specialised factories built to accommodate it, adding another layer of uncertainty to the project's feasibility.

The financing and geological challenges led to conflicts between Alusuisse and the Guinean government within the SOMIGA Board of Directors. Even before the final results of the feasibility study were available, Alusuisse President Meyer expressed dissatisfaction, stating that no "exportable bauxite" had been identified at Tougué.<sup>519</sup> "Exportable" in this context meant bauxite of high quality, similar to the Guinean Boké mine, and that SOMIGA could export under profitable conditions for Alusuisse. The decision was reached that Alusuisse would solely be required to pursue infrastructure funding after identifying bauxite of "exportable" quality.<sup>520</sup> Alusuisse's viewpoint prevailed during discussions with Guinean Minister Touré in the Board of Directors, who challenged the notion that Tougué bauxite was of inferior quality and insisted on rapid start of mining operations.<sup>521</sup> Once again,

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<sup>514</sup> See *Letter by Swiss Charché d'Affaires a.i. in Conakry Ernst Schmid*, 20.7.1972, dodis.ch/53229. Schmid also notes the declining morale of the six Swiss Alusuisse employees, who were isolated and under constant surveillance.

<sup>515</sup> For example, it was lower than in the Boké region in Guinea, which had been the original aim of Alusuisse.

<sup>516</sup> CHF 225,994,000 in 1973.

<sup>517</sup> See *Chapter 8*.

<sup>518</sup> See *Bauxites de Tougué. Étude préliminaire de faisabilité*, 11.1973, SWA PA 600 f St-1427-03-7.

<sup>519</sup> See *Procès-verbal du Conseil d'Administration de SOMIGA*, 23.3.1972, SWA PA 600 f St-1427-03-4.

<sup>520</sup> See *Procès-verbal du Conseil d'Administration de SOMIGA*, 13.11.1972, SWA PA 600 f St-1427-03-4.

<sup>521</sup> See *Procès-verbal du Conseil d'Administration de SOMIGA*, 15.5.1973, SWA PA 600 f St-1427-03-4.

Alusuisse utilised its technical expertise and control over capital resources to steer the joint venture project, stopping progress, because they deemed it insufficiently profitable for the company.

Ultimately, the lack of demand was the primary limitation for SOMGIA. The feasibility study indicated that even if financing and infrastructure challenges were addressed, the project still hinged on global aluminium and bauxite demand, which was lacking during the 1970s.<sup>522</sup> As a result, Alusuisse had no intention of further advancing the project. In 1976, the Alusuisse Board of Directors decided to abandon the plans for the alumina factory in Wilhelmshaven, which was meant to be supplied with bauxite from Tougué.<sup>523</sup> Several factors contributed to this decision, including the appreciation of the German Mark, the crisis in the aluminium industry, new ecological regulations in Germany, and the push from bauxite-producing countries to establish their own alumina factories.<sup>524</sup> These factors collectively led to the demise of the Wilhelmshaven project and therefore to SOMGIA's. The decision to abandon the SOMGIA project was not without controversy. Despite having only conducted geological surveys in the Tougué region, all project activities were “momentarily” suspended during the 7th SOMGIA annual general meeting in 1978.<sup>525</sup> At the meeting, the Guinean delegation emphasised the ongoing significance of the project. In contrast, Alusuisse CEO Müller highlighted the challenges posed by a lack of funding and the reduced price of alumina. While Müller did not explicitly dismiss the possibility of constructing an alumina factory in Tougué, he deferred any further actions to future feasibility studies. In 1980, the company was officially liquidated.<sup>526</sup>

Despite the significant investments of \$1.6 million in the Tougué Project during the 1970s, Alusuisse did not realise direct profits from it.<sup>527</sup> Nevertheless, the Board of Directors deemed it a success. The bauxite mining concession remained one of the largest globally, and the project had garnered substantial goodwill. The positive relations established with the Guinean government had also resulted in other engineering consulting contracts, which did generate some profits. The contracts, in turn, facilitated business connections with Egypt, Gabon, and

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<sup>522</sup> See *Bauxites de Tougué. Étude préliminaire de faisabilité*, 11.1973, SWA PA 600 f St-1427-03-7.

<sup>523</sup> See *Protokoll der 379. Sitzung des Verwaltungsrates*, 21.06.1974, SWA PA 600 b D 2-1.

<sup>524</sup> See *Protokoll der 387. Sitzung des Verwaltungsrates*, 8.12.1977, SWA PA 600 b D 2-1.

<sup>525</sup> See *Minutes of the Annual General Meeting of SOMGIA*, 14.9.1976, SWA PA 600 f St-1427-03-4.

<sup>526</sup> See *Note by the Legal Department*, 18.02.1980, SWA PA 600 f A 82 10.

<sup>527</sup> See *Protokoll der 387. Sitzung des Verwaltungsrates*, 8.12.1977, SWA PA 600 b D 2-1.



Yugoslavia, aligning well with Alusuisse's new strategy of diversification and enhanced profitability. This perspective led the Board to refer to it as the "Guinean Snowball" in 1978, because of its positive ripple effects on the company's broader ventures.<sup>528</sup>

The initial formulation of the Tougué project in 1970 and 1971 aligned with the optimistic economic environment of the "trente glorieuses" period. However, project's viability waned, when these economic prospects shifted alongside Alusuisse's evolving priorities. Despite the substantial bauxite deposits in Tougué, their quality proved to be less promising than initially anticipated. Alusuisse had counted on not paying infrastructure costs, but the funding question remained unresolved. The contract, characterised by its long-term nature, included clauses that allowed bauxite transformation steps contingent on feasibility studies and profitability criteria. The contract secured exclusive mining rights for SOMIGA and granted Alusuisse privileged access to cheap bauxite in Tougué. The company sought to mitigate political risks by avoiding local transformation processes, a stance that generated conflicts with the Guinean government. Alusuisse threatened to terminate its participation, prompting Guinean officials to yield on each occasion and safeguarding its control.

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<sup>528</sup> See *Protokoll der 388. Sitzung des Verwaltungsrates*, 6.2.1978, SWA PA 600 b D 2-1.

## CONCLUSION

This masters' thesis has demonstrated how the Swiss company Alusuisse extracted natural resources (bauxite) from Sierra Leone for three decades. It has shown that, whenever conflicts with the governments of Sierra Leone and Guinea arose, the company managed to impose its priorities. This was possible due to Alusuisse's economic power, which was derived from its control over capital, technical expertise, and the aluminium production. Starting in the 1970s, Alusuisse faced challenges such as aluminium overproduction and more demands by governments in bauxite producing countries. These challenges forced the company to scale back its expansion plans in Guinea and Sierra Leone and concede to increase its tax payments in Sierra Leone.

The aim of this study was to enhance the historical comprehension of Swiss imperialism. The historiographical debate surrounding Swiss imperialism has primarily centred on the character of Swiss private economic engagement in the Third World and its interplay with the Swiss federal state. Consequently, this thesis has undertaken an examination to ascertain, whether Alusuisse's actions in West Africa between 1960 and 1992 can be categorised as imperialistic, and whether there existed a collaborative rapport between the Swiss state and the company. In order to break down the concept of imperialism as it pertains to mining projects, the framework of investment imperialism was employed. Investment imperialism is characterised by foreign control over assets and decisions, orchestrated for the purpose of unrequited capital and natural resources transfer. The research design focussed on scrutinising negotiations and power dynamics between the Swiss company and the governments of Sierra Leone and Guinea. Drawing from historical and economic literature, it was hypothesised that the objectives of the multinational aluminium company and the host governments could either align or converge. The actions and negotiations of Alusuisse in Guinea and Sierra Leone were reconstructed from primary sources contained in the company archive, which is held within the Swiss Economic Archive.

### 18 Swiss Investment Imperialism in West Africa

The Alusuisse company archive has proved to be a rich source for studying Swiss imperialism. By comparing the contracts Alusuisse signed with the governments of Sierra Leone and Guinea with the hypothesised interests of the parties based on the literature, a substantial power imbalance towards Alusuisse

became evident. In both countries, the company gained long-term control over cheap bauxite, fulfilling its strategic priorities. On the other hand, Alusuisse succeeded in avoiding a solid commitment to the Guinean government's objective of establishing domestic aluminium production. Despite public affirmations, confidential minutes from Alusuisse's management reveal the company's lack of intention to pursue this goal. Similarly, Alusuisse achieved its aims in negotiations with the Sierra Leonian government, resulting in low tax payments and neutralisation of any attempts by Sierra Leonian officials to influence the operation of the SIEROMCO bauxite mine. Consequently, these findings demonstrate that the Swiss company wielded power over Third World governments in an imperialistic manner.

Crucially, this thesis has demonstrated Alusuisse's methods of power assertion. Negotiation minutes, letters and strategy documents indicate the pronounced advantage the company held over local governments. Alusuisse's control over the financial resources required to prospect, extract, transport and process bauxite provided it with a powerful lever that could be employed to promise increased investment or threaten to reduce them. Additionally, the company's command over the aluminium production process, engendered a decisive information asymmetry. As long as Alusuisse retained control over the sale and subsequent transformation of bauxite, its role in the operations of SIEROMCO remained indispensable. Key decisions concerning investment, pricing, sales, and sometimes hiring concerning SIEROMCO, rested within the purview of Alusuisse's management. During negotiations, Alusuisse made claims regarding bauxite quality, transport expenditure, sales prospects and the profitability of its subsidiaries. These claims were beyond independent verification by the governments of Sierra Leone or Guinea. This positioned Alusuisse to depict SIEROMCO as a barely profitable company, bolstering any threats to reduce funding. In this manner, Alusuisse's exportation of capital endowed the corporation with foreign control over raw material assets and economic decisions, satisfying the criteria of investment imperialism.

The company archive has also proved a valuable resource for addressing the second dimension of investment imperialism: the unrequited transfer of resources and capital. In Guinea, Alusuisse was offered low-cost bauxite and complete tax exemption, but as the project never materialised, neither resources nor capital were

extracted. In Sierra Leone, the situation was different. By combining data originating from the Alusuisse Legal and PR departments, key indicators regarding production and financial flows could be reconstructed. The analysis of SIEROMCO bauxite pricing and shipments, has revealed that Alusuisse covertly extracted considerable value from Sierra Leone, thus substantiating, for the first time, the assertion posited by Bauer in 1986. Furthermore, an appraisal of SIEROMCO's tax data has shown how little taxes Alusuisse paid in Sierra Leone, which can be explained by the preferential contract terms and tax evasion. Overall, Alusuisse benefited from a substantial outflow of resources through a combination of cheap and high-quality bauxite, prices manipulation, dividends, interest accrued on loans, and service fees. Whenever the Sierra Leonian government identified a tax loophole and sought its closure, Alusuisse could pivot to a new loophole because of its control over the production process. Consequently, Alusuisse's activities in West Africa align with all criteria of investment imperialism: foreign control and resource transfer.

Characterising Alusuisse as imperialist does not imply omnipotence nor negate the presence of shared interests between the corporation and the host governments. Indeed, collaboration with the central governments was an important feature of Alusuisse's endeavours to secure bauxite reserves in West Africa. The frictions encountered within this dynamic were manifestations of an asymmetric partnership for the extraction of bauxite. Notably, the Sierra Leonian central government extended its support to Alusuisse's bauxite extraction activities by providing a monopoly, financing export infrastructure and dealing with labour unions. Alusuisse was therefore compelled to take the conflicts with the Sierra Leonian government seriously. Even though the Swiss company generally prevailed, the negotiations had consequences, such as delaying mine expansion in the 1970s. Furthermore, Alusuisse found itself obligated to increase tax payments beginning in the 1980s and to adopt a new bauxite pricing framework in 1992.

#### 19 Comparing the Alusuisse Subsidiaries SOMIGA and SIEROMCO

*Table 4* demonstrates the extent Alusuisse was able to realise its objective with regards to the two mining projects. The comparison has proved more challenging than originally presumed, because of the difference in source available for the two subsidiaries. SOMGIA was abandoned before starting bauxite production, while SIEROMCO operated successfully for more than 30 years.

Therefore, the sources held by the company archive on SOMIGA revolve primarily around initial strategic plans and the negotiations with the Guinean government. The collection on SIEROMCO is much more extensive, but contains little on the initial founding and more material on later negotiations.

*Table 4 Alusuisse Interests with Regards to SIEROMCO and SOMIGA*

Category	Variable	SIEROMCO	SOMIGA
Production	Bauxite Volume	Strong growth 1960s, overproduction in 1970s, renewed expansion in 1980s.	Bigger reserves, but no production because of weak demand in 1970s.
	Bauxite Quality	Quality in Mokañji repeatedly praised. Quality in Port Loko lacking.	Quality Tougué worse than expected.
	Energy	Oil generators for limited energy requirements.	Unclear.
	Labour	Easy access to unqualified labour. Support by government for Labour management. Good relations with unions in 1970s.	Unclear.
	Technology	Surveying and machines imported from Europe. Technical and sales knowledge monopolised in Zürich.	Technical knowledge monopolised in Zürich.
Infrastructure	Mining Town	Alusuisse invested ca. \$12 million over 30 years, which gave them great influence locally.	Unclear.
	Export Infrastructure	Both Sierra Leonian government and Alusuisse participated in funding.	Big dispute over lack of funding. Unsuccessful attempts to get Swiss state involved.
	Distance to Markets	High transport cost, since everything was exported to Europe/North America.	Would have been exported to Germany and other foreign customers.
Risk Reduction	Economic Risk	No joint venture because of small size.	No joint venture partners for SOMIGA, but for the Atlanta project.
	Political Risk	Few conflicts until 1969. Later there were disputes over government participation, taxes and bauxite pricing.	No local transformation despite inquiries, repeated conflicts and threats to pull out.
Control	Barriers to entry	Alusuisse monopoly on Sierra Leonian bauxite.	Priority access to Tougué bauxite.
	Contract Duration	Originally 15 years, with the possibility of extension. Regular re-negotiations despite valid contract.	80 years.
	Ownership	100% Alusuisse owned.	50% Guinean government participation.

	Operations	The mine was locally managed but firmly under Alusuisse control. Investments and Prices determined in Zürich. SIEROMCO Board of Directors primarily symbolic.	Because of access to funding and technical knowledge Alusuisse had decisive influence. SOMGIA Board of Directors was a space for confrontation between Alusuisse and the Guinean government.
Profitability	Strategic Function	In the 1960s, important bauxite source for Alusuisse. In the 1970s and 1980s, progressively lost its priority but remained a profitable subsidiary.	In the early 1970s, strategically important for providing bauxite for the planned alumina factor in Wilhelmshaven. With the crisis in the aluminium industry, importance was lost.
	Prices	Labour and bauxite were cheap but transport costs were relatively high.	Bauxite was too expensive for market, transport unresolved.
	Taxes and Tariffs	Very low taxes, also due to tax evasion. Until 1980 ca. 5-10% of revenue. In the 1980s ca. 20% of revenue.	Exempt from all taxes and tariffs.
	Exchange Rates	Stable currency until the 1980s. The devaluation of the Leone to US dollar in the 1980s was positive for Alusuisse.	The devaluation of US dollar towards the German Mark in the 1970s made the factory in Wilhelmshaven less attractive.
	Funding Conditions	Very little equity investment required. Alusuisse gave SIEROMCO loans or guaranteed the loans SIEROMCO took with commercial banks.	The unavailability of funding made the project unrealisable.

Both SOMGIA and SIEROMCO emerged from a shared context for Alusuisse, as part of Alusuisse's strategic focus to increase production and diversify. Both endeavours revolved around securing high-quality bauxite reserves to meet the demands of Alusuisse's European, predominantly German, factories. While the Sierra Leonean reserves were comparatively more modest in scale, they were of superior quality. Alusuisse was not interested in local transformation in West Africa, which limited the significance of energy availability. The Sierra Leonean government played a role in facilitating an economical labour force for Alusuisse's operations.

In both projects, Alusuisse leveraged its technical know-how advantage to maintain control. Notably, within Sierra Leone, Alusuisse assumed certain local state functions within the mining area, providing the requisite infrastructure and utilities. The infrastructural development largely manifested as enclave structures; nevertheless, the region benefited from ancillary services such as a hospital. Contrarily, the construction and financing of export infrastructure in Guinea posed

a significant challenge to the project. For the mining projects Alusuisse opted against joint ventures with other aluminium multinationals.

In Sierra Leone, Alusuisse initially encountered a conservative government, that extended numerous incentives and minimal obligations, which made the project more attractive. Subsequently, during the Stevens era characterised by a pronounced neo-patrimonial system, Alusuisse primary obligation involved providing income to the central government and facilitating local employment. Conflicts primarily arose over the size of tax payments. Whenever the Sierra Leonian government challenged Alusuisse ownership and control over the mine, the company successfully resisted. In Guinea, Alusuisse had to accept a joint venture with the government. The contractual arrangements for both projects were of extended duration, although the Sierra Leonian government did enforce new negotiations, when it suited them. Crucially, Alusuisse secured monopoly contracts for their designated plots, a significant facet that bolstered the company's influence within these arrangements.

In both Guinea and Sierra Leone, Alusuisse strategic approach entailed negotiation access to cost-effective bauxite, which served as their return on investment. Since the company could manipulate transfer prices in Sierra Leone, local profits meant relatively little to them. As Alusuisse's strategic focus transitioned from away from volume expansion, both projects lost their prominence for the company. The Australian mine relegated SIEROMCO to a secondary position as a source of bauxite. During this period, the central objective for Alusuisse with regards to SIEROMCO became generating trading profits by selling to third party firms. The Guinean undertaking was ended, largely because of limited aluminium demand coupled with Alusuisse's disinclination to commit the substantial investments requisite for project viability. Sierra Leone, on the other hand, remained a low tax, low wage bauxite mine, albeit with elevated transport costs. This situation was further improved by the devaluation of the Leone, thus enhancing the overall favourable conditions.

## 20 Alusuisse – an Example of Swiss Imperialism

The case of Alusuisse in West Africa exhibits some, though not all, characteristics commonly associated with Swiss imperialism. It primarily exemplifies private imperialism. The analysis pertaining investment imperialism has already shown that, contrary to Behrendt's thesis, private economic expansion

can be imperialistic. The Swiss company exported capital, established a local monopoly, extracted inexpensive raw materials, maintained low wage structures, and imposed its priorities on the local government. Such conduct precisely aligns with the classification of imperialism. This thesis has further substantiated Bauer's assertion regarding the imperialistic nature of Alusuisse's activities in Sierra Leone.

While Western states were tangentially involved, they were not central to the Alusuisse's strategic considerations. In Sierra Leone, the company capitalised on connections with the British state to secure favourable investment conditions in the 1960s. Additionally, Alusuisse garnered support from the IMF and the World Bank in the 1990s to further its objectives. The Swiss state was involved, albeit indirectly, by reinforcing business secrecy, which Alusuisse used to hide their price manipulation. To a limited extent, Swiss development cooperation contributed to Alusuisse's local infrastructure enhancement. Diplomatic relations between Switzerland and Guinea were more developed than those with Sierra Leone. This explains, why both the Guinean government and Alusuisse attempted to get the Swiss development cooperation resources for the Tougué project. The anticipation of improved diplomatic ties with Switzerland contributed to Guinean officials concluding an agreement with Alusuisse. Therefore the company benefited of Swiss foreign policy efforts. However, Swiss authorities ultimately withheld their support, apprehensive of the perception of imperialist collaboration among the Swiss public.

Therefore, this analysis based on the sources in the Alusuisse company archive does not substantiate a close collaboration between the Swiss state and the corporation. This is surprising as the existing limited literature on the diplomatic relations between Switzerland and Sierra Leone and Guinea suggests that Swiss foreign policy attributed notable significance to Alusuisse. It is plausible that Alusuisse acted with greater autonomy from the Swiss state, due to its considerable power to independently accomplish its objectives. For instance, in Argentina, Lucas highlighted the pivotal role played by the Swiss state in coordinating private actors. In contrast, Alusuisse, positioned among the six most influential global aluminium corporations, operated its Sierra Leonian mine without the need for coordination with other Swiss actors. If Alusuisse required coordination, it typically entailed interaction with other aluminium multinationals, as evidenced by their cartels and information sharing. Unlike Swiss companies in Cuba, Alusuisse had pre-existing access to high-ranking government officials in Guinea and Sierra Leone, rendering



assistance by Swiss diplomats superfluous. Moreover, Guinea and Sierra Leone held a comparably lower position in the hierarchy of Swiss diplomatic priorities, unlike countries such as Argentina, which in turn limited Alusuisse's utility to Swiss diplomacy.

To delve deeper into this question, a systematic review of Alusuisse's significance within the Swiss Foreign Department and the Trade Division would be instructive. Such an inquiry, based on the Swiss Federal Archive, could encompass other countries of Alusuisse's operation, including Australia, Brazil or Venezuela. For now, the Alusuisse case lends supports to authors like Höpflinger, who characterised as predominantly driven by private enterprises.<sup>529</sup>

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<sup>529</sup> See Höpflinger.

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## List of Figures

<i>Figure 1 Pictures of Bauxite Transports in Sierra Leone. Source: Geschäftsbericht Alusuisse 1969, P.8, SWA PA 600 b C 1.</i>	1
<i>Figure 2 Map of bauxite Industry in Guinea and Sierra Leone 1970.</i>	32
<i>Figure 3 Alusuisse employees in Sierra Leone 1961-1990</i>	39
<i>Figure 4 SIEROMCO Bauxite Production in 1'000 tons 1963-1990</i>	41
<i>Figure 5 Financial Results SIEROMCO 1963-1984 in US Dollar</i>	42
<i>Figure 6 Recipients of SIEROMCO bauxite in tons 1963-1987</i>	46
<i>Figure 7 Alusuisse Trading Profits, paid taxes and avoided income taxes 1963-1980 in US Dollar</i>	48
<i>Figure 8 SIEROMCO Taxes and Charges 1964-1990 in Us Dollar per ton of exported bauxite</i>	55
<i>Figure 9 SIEROMCO Taxes and Charges 1964-1990 as a percentage of bauxite revenue</i>	56
<i>Figure 10 SIEROMCO Investments 1963-1990 in US Dollar</i>	59
<i>Figure 11 Production cost per ton of bauxite in US Dollars</i>	60
<i>Figure 12 Local Costs of Producing one Ton of Bauxite in US Dollar</i>	61
<i>Figure 13 Sierra Leone Inflation 1961-2000, log-scale</i>	62
<i>Figure 15 Map of Sierra Leone 1991. SWA PA 600 f St-1416-11-6</i>	111
<i>Figure 16 SIEROMCO Revenue growth as a function of Price and Export Growth 1965-1990</i>	111

## ANNEX

Table 5 SIEROMCO Bauxite Revenue 1963-1990

YEAR	PRICE WET	PRICE DRY	EXPORT WET (TONS)	EXPORT DRY (TONS)	REVENUE TOTAL
1963	\$4.44		19'800	0	\$87'912
1964	\$4.39		136'600	0	\$600'025
1965	\$5.39		199'000	0	\$1'072'848
1966	\$5.24		244'900	0	\$1'283'673
1967	\$4.41		353'300	0	\$1'556'890
1968	\$4.50		441'700	0	\$1'988'526
1969	\$4.27		436'600	0	\$1'863'854
1970	\$4.28		443'800	0	\$1'900'476
1971	\$4.13		536'500	0	\$2'217'275
1972	\$4.35		708'100	0	\$3'077'874
1973	\$4.73		722'800	0	\$3'416'994
1974	\$4.70		664'400	0	\$3'124'555
1975	\$4.79		635'600	0	\$3'044'454
1976	\$4.36		577'900	0	\$2'517'346
1977	\$4.45		854'700	0	\$3'806'509
1978	\$5.23		728'000	0	\$3'804'251
1979	\$6.06		641'500	0	\$3'886'576
1980	\$6.50		673'900	0	\$4'379'483
1981	\$5.89		609'600	0	\$3'591'166
1982	\$5.55		605'900	0	\$3'362'290
1983	\$5.50		950'000	0	\$5'229'279
1984	\$5.60		1'043'700	0	\$5'840'261
1985	\$5.36		1'086'800	0	\$5'828'820
1986	\$4.80	\$5.03	1'094'000	241'000	\$6'458'621
1987	\$4.31	\$4.58	899'900	379'100	\$5'614'376
1988	\$3.88	\$4.40	948'000	480'300	\$5'790'201
1989	\$3.70	\$4.44	1'161'300	395'700	\$6'056'345
1990	\$3.82	\$4.45	1'231'900	197'600	\$5'580'192

Sources: SIEROMCO Price Comparison FOB Sierra Leone and CIF Germany 1963-1986, 14.09.1987, SWA PA 600 b E 6-1-54.

Production/Export, 31.01.1991, SWA PA 600 f St-1416-11-6.

Bauxite Sales Prices SIEROMCO - ALUSUISSE Zürich, 18.02.1991, SWA PA 600 f St-1416-11-6.

SIEROMCO Bauxitpreis, 23.03.1990, SWA PA 600 f St-1416-11-6.

Values were adjusted for Inflation to the US Dollar in 1963 using the US Consumer Price Index.

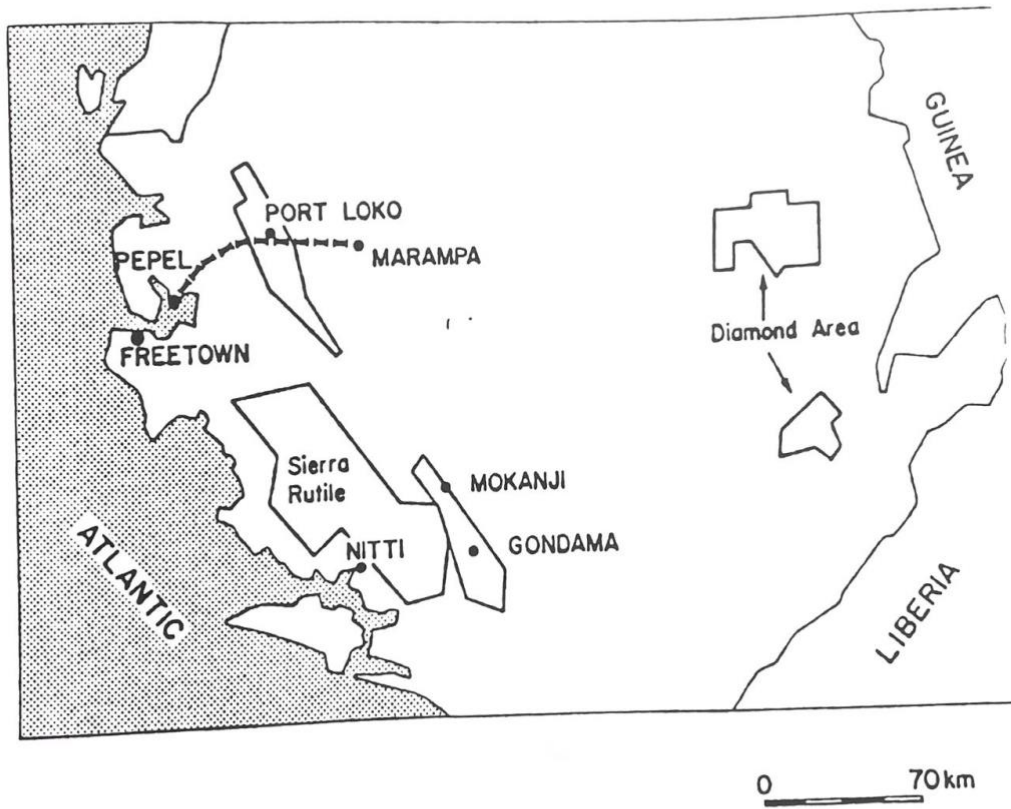
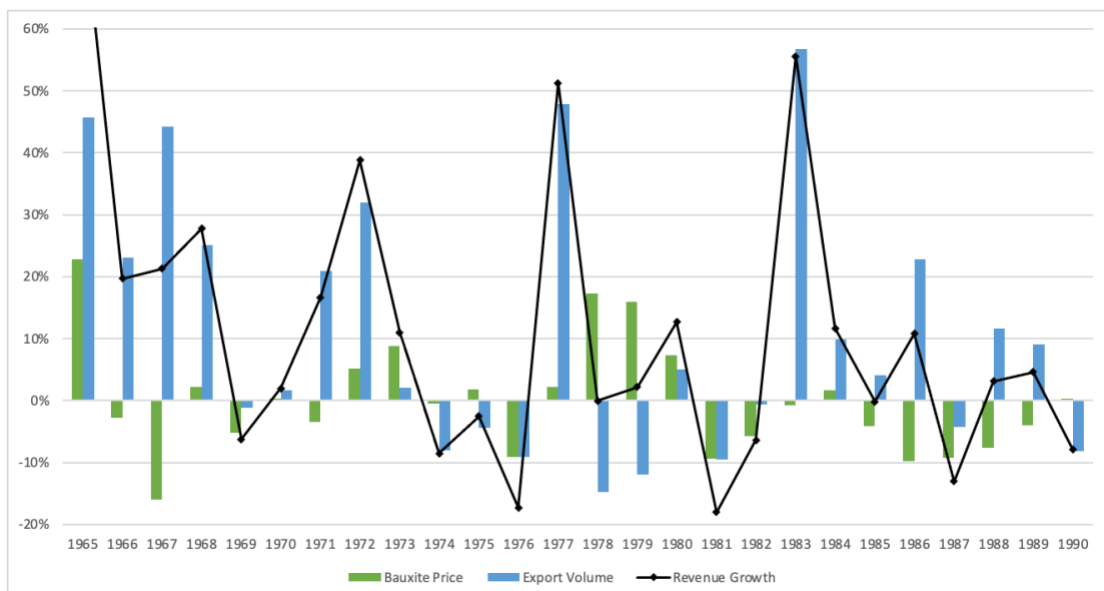


Figure 14 Map of Sierra Leone 1991. SWA PA 600 f St-1416-11-6

Figure 15 SIEROMCO Revenue growth as a function of Price and Export Growth 1965-1990



Source: For the used bauxite quantities and estimations of SIEROMCO revenue, see Table 5.



## Auto-analyse des dimensions éthiques du mémoire de Master

(Ce document restitue les réflexions menées par la mémorante en dialogue avec sa directrice de mémoire)<sup>530</sup>

- Nom et prénom de l'étudiante : Lukas Nyffeler
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- Programme de Master : Master en Histoire économique internationale
- Titre du mémoire de Master : Alusuisse in West Africa
- Résumé (maximum 250 mots)

*La Suisse est-elle un pays impérialiste ? Il est certain qu'elle abrite de puissantes multinationales, ce qui a soulevé la question de l'impérialisme économique. Parmi elles, Alusuisse, l'un des acteurs les plus puissants du Marché de l'aluminium au 20e siècle. Alusuisse s'est engagée dans les mines de bauxite en Guinée et en Sierra Leone depuis les années 1960. Quelles ont été les relations de l'entreprise avec les gouvernements des anciennes colonies ? Leur comportement témoigne-t-il d'un impérialisme suisse ? Depuis peu, les archives de la société Alusuisse sont accessibles aux chercheurs. Deux projets d'extraction de bauxite sont reconstitués pour la première fois sur la base des dossiers archivés : SIEROMCO en Sierra Leone (1963-1991) et SOMIGA en Guinée (1970-1978). Cette recherche montre qu'Alusuisse et les gouvernements locaux avaient des intérêts à la fois communs et divergents en ce qui concerne l'exploitation et la transformation de la bauxite. Dans les deux cas, l'entreprise suisse est parvenue à atteindre ses objectifs, même en allant à l'encontre des priorités des gouvernements. En Sierra Leone, Alusuisse a bénéficié de cet arrangement pendant 30 ans. En Guinée, elle n'a pas pu atteindre ses objectifs ultimes en raison des turbulences du Marché mondial de l'aluminium. La découverte d'un déséquilibre de pouvoir et d'avantages significatifs pour Alusuisse contribue à notre compréhension des trajectoires de développement de la Guinée et de la Sierra Leone, mais aussi des relations économiques extérieures de la Suisse.*

### Partie A (à remplir avant la réalisation de la partie empirique du mémoire)

Date : 1.1.2023

#### A.1. Les participantes à la recherche

---

<sup>530</sup> Par souci de lisibilité, le féminin en usage dans ce document inclut tous les genres.

Sous quelle forme votre projet implique-t-il des participantes (questionnaires, entretiens, observations, expérimentation, etc.) ? Quel est leur profil ? Comment sont-elles recrutées et informées des objectifs et des modalités de la recherche ? Comment leur consentement est-il recueilli ? (maximum 500 mots)

*Le projet n'implique pas directement des personnes, mais se base sur des documents conservés aux Archives fédérales de Berne et aux archives économiques à Bâle.*

#### A.2. Les données récoltées

Quels types de données sont récoltés et comment ces dernières sont-elles traitées ? Avec quels moyens technologiques les données sont-elles récoltées, stockées et traitées ? Vos données seront-elles anonymisées et si oui comment ? Si non, expliquez pourquoi. Vos données entrent-elles dans la catégorie « données personnelles » ou « données sensibles » au sens de la loi LIPAD genevoise<sup>531</sup> ? (maximum 500 mots)

*Les documents utilisés ont été collectés par les archives. L'accès est réglementé par la loi nationale et la loi bâloise sur les archives. Aucun document contenant des données personnelles sensibles n'est utilisé. En cas de doute, les archivistes peuvent fournir des informations et évaluer le besoin de protection.*

#### A.3. Enjeux éthiques et risques identifiés

Quels sont les éventuels enjeux éthiques ou risques liés à votre projet de recherche, pour les participantes et pour la mémorante ? Quels sont les moyens envisagés pour les prévenir ou en limiter la portée ? (maximum 500 mots)

*Il n'y a pas de enjeux ou de risques éthiques.*

### **Partie B (à remplir après la réalisation de la partie empirique)**

Date : 1.7.2023

#### B.1. Les participantes à la recherche

Votre projet a-t-il été modifié quant aux participantes à la recherche ? Si oui, quelles modifications comportent à une dimension éthique ? (maximum 250 mots)

*Le projet n'a pas été modifié.*

---

<sup>531</sup> Voir capsule "la mise en pratique de l'éthique de la recherche"

## B.2. Les données récoltées

La récolte, le stockage et le traitement des données ont-ils été modifiés par rapport à votre intention initiale ? Si oui, quelles modifications comportent une dimension éthique ? (maximum 250 mots)

*Le traitement des données n'a pas changé.*

Vos données sont-elles conservées après la validation du mémoire ? Si oui, où sont-elles stockées, et pour quelle durée ? (maximum 250 mots)

*Les données restent accessibles au public dans les archives.*

## B.3. Enjeux éthiques et risques identifiés

Les enjeux éthiques ou risques identifiés avant la réalisation de la partie empirique ont-ils évolué au cours du temps ? Les moyens de prévention ou de limitation des risques ont-ils été efficaces ? De nouveaux enjeux éthiques ou risques sont-ils apparus au cours de la recherche ? Si oui, lesquels ? (maximum 500 mots)

*La dimension éthique n'a pas changé.*

## Partie C (libre)

Date(s): 1.8.2023

Partagez ici vos réflexions sur les dimensions éthiques de votre projet qui n'ont pas trouvé de place dans les catégories A et B (maximum 500 mots).

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Ce document complété devrait être placé en annexe dans le mémoire de Master. Afin de recenser les enjeux et réflexions éthiques développés dans le cadre des mémoires de master réalisés en Faculté, la directrice de mémoire transmet à la présidence de la commission de réflexion d'éthique de la recherche de la Faculté des sciences de la société (ethique-sds@unige.ch).