



Kingdom of the Netherlands

# MASOLO

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## ECONOMIC NEWSLETTER EMBASSY OF THE KINGDOM OF THE NETHERLANDS IN KINSHASA



## Democratic Republic of the Congo has a new prime minister

The Congolese president, Joseph Kabila, has named the deputy of the opposition, Samy Badibanga (photo), the new Prime Minister as a part of a political agreement signed in October between the majority and a small minority of the opposition. This nomination was agreed upon a few days after the resignation of Prime Minister, Augustin Matata Ponyo, and his government.

The old Prime Minister's results have received mixed reviews: his critics accuse him of a preoccupation with the economy and hence negligence of other national matters. Indeed, since his nomination in the beginning of 2012, Matata Ponyo's political decision-making has revolved around macro-economic stability. Yet, at his departure, the Congolese franc has suffered a substantial depreciation. Before his resignation, 9 ordinances had been signed nominating public mandates concerning the financial system and several public enterprises. These are, most notably, concerned with the Directorate-General for Taxation (DGI), the Industry Promotion Fund (FPI), customs (DGDA), the Directorate-General of the one-window approach, the public transport company (Transco) and the management office of multimodal freight (Ogefrem). (Sources: diverse. Photo: RFI)

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## 2 From the Netherlands

### Dutch finance minister: Boris Johnson's Brexit vision is "impossible"



The Dutch finance minister and president of the Eurogroup, Jeroen Dijsselbloem, reacted in BBC Newsnight to remarks Boris Johnson (photo) has made in a Czech newspaper regarding Brexit. Johnson said Britain was likely to leave the EU customs union, but would keep trading freely with Europe.

According to Dijsselbloem, this was "intellectually impossible" and "politically unavailable", and Johnson was not offering the British people a fair view of what is feasible and what can be achieved through negotiations.

He believed that there is a lose-lose situation for both the British and European economies. What ought to be achieved is an agreement that is least damaging to both those parties to minimize the damages. (Source: BBC. Photo: Daily Express)

### FMO's Director Rigterink: "Investing in Africa pays off, but stay realistic"



The new director of the Dutch development bank FMO, Jürgen Rigterink (photo), has said during the business congress Africa Works! 2016 in Amsterdam that it is surely worth investing in the African markets, both for investors and entrepreneurs. Yet he warns that one should not be overconfident and remain realistic when accessing this market. He hereby refers to the fact that growth in Africa happens haphazardly and not in all countries. Moreover, local markets remain volatile.

Nonetheless, the African market offers plenty of opportunities, since there will be increasing economic growth in the coming decades; contrary to many European markets.

Africa Works! provides a platform to raise capital, boost transactions and support new policies for investment and private sector growth. It brings together the top minds of the financial sector, allowing them to share experience, best practices and lessons learned with institutions in the public and private sectors. (Source: nu.nl. Photo: devfinance.net)

### Solid economic growth, decline in unemployment



Compared to the same period one year ago, the Dutch economy has grown with 2,4%. With two-and-a-half years of uninterrupted growth, the Netherlands is growing twice as fast as the European average. During this period, the country saw an increase of 250.000 jobs, which meant a decrease of unemployment: last quarter 37.000 less unemployed were noted.

Indicators for the future remain positive, with a consumer confidence rate risen to its highest level in 9 years and a sustained positive producer confidence since September 2014. Because of this, consumers have spent more during the third quarter compared to last year and investments have grown considerably.

Insecurities that could impact the economic upturn nonetheless remain, such as the consequences of Brexit and the policies of the new American president-elect. (Source: rijksoverheid.nl. Photo: Wel.nl)

### Dutch farmers launch Potato Valley innovation plan

In the Netherlands, where one billion kilos of potatoes are exported each year, whilst the Dutch consume 2,5 billion kilos themselves (amounting to 140 kilos for every man, woman and child), an alliance named Potato Valley has formed a new platform to secure the potato's healthy future. Farmers and researchers in the north of the country behind the initiative, target 800 potato growers in Groningen and Friesland.

Most of those are seed potato growers, but potatoes for consumption and the food industry will also be included. The principal aim is more research into crop diseases and protection. Potato Valley owes its name to the Dutch trend to name innovative initiatives after Silicon Valley.

As such, Food Valley arose near Wageningen as a center for food research and Metal Valley in Drunen as an innovative focal point for the metal and engineering sectors. (Source: DutchNews.nl)

### Electric cars take over Dutch tarmac



Electric vehicles are becoming increasingly popular in the Netherlands, as is proven by the fact that the hundred-thousandth electric car has been sold in the Netherlands. The majority of vehicles are passenger cars, of which 12.196 are fully electric and 86.162 are partly electric vehicles, such as plug-in hybrids. Moreover, 25.405 public recharging points have been constructed.

These numbers ensure the Netherlands enters the global top 5. Private owners of fully electric cars are exempted from the tax on passenger cars and motorcycles and motor vehicle tax until 2020. Drivers on business leases profit from a 4% tax addition.

Ensuring a sufficient recharging infrastructure and a European source policy which requires car producers to produce cleaner and more economical cars, are means to ensure future growth in this sector. (Source: rijksoverheid.nl. Photo: Nederland Elektrisch)

## Towards an agreement on the joint exploitation of methane gas

The Congolese and Rwandan ministers of Hydrocarbons met in Goma (North Kivu) to seek an agreement on the joint exploitation of the fossil resources of Lake Kivu. The agreement will initially concern methane gas, before being extended to the oil reserves discovered in Lake Kivu, the two ministers stated. For more than a year already, Rwanda has produced about 10 megawatts of electricity by transforming methane gas, from a platform installed 13 km from its shore.

According to Aimé Ngoyi Mukena, the Congolese minister of hydrocarbons, the DRC has not yet started the exploitation of this gas and aims to catch up by the end of the year. The first bilateral agreement between the DRC and Rwanda on the joint exploitation of the fossil resources of Lake Kivu was signed in 1975, but has never been implemented. (Source: Radio Okapi)

## BIAC: liquidation or dissolution? A battle with the BCC



The International Bank of Africa in Congo (BIAC), bankrupt and placed under the management of a provisional administrative committee of the Central Bank of Congo, has announced its dissolution and appointed a liquidator to pay off all its creditors. The bank evoked over-indebtedness with the Central Bank of the Congo, which found "a disturbing discrepancy between the passive and active assets of BIAC's accounts".

According to its management, dissolution is preferable to forced liquidation, since the second option does not take the interests of depositors, staff, suppliers and shareholders into account. In response to BIAC's press release, the BCC issued a statement along with a notice of liquidation of the bankrupt commercial bank. It is now a struggle between the two parties. (Source: Mediacongo. Photo: Jeune Afrique)

## Provinces suffer from lack of funding

The provinces of the DRC have had serious operational problems during recent months, as the central government does not sufficiently finance the necessities to function properly. Either the funds sent are small, or they are piecemeal. As a result, Members of the Provincial Parliament have not been paid since August. In Lwalaba, for example, the province has never benefited from a handover of the central government since the inauguration of the current governor. In South Kivu, both ministers and MPPs have received salaries late for three consecutive months.

In the province of Tanganyika, MPs have just received the salary of August. In Bas-Uele, civil society even demanded the resignation of their governor, Armand Kasumbu, for failing to realise projects. The latter justifies the tardiness of execution of his program by invoking the small amount of funds available for the province. (Source: Radio Okapi)

## Heineken closes its Boma-brewery in order to reduce losses in DRC



The axe has fallen for Bralima, Heineken's Congolese affiliate, whose value has already depreciated to \$233 millions last August. Its brewery in Boma (in the province of Bas-Congo) is one of Bralima's 5 production units in the country and is set to close its doors effective the 1st of December.

The brewery in Kinshasa is therefore tasked to supply the local market, a statement from Heineken in Amsterdam explained. Since 2013, "the company is bearing the brunt of the constant decline of the beverage market, linked to the increasingly volatile power purchase of consumers, a significant rise in fiscal pressure (which was already high), an instable exchange rate, and a critical rise in the tariffs of water and electricity", the direction of the multinational adds. (Source: Jeune Afrique. Photo: forumdesas.org)

## WTO: "DRC must speed up reforms so growth becomes social"

The World Trade Organization has released its report reviewing the Congolese trade policy. Despite resilience in a climate of external shocks, the country remains very dependent on exports and its system of taxation and other levies remains unable to bring significant change to the DRC.

The World Bank's statement was unequivocal: "... the DRC remains one of the countries in the world where it is most difficult to do business ... due to its excessive taxation, heavy administrative burden, high costs of factors of production, weak infrastructure, and limited and expensive access to credit". The report however also notes: "It is easy to create a business and get a building permit in the DRC." It states that the continuation of the reforms launched by the government should eventually strengthen the overall positive development of the Congolese economy. (Source: Agence Ecofin)

## DRC signs over an estimated \$880 million to offshore company

Global Witness reveals the state mining company (Gécamines) has signed over the royalty rights of its most lucrative mining project, owned and operated by giant London-listed commodities trader Glencore, to an offshore company.

The contract does not explain what Gécamines received in compensation. Global Witness estimates the royalties could generate as much as \$880 million - more than the Congolese annual health budget. Typically, royalties are for the benefit of the population. Under the terms of the contract, the royalties from Glencore's KCC copper project were assigned to an anonymous Cayman islands company called Africa Horizons Investment Limited, which is part of Dan Gertler's Fleurette Group. Gertler was one of the Congolese partners of US hedge fund Och-Ziff. (Source: Global Witness)

## Mutual Savings and Credits bank (MECRECO) under guardianship



As of 25 October 2016, the Central Bank of Congo (BCC; photo) has placed MECRECO under administrative control. All the statutory and management bodies have been relinquished of their administrative and management powers and are temporarily replaced by an administrative committee composed of seven persons appointed by the BCC. The mission of this provisional administration is to propose a recovery plan to preserve public savings.

For several months MECRECO has been faced with a cash flow problem, which was reflected by a lack of liquidity in its branches. All the bank's counters in Kinshasa and Goma are closed. According to the BCC, "Leaders took too much risk in lending and investments, which have not yielded much. As a result, a situation has been created wherein they accumulate losses that end up negatively affecting their own funds." (Source: La prospérité online. Photo: Le Maximum)



## Producers shun imported cement



In Congo-Brazzaville, industrialists who recently contributed large amounts of money to increase cement production and create jobs, report unfair competition from importers and call on the authorities to put halt to these imports. The authorities respond by saying these imports are useful in meeting the high local demand.

Congo is even inviting new investors to come and settle in its very open market. The industrialists who have just settled in Congo, where the state injected at least 500 billion FCFA francs (€76 million), had raised the level of production whereby they created about 2.000 jobs.

Imports increasingly threaten their activities. Yet, according to the Director General of Competition and Fraud Prevention, Philippe Nsondè-Mondzié, the 3 production companies (financed with Moroccan and Chinese capital) are far from satisfying the local demand for cement, which is estimated at 1,2 million tons per year. (Source: RFI. Photo: vox.cg)

## Brazzaville Pointe Noire-Ouesso axis is crucial for trade



Having been consistently overshadowed by the railway, the road infrastructure today is preeminent in the circulation of people and goods in Congo-Brazzaville and more generally the Central African region. More than 300 heavy-duty vehicles carrying 50 tons of goods each pass through the Mingo toll station in both directions every day. The condition and progression of the roads allow traders in the Central African Republic, Gabon, the DRC and Cameroon to use trucks to transport their goods.

The choice of the road as a means to transport goods is to the benefit of importers and traders in the Central African region, as it allows products to arrive at their destination on time. Central Africa is the only sub region of the African continent not to be interconnected by land. (Source: Africanews. Photo: Le Monde)

## CEMAC bankcard is launched



Operational since several months, a community bankcard should improve financial transactions in Central Africa. On 31 October, the Inter-bank Electronic Banking Group of Central Africa (GICAM) officially launched the Community Interbank Card.

This card is one of the achievements of the 6 member states of the Central African Economic and Monetary Community (CEMAC): an instrument that enables the carrying out of operations on terminals and other automated machines of some 20 banks in the CEMAC zone. The formalisation of the GIMAC card launch has taken place ever since its commissioning in January 2015.

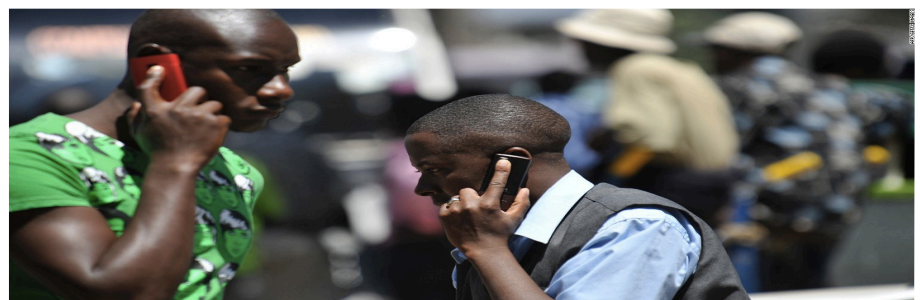
In less than 2 years, the use of the card has already enabled transactions of approximately 5 billion FCFA. The Bank of Central African States (BEAC) indicates that the use of the VISA card will extend the use of the GIMAC card outside the CEMAC zone. (Source: Les Afriques. Photo: lisbank.com)

## Blue Fund must ensure sustainable development of the Congo Basin

The Congolese President, Denis Sassou Nguesso, announced the creation of a Blue Fund for the Congo Basin (the second ecological lung of the world) at the COP 22 climate summit in Marrakech, Morocco. The Blue Fund, he said, will support the implementation of micro-projects and setting up projects in the realms of hydropower, irrigation of arable land, wastewater treatment and the recovery and treatment of solid waste dumped in rivers and oceans.

The Fund will also enable other initiatives that promote sustainable development of countries in the Congo Basin. The Congolese President reminded the audience that although the Congo is a country with very low greenhouse gas emissions responsible for climate warming, it nevertheless continues to invest considerable efforts to contribute to the struggle against climate change. (Source: Vox)

## Azur Telecom over-indebted and on the brink of bankruptcy



According to the website africatelegraph.com, a major risk of bankruptcy hangs over the Azur Telecom Group, which operates in Gabon, the Central African Republic and Congo. It has accumulated debts for nearly 5 consecutive years.

These debts would consist in particular of the non-payment of its supplier Huawei plus the non-payment of the so-called interconnection charge. Regarding Congo, africatelegraph.com even mentions salary arrears. Its subscriber base continues to decline due to a lack of value-adding service. The strategic support package, signed on 27 May 2014 with Monaco Telecom, is said to be no longer relevant.

During the Azur Telecom Development Forum, held on 22 October 2014, discussions on financing had already been initiated with several institutions, including the Netherlands Development Finance Company, a branch of the World Bank. (Source: Ecofin Agency. Photo: CNN)

## PUBLIC SUPPLY PROCUREMENT NOTICE



Photo: huffingtonpost.com

Subject	Realisation of the first phase of an industrial complex for the production of drinking water
Place of execution	Kinshasa – Binza Ozone, DR Congo
Publication reference	Journal Development Business, n°WB1939-04/16 du 28 avril 2016
Funding	Donation from the International Development Association (IDA), as a part of the additional funding for the Urban Drinking Water Supply Project (PEMU)
Contracting authority	CEP-O/REGIDESO
Description of the market	Realisation of the first phase of the industrial complex for the production of drinking water: <ul style="list-style-type: none"> <li>• Conception, construction and equipment of a raw water intake site on the Congo river;</li> <li>• Supply and installation of a DN 1800 raw water supply line;</li> <li>• Conception, construction and equipment of a water treatment plant in Binza-Ozone;</li> <li>• Conception, construction and equipment of reservoirs and a drinking water pumping station to distribution networks accordingly.</li> </ul>
Number of phases	Two (2)
Language of the submission	French
Closing date	22 December 2016
More information	<a href="http://www.ccife-rdcongo.org/single-news/n/appel-doffres-de-la-regideso/">http://www.ccife-rdcongo.org/single-news/n/appel-doffres-de-la-regideso/</a>

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#### Opening hours

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Friday 08:00 – 13:30

#### Opening hours consular department

Monday & Wednesday 09:00 - 12:00  
Otherwise by appointment only

### Consulate in Brazzaville

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