



Kingdom of the Netherlands

MASOLO

Nr 38 / May 2016



ECONOMIC NEWSLETTER EMBASSY OF THE KINGDOM OF THE NETHERLANDS IN KINSHASA



Central Bank fears economic hardship as prices continue to rise

In recent weeks the prices of goods and services have been rising across the country. In the Katanga province corn prices doubled and in several provinces basic foodstuffs are becoming scarce. The price of telephone credits increased from 500 to 600 FC for 50 units and 1,000 to 1,200 FC for 100 units. On the currency market, the US dollar is now trading at 975 FC to one dollar. The Central Bank of Congo intervened for the first time on the foreign exchange market by selling foreign currency to commercial banks. Only about \$6 million were bought by these banks at the rate of 835 CF per US dollar. The Central Bank of Congo aims to recover nearly 67 billion CF from commercial banks. Deo Mutombo, responsible for the management of exchanges with the Central Bank of Congo, thinks banks behave in ways that contradict with what he encounters on the market: "We know that there is overheating: there is pressure on the exchange rate and an abundance of Congolese francs. Now commercial banks tell us that the Congolese franc notes have become rare on the market while the exchange rate will not fall."

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Ploumen handed out Ambassador Award to FDOV-winner Agrico



Agrico has won the 2016 Ambassador Award. Minister Lilianne Ploumen presented the award last week during the Ambassadors Conference. The potato specialist receives this award for the successful introduction of a new potato breed in Kenya. Ploumen: "The introduction has significantly increased Kenyan potato cultivation." Agrico's strong local network of small farmers and especially women farmers is a key to success.

This has been realized in a public-private partnership of the Facility Sustainability and Food Security (FDOV), Agrico, the Dutch Embassy in Nairobi and organizations SNV and IFDC. The Ambassador Award is designed to promote international business and show how Dutch embassies support entrepreneurs. With FDOV the Ministry of Foreign Affairs stimulates public-private partnerships in the field of food security and private sector development in developing countries. (Source: RVO.nl. Photo: rijksoverheid.nl)

Welcome to Startup Fest!



From 24-28 May 2016 The Netherlands will be the place where every startup in the world wants to be. It is a four day marathon of matchmaking between startups, investors, developers and corporates. Apart from the spectacular lineup of keynote speakers that includes Tim Cook (Apple), Eric Schmidt (Alphabet, Google's parent company), Travis Kalanick (Uber) and Nathan Blecharczyk (Airbnb), the opening day on May 24th at the Beurs van Berlage will host Europe's most promising startups and the world's greatest Venture Capitalists.

During an eventful week, the Netherlands will transform into the center of the global startup community. Startup Fest Europe is initiated by StartupDelta, as a crown to the ambitious results that have been achieved. The initiative led by Neelie Kroes, former vice president of the European Commission for the digital agenda, has put the Netherlands on the map internationally as an attractive and full grown startup ecosystem, resulting in a #1 ranking in the Startup Nation Scoreboard. (Source: Startupfesteurope.com. Photo: www.youtech.nl)

Netherlands to cut emissions from non-road combustion engines



The Netherlands is to set new requirements to reduce emissions from engines installed in non-road mobile machinery. The Dutch Government and European Parliament representatives have agreed on a draft document, with the rules applying to a variety of machines like chainsaws, crawler excavators and waterway vessels. These engines are said to contribute significantly to air pollution mainly through nitrogen oxide and particulate matter emissions.

The provisional regulations seek to progressively reduce emissions from these kinds of engines in the country and on the European market, ensuring the good functioning and strengthening of the internal market while protecting human health and the environment. Sharon Dijksma, Dutch Minister for the Environment said: "EU air quality policy is one of the priorities of The Netherlands presidency. These new rules will make a significant contribution to the reduction of air pollution." The agreement is subject to confirmation by the Committee of Permanent Representatives of the Council. (Source: Energylive.com. Photo: ecofute.blogspot.com)

Tax minister dismisses claims about 'notorious' role in tax evasion

The Netherlands is making a major effort to ensure it makes European tax agreements which are transparent, junior finance minister Erik Wiebes said. At the same time, the Netherlands is keen to ensure companies want to locate in both Europe and the Netherlands, Wiebes told the Finansiële Dagblad. He said that the Netherlands has played a 'notorious' role in efforts to boost tax transparency.

The Netherlands has for years waged a campaign to keep the tax advantages it offers multinationals despite EU efforts to phase them out, the paper said. 'It is all old news,' Wiebes said, adding that political thinking about the tax climate has changed. 'We oppose constructions which allow companies to avoid paying tax,' he said. Wiebes said he and finance minister Jeroen Dijsselbloem were working to ensure as broad support as possible for new European Commission proposals on tax transparency. (Source: Dutchnews.nl)

Cybercrime costs Dutch government and industry €10 billion a year



Cybercrime is costing the Dutch government and private sector an estimated €10 billion a year according to research by accountant Deloitte. The public sector, banks, technology companies and the defence and aerospace industries are particularly vulnerable to cybercrime, Deloitte says in its report.

The damage involves the loss of intellectual property exclusivity, money and production process slow-downs. 'The €10 billion estimated loss in value we see as "the cost of doing business" due to the digitalisation of our society,' Deloitte's cyber security expert Maarten van Wieren said in a statement.

"It could be a hobby hacker who enjoys breaking into systems, but it could also involve industrial or state espionage" according to Dick Berlijn, Former Dutch military chief and presently special advisor on cyber security to Deloitte. Organised crime presents a further problem, he said, pointing out that one Dutch hospital has already had to deal with ransom ware – in which criminals take data hostage and refuse to release it unless they are paid cash. (Source: Dutchnews.nl. Photo: numrush.nl)

DRC approaches IMF and WB

Finance minister Henri Yav Mulang headed a delegation of Congolese experts who stayed in Washington to attend general meetings of the International Monetary Fund and the World Bank. Opportunities to support the Congolese economy are discussed with officials and experts from the IMF and the WB.

The objective of this lobbying mission is to get the IMF and WB to adjust their DRC budgets in order to allow the Congolese economy to withstand the shock of dwindling export earnings of its mining products, the main source of income for the national treasury. Together with various international economic experts, they were able to discuss the negative shocks induced by the decline in commodity prices and the 28 measures the government adopted in January to boost the recovery of the national economy and growth. (Source: The Lighthouse Online)

Randgold buys into controversial Dan Gertler's Moku goldmine



The gold exploration project Moku-Beverendi in the northeast of the Democratic Republic of Congo has changed hands. "Randgold will gain a stake of at least 51% in the project by funding and directing exploration, as well as realizing a pre-feasibility study", said the mining company with its headquarter in Jersey, the Channel Islands. Mining Company Moku-Beverendi SA was majority-owned by the company Moku Goldmines, for 65% owned by Fleurette: the family holding of controversial Israeli businessman Dan Gertler (see photo).

The public company Société minière de Kilo Moto SA (SOKIMO), controlled by the state, is also a shareholder with 35% of shares. The cost of Randgold's buy-in was not specified. In its statement, Fleurette, merely disclosed that "\$ 51 million has already been invested in the project." (Source: Jeune Afrique. Photo: www.haaretz.com)

Government says it will cut public deficit to shore up currency

The DRC's government said it had slashed the public deficit and reined in a credit line to one of the country's largest banks, the latest in a series of moves to strengthen its currency. Africa's leading copper producer has been hit by low commodity prices and cutbacks in the mining sector, which have diminished foreign exchange reserves and increased pressure on the franc.

Some analysts fear low commodity prices and higher government spending in an election year could put that at risk. After five years of exchange rate stability, the Congolese franc lost 2,4 percent against the dollar on the parallel market between the end of November and February, the prime minister's office said in a statement. It had since stabilized at about 960 FC to the dollar, the office added. (Source: Reuters)

Congolese postal service to operate as a financial institution



DRC's post and telecommunication organization (SCPT) is planning on expanding its services with checking accounts and money orderings (CCMP). After its relaunch, the institution will have all the characteristics and services one finds in a bank, said the provincial director for Kinshasa, Joseph Mondio Ekonde. Besides the CCMP, MEI (international electronic money ordering) was introduced as a service.

Through all these services, the institution will come to serve as a bank. Mr. Mondio also stated that when it comes to sending mail efforts have been made to ensure the highest quality of all its products and services, and a win-win agreement has been signed with airlines operating in the DRC. Kinshasa currently has 16,799 subscribers to postal boxes. (Source: ACP. Photo: www.bpcenligne.com)

BIAC denies rumors of bankruptcy, announces reorganisation

In a press release BIAC, a Congolese bank operating internationally, denied issuing misleading information on its financial position. Recently BIAC was the subject of an audit by the Central Bank of Congo (BCC), who has since launched a series of discussions "to restore its profitability and strengthen its balance sheet within a short period." An initial agreement with the BCC on a rediscount operation of 16 billion FC (\$17 million) has already been signed and "other technical solutions are under consideration."

BIAC's assets in public sector loans are around 85 billion FC, \$ 90 million (30% of its loan portfolio, compared to an average of 10% for Congolese banks). Its board of directors has appointed a new CEO, Anne Mbuguje. She will be replacing Michel Losembe, who shall continue to serve on the board. (Source: Top Congo)

DRC operators call on government to control VSAT imports

The Democratic Republic of Congo Telecom Operators' Association has called on the government to improve its controls of VSAT-equipment imports and to identify those who purchase the equipment, reports Agence Ecofin. The group told reporters that telecom fraud costs the state and private operators several million dollars a month. Fraudsters use VSAT-equipment to reroute inbound phone traffic to their sim-boxes.

The operators want government officials to inspect VSAT-equipment owners on a regular basis to ensure no fraud is being committed. They also made use of the press event to repeat a request to the government to reduce the so-called inbound call tax, whose levels allegedly "do not make their task easier." (Source: Telecompaper)

Transco sets up subscription card system in buses



After launching a pilot phase of electronic ticketing, a subscription card is now operational in buses operated by public transport company Transports au Congo (Transco). Transco's General Director Michel Kirumba on 18 April 2016 officially launched the "electronic bus tickets booklet" now available to passengers on certain lines. It concerns a type of electronic money prepaid per person, whereby the card transfers credit and debit units into Transco's electronic network.

This electronic booklet comes in the form of an NFC chip card. According to the Transco's Director, this card will allow users to better manage their travel budgets, prevent both customers and Transco staff the hassle of small change, and also minimize the time it takes to board the buses. (Source: le Potentiel Online. Photo: www.rdcnews.net)

Palm oil sector in Congo-Brazzaville revives



The exploitation of palm oil plantations in the northern part of Congo has resumed with an investment of 350 billion FCFA (€ 533.6 million), executed by the private company Eco Energy Oil. For 20 years, nearly 50,000 hectares of palm trees stood abandoned in the Sangha region in northern Congo. Eco Oil Energy acquired the assets of the public company in 2013 to revive the production of palm oil. Production has started just over six months ago.

The aim is to produce 60 tons of crude oil on a daily basis. The company also uses local processing. 90% of palm oil will be used for bio-fuel production, already distributed at a first service station. A factory was set up for products such as oil and margarine and products are being sold under the Sangha Palm brand. (Source: Jeune Afrique. Photo: economie-africaine.com)

The Forest and Economic Diversification Project launched in Congo



The Government of the Republic of Congo launched a project on forest diversification. Its total funding amounts to \$32.6 million, equal to 16.3 billion FCFA. The Congolese government finances 69.7% of the total project and IDA (World Bank Group) takes on the remaining 30.3%. Overall, the project has three objectives: strengthening the capacity of the forest administration staff, supporting forestation and reforestation activities, and enhancing awareness of local and indigenous populations of their rights and responsibilities regarding the management of forest resources.

This project also aims to strengthen the capacity of the Ministry of Forest and Sustainable Development to promote the implementation of forestry-legislation and to create a favorable environment for diversification of economic support of the private sector and local participation in the sustainable management of the forest estate. (Source: RFI. Photo: wecaninternational.org)

Congolese airline ECAir seeks \$103 million via bond for expansion



ECAir shall seek to raise 60 billion CFA francs (\$103.07 million) on the regional Central African debt market to fund expansion, Congo Republic's national airline said on Thursday. Guaranteed by the state, a 5-year bond with a 6 percent coupon rate will be marketed across the six-nation Central African CFA franc zone in units of 10,000 CFA francs until May 21, it said in a statement. "This bond will allow us to invest in the fleet, expand our network, open a maintenance centre at (Brazzaville's) Maya-Maya Airport and improve our training centre," ECAir's Managing Director Fatima Beyina-Moussa said in the statement.

ECAir has plans to open three new routes this year to Ivory Coast's capital Abidjan, Central African Republic's capital Bangui and N'Djamena, the capital of Chad. Its current fleet includes a Boeing 767, two Boeing 757s, three Boeing 737s and a Beechcraft 90. From Brazzaville and Pointe-Noire, it operates flights to Paris, Douala, Cotonou, Dubai, Libreville, Bamako and Dakar. (Source: Reuters. Photo: www.primature.cd)

Denis Sassou Nguesso: "The next five years focus on the economy"

The new mandate Sassou Nguesso, attained at the price of an amendment to the constitution, institutes new rules of governance: a Prime Minister (head of government) is appointed and the opposition is to receive constitutional status. But despite these political concessions, the government has encountered heavy protests for weeks.

Faced with this opposition Sassou Nguesso promises an imminent economic takeoff: "This five-year period will fully focus on the economy," he said in his inauguration speech. "All our efforts are geared to strengthening the national economy so that it is deeply diversified, dynamic, thriving and especially creating thousands of decent jobs."

In order to reach this objective, the head of state intends to foster the emergence of private initiatives, support corporate financing, attract foreign investment in a wide range of economic sectors and develop an economic diplomacy. (Source: Agence Ecofin)

CEMAC: growth declines from 2,8% in 2015 to 2% in 2016



The Bank of Central African States (BEAC) reveals that economic growth in the Economic Community of Central African States (CEMAC), which includes Congo-Brazzaville, continues to fall and arrives at 2% in 2016. This decline is the result of three persistent factors: the continued drop in prices for raw materials and especially petrol, insecurities in the region due to terrorist acts by Nigerian Islamic sect Boko Haram (mostly in Cameroon and Tchad) and the declining domestic demand in both emerging and industrialised countries, most notably China.

According to BEAC's governor, Lucas Abaga Nchama, a slight increase of inflationary pressures of 2.7% is to be expected for this year, along with a decline of the budgetary balance of 7.1% of GDP. (Photo: www.afrik.com)

POST SCRIPTUM

Photo report : King's Day!

On Thursday the 21st of April the Dutch Embassy in Kinshasa celebrated King's Day. We are pleased to share some pictures of the festive evening with our readers.



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