

US politics & policy

Billionaire under sanctions could get \$300mn in controversial US-Congo deal

Washington proposal would ease restrictions on Israeli tycoon Dan Gertler imposed over alleged corrupt dealing



Dan Gertler retains lucrative royalty streams from three mining projects

Harry Dempsey and **Tom Wilson** in London YESTERDAY

Dan Gertler, a billionaire under sanctions, is set to receive hundreds of millions of dollars as part of a controversial US plan to lift restrictions on the Israeli tycoon if he sells his remaining mining interests in the Democratic Republic of Congo.

Gertler was hit with sanctions by the [US Treasury](#) in 2017 for alleged corrupt dealing in Congo, but retains lucrative royalty streams from three mining projects there.

Under the US proposal, the Treasury would provide Gertler with “special” licences to sell the three royalty streams back to the Congolese government and would eventually grant him a “general” licence to regain access to the US financial system.

The total amount Gertler would receive is yet to be decided, but US officials expect it to be somewhere around \$300mn, according to two people who asked not to be identified discussing the financial terms of the deal, which have not previously been reported.

The US officials behind the proposal argue that removing Gertler from [Congo](#) would create more opportunities for US-friendly companies to access metals such as a copper and cobalt. Both minerals are vital to the buildout of clean energy infrastructure.

The Biden administration has placed access to such critical minerals at the heart of its policies on central Africa and has sought to deepen ties in Congo since the election of President Félix Tshisekedi in [a rigged vote](#) in 2018.

Congo is the world's largest source of cobalt and Africa's biggest producer of copper, but the country's mining sector is dominated by Chinese companies.

The Gertler proposal has provoked criticism from civil society groups and at least four members of US Congress, who warned last month that lifting the Treasury's restrictions in a deal that further enriched the billionaire would undermine the credibility of the US sanctions regime.

“We fear that if sanctions are removed, Mr Gertler will profit massively off his ill-gotten assets to the detriment of the Congolese people,” the Congress members wrote in a letter to Treasury secretary Janet Yellen that was reported by the New York Times.

US officials emphasise that Gertler would remain on sanctions lists and the general license restoring his access to the US financial system could be revoked at any time if he breaks any of the terms of the agreement.

Gertler arrived in Congo as a 23-year-old diamond trader in 1997 and thanks to a close friendship with former president Joseph Kabila amassed huge power and influence in the country's mining sector.

Gertler argues that he took a risk by investing in Congo early, when it was still in middle of a civil war. Ultimately, he secured access to some of the country's most lucrative mineral assets and partnerships with international companies, including Swiss commodities house Glencore and Kazakh mining group ENRC.

When the US imposed sanctions on Gertler in 2017, the Treasury said corrupt transactions involving his companies had cost the Congolese state more than \$1.36bn in revenues between 2010 and 2012 alone. Gertler has repeatedly denied all allegations of corruption.

Shortly before he was placed under sanctions, Gertler sold his equity stakes in two Glencore mining projects, Kamoto and Mutanda, but retained royalty streams worth approximately 2.5 per cent of sales from each project. He also retains a similar royalty stream from a third copper-cobalt project, know as Metalkol, controlled by Eurasian Resources Group, the successor company to ENRC.

The present value of the royalty streams depends on assumptions about the life of

each mine, level of production, metal prices and how to discount future cash flows.

Gertler is likely to argue that the combined value of the royalty streams is greater than \$300mn. In a lawsuit against Glencore in 2018, Gertler's companies said future royalties from Kamoto were worth \$2.29bn and those from Mutanda were worth \$695mn.

US officials estimate that last year Gertler earned about \$120mn from the royalty payments, which he received in euros to avoid the US sanctions.

The proposed deal has been shared by the Congolese government with Gertler's representatives, who are yet to respond. However, US officials are increasingly confident it will happen, despite some remaining opposition from within the administration.

Gertler, the Treasury, the state department, the Congolese government, Glencore and ERG all declined to comment.

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