



Kingdom of the Netherlands

# MASOLO

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



## Import of blood minerals: 'Regulation too costly'

In a draft decree, US President Donald Trump has proposed to suspend the Dodd-Frank Act, a legislative text controlling the supply of American companies dealing in minerals derived from conflict zones. Such a measure is allegedly little effective and too expensive. In the draft decree obtained by Reuters, Trump proposes a suspension of the law on conflict minerals for two years. Section 1502 of the Dodd-Frank Act obliges almost 1,200 companies listed in the USA to inform the Securities and Exchange Commission (SEC), the constable of the American stock market, about their use of raw materials extracted from the African Great Lakes region.

Smartphones, jewelry, aeronautical and aerospace industries, for example, are outputs for minerals such as gold, tungsten, tin or tantalum (extracted from coltan). Since two decades, the east of the Democratic Republic of Congo (DRC) is torn apart by conflicts, which have caused millions of deaths. The ample belligerents profit from the exploitation of these "blood minerals" which the region has in abundance. (Source: France 24. Photo: globalwitness.org)

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## 2 From the Netherlands

### Investment to be stimulated with establishment Invest-NL



The Dutch cabinet will stimulate investment in areas in which Dutch business is currently missing opportunities. To this end, the investment institution Invest-NL will be established, with a capital of €2.5 billion. Some of the financing instruments for business that are currently carried out by RVO.nl, will switch to Invest-NL. The activities of the current Netherlands Investment Agency (NIA) will also be shifted to the new development institution.

Invest-NL offers one place for entrepreneurs for venture capital, guarantees, export credit insurance and international funding programs. Invest-NL will also develop major societal projects at home and abroad and co-finance when necessary. With the establishment of Invest-NL, the Netherlands follows the example of other EU countries that already have such an investment institution. (Source: RVO.nl. Photo: vno-ncw.nl)

### Schiphol cheapest airport of Western Europe



Within Western Europe, airlines are cheapest at Schiphol. Moreover, the airport's connections to the international network of scheduled flights improved considerably. This is evident from two studies published by SEO Amsterdam Economics. Eleven major airports were included in the first study. Only Atatürk airport in Istanbul is cheaper than Schiphol in terms of airport charges, charges for air traffic control and government charges. London Heathrow turned out to be the most expensive.

Schiphol: 'These results confirm the strong position of the airport in a highly competitive and rapidly developing market.' The second study found that the number of direct connections from Schiphol grew faster than that of other important airports. This was mainly due to the introduction of two daily flights to India last year. (Source: NRC.nl. Photo: Dutchnews.nl)

### Foreign investors create 11,000 extra jobs in the Netherlands



In 2016, 350 foreign investors created an additional 11,398 jobs in the Netherlands. Together, these companies accounted for €1.74 billion worth of investments. The Netherlands Foreign Investment Agency (NFIA) provided 7,570 of these jobs, drawing a record number of 227 foreign investors to the Netherlands. Together, this accounted for €1.47 billion worth of investments. The majority of jobs emerged in distribution (2,092), production (1,475), at headquarters (1,218) and service (1,097).

Most of the additional jobs (4,057) were created by companies from the United States, followed by the UK, China, Japan and France. Foreign investments created most jobs in the ICT sector (1,460), life sciences & health (986), transport & logistics (759), and agri-food (751). According to Minister of Economic Affairs Kamp, these figures reaffirm that the Netherlands is an attractive country for foreign companies, due to a highly-educated population and excellent logistics, infrastructure and digital services. (Source: RVO.nl. Photo: innovationquarter.nl)

### KLM, Rabobank, Ziggo and Achmea company results

Rabobank reported a 14% rise in underlying full-year profit, boosted by the rise in Dutch economic growth, higher lending and cost saving. Underlying profit topped €4bn, but net profit was down 9% at €2bn due to restructuring and other charges. Rabobank said in December it would cut 9,000 jobs. Airline Air France-KLM net profit reached €792m in 2016, a rise of €674m on 2015, largely due to lower fuel prices. In 2016, there was a 4% increase in passengers. Total revenues were down 3.3% at nearly €25bn. The company's improved fortunes were largely due to its Dutch arm KLM.

Telecoms company Ziggo lost a further 110,000 customers last year, taking turnover down 1.4% to €2.4bn. Insurance giant Achmea issued a profit warning on Thursday, saying it would post a loss of some €380m over 2016 following a string of setbacks. Achmea posted a loss of €24m in the 2016 first half. (Source: DutchNews.nl)

### Brexit relocation talks



The Dutch financial services regulator AFM and Amsterdam officials are in talks with 'several dozen' companies considering relocating from Britain because of Brexit, including traders, asset managers and companies which sell financial data. Mid-January, British prime minister Theresa May said that Britain would be leaving both the EU and the EU's internal market. This could mean financial firms based in London would lose direct access to the EU.

The Dutch foreign investment agency NFIA doubled its personnel in its London office from three to six. It is targeting all companies which are active on the European market. Rotterdam also sees opportunities to bring in firms from London, and hopes to attract maritime service providers, including insurance companies. Consultancies such as EY and KPMG are also helping companies looking to relocate. (Source: DutchNews.nl. Photo: relocatemagazine.com)

## Glencore takes control of the world's biggest cobalt field

According to minister Requinqué, the recovery of the mineral prices has allowed the multinational Glencore to mobilize nearly one billion dollars for the majority participation it acquired in two Congolese mining sites. Both belong to the Israeli magnate Dan Gertler. This transaction has been estimated at 962 million dollars and offers the multinational total control over the cobalt mine of Mutanda and a comfortable majority of 86% in the copper mine of Katanga.

This deal implies a better control of Glencore's assets, at a time when the copper and cobalt prices record a positive tendency. This transaction also formally acknowledges the separation between Gertler and Glencore. This follows after the heated affairs of the magnate in the DRC and his relation with president Joseph Kabila, which has attracted the attention of the American Department of Justice. (Source: La Tribune)

## S&P confirms the sovereign rating of the DRC at "B-/B"



Rating agency Standard & Poor's (S&P) confirmed that long-term and short-term debt ratings in foreign and local currency of the DRC are "B-" and "B" respectively, with a negative perspective. These ratings are maintained by anticipations according to which the country's public debt will remain weak compared to GDP and mostly of a concessional nature. This low level of public debt is explained by debt relief obtained recently, as well as by limited government access to commercial funding.

S&P specified that these ratings are, however, constrained by the fragility of the institutions and governance of the country, extremely weak foreign exchange reserves, as well as by low GDP per capita (380 US dollars in 2016). It is ranked second weakest of all countries rated by S&P Global Ratings. (Source: Agence Ecofin. Photo: financialexpress.com)

## Adoption and enactment of law on subcontracting

The law on subcontracting in the private sector, adopted by the National Assembly and the Senate, has been enacted by the President of the Republic. The text reserves subcontracting for Congolese owned companies, or Congolese companies in any legal form of which the head office is situated in the national territory.

In case of unavailability or inaccessibility of duly proven expertise in the envisioned business segment, the entrepreneur can only resort to another company of Congolese law or to a foreign company as long as the envisioned activity does not last longer than six months. Otherwise, a corporation under Congolese law has to be created. Violation of these measures is punished, not only by fines, but also by the temporary closure of the company. This law should allow the Congolese people to play an active role in the development of their country and to promote real inclusive economic growth and job creation. (Source : Diverse)

## Amani festival beneficial for local trade



In Goma, Nord-Kivu, the Amani festival has received many artists to sing and dance during three days to promote peace and reconciliation. This festival has also had positive economic effects for the traders of the city of Goma. The Amani festival has filled hearts with joy and wallets with money.

For this edition, there was an audience of 33,000 people, organizers and some dozen artists. Merchants of Goma were very pleased, starting with the food vendors present at the festival site. "I sell beer and food. This festival has allowed us to sell more. Compared to a normal weekend, here at Amani we have perhaps tripled our sales", explained Lydia, one of the food vendors. A few stands further, the same satisfaction was experienced by Deborah, a saleswoman of artisanal jewelry. (Source: RFI. Photo: amanifestival.com)

## Fuel at the pump: government and oil distributors reach agreement

For several days, oil providers in Kinshasa demanded a higher price for pump fuel following the depreciation of the Congolese franc against the US dollar. In the Congolese capital, one US dollar changes into 1.320 Congolese francs. The Minister for National Economy, Modeste Bahati, stated: "This is not a secret for anyone. You know that we sell fuel in Congolese francs, which has undergone a depreciation. Meanwhile, the oil sold in the country is important and has to be paid in foreign currencies. A readjustment of the pump prices is necessary to avoid a collapse".

Finally, a compromise was found between the government and oil distributors. The increase will be less than 5% or 69,3 FC for fuel and 68,18 FC for gasoline. This increase should not impact transport prices. (Source: Mediacongo)

## Fake Congolese francs in circulation

A sum of 805,000 Congolese francs has been seized at Rawbank, and several other cases have been reported in the money exchangers' environment, the Congolese Confederation of Traders (COCAM) addressed the governor of the Congolese Central Bank (BCC) on this topic.

COCAM states that Rawbank suggested these 5,000 and 10,000 FC bills are counterfeit, while they were received from the Prime Minister's office in exchange for foreign currency.

"Far from being an isolated case, this situation is commonly experienced by traders in particular and the population in general, who see the gate to saving close in front of them, apparently because of the quality of the bank bills," the COCAM regrets. The BCC was asked to comment on this matter to help set the Congolese perception. (Source: Zoomeco)

## New hydrocarbons legislation



Aimé Ngoy Mukena, Minister of hydrocarbons, has presented a new hydrocarbons law in Kinshasa. The legislation takes into account the overall oil activities, and specifies that subsoil hydrocarbon resources belong to the state until the moment of export. The text is a framework of standardization and regulation of the oil sector in the DRC. "According to this legal arsenal, the state has the obligation to invest in geological, geophysical and geochemical research with the purpose of evaluating its hydrocarbon resources," Aimé Ngoy Mukena stated.

This new law also foresees the implementation of a national organization of hydrocarbons. "The law secures investors as well as the state which is represented by its own organization in all the agreements that hydrocarbons sign with investors", the minister followed. He specified that this securing also applies to protected areas. (Source: Radio Okapi. Photo: onewovision.com)



## South Brazza ledge: cost of expropriations passes from 11 to 5,6 billion FCFA



Initially estimated at about 11 billion FCFA, the expropriations foreseen in the framework of the South Brazza ledge construction project have been brought back to 5,6 billion FCFA, the Minister in charge of landscaping and major works, Jean Jacques Boya, has stated. "The state had to pay more than 3 billion CFA francs," he explained.

The project is funded by the French Development Agency (AFD), for an amount of 45,915,517,795 FCFA. It deals with the construction of a two-lane highway with a length of 5,2km, the length of the Congo river, from Case De Gaulle to the Djoué port.

Executed by the company Razel-BEC, the construction of this highway will finish in February 2018. It will improve the appearance of these neighborhoods and showcase the potential shoreline landscape of the Congo river. (Source: adiac-congo.com. Photo: icibrazza.com)

## Private University of Marrakech to open new branch in Congo



The Private University of Marrakech (UPM) and a foundation based in the Republic of Congo have come together for the creation of a structure which will constitute the Congolese branch of the Moroccan higher education institution. The total investment costs have been announced to be 40 million euros. For UPM, this resembles an expansion strategy of its market after the opening of a branch in Senegal.

Following its construction, the institution would have to receive up to 7,000 students who are able to spend between 4,000 and 5,000 FCFA in tuition fees annually. That amounts to an estimated sales revenue between 28 and 35 million euros per year. UPM is supported in its expansion strategy in Sub-Saharan Africa by Development Partners International, a private equity based in London which in 2014 acquired part of its capital for 20 million USD. (Source: Agence Ecofin. Photo: Jeune Afrique)

## Issuance of public titles via open subscription



The Congolese government considers launching the first issuance of public titles in the near future. They would be issued by the public treasury of Congo via open subscription. This measure should encourage the effective conduct of the Bank of Central African States' (BEAC) monetary policy. "This operation marks the willingness of the Congolese authorities to satisfy the funding needs of the government, by mobilizing internal resources," the interim national director of the BEAC, Gatien Ondaye Obili, declared.

According to him, this mechanism presents three main benefits: the modernization of public debt management, the expansion and diversification of the scope of financial assets, as well as the improvement of monetary policy efficiency. He reassured that the Central Bank will accompany the six states of the Economic and Monetary Community of Central Africa (CEMAC) in sensitization actions, the strengthening of financial administration capacities and technical and organizational assistance. (Source : PanaPress. Photo: fluxecoafrique.com)

## Debt obligations payable to economic providers

Following an extraordinary general assembly, the Congolese government has been invited by COPECO to do everything possible to allow the clearance of debt obligations which it has owed them for several years. According to Mr. Paul Nestor Mouadzimbi Ndigna, President of the Collective of Economic Providers of Congo, the debt obligations are divided as follows: more than 13 billion FCFA for the financial year 2015-2016 to the public treasury; almost 10 billion FCFA for the different accelerated municipalizations to the General Delegation of Major Works (DGGT); 3,491 billion FCFA to the minister of primary and secondary education and alphabetization.

The university affiliated hospital (CHU) of Brazzaville owes them a sum of 219 million, while the central city council of the Congolese capital, would have to pay more than 380 million. Radio-television fora would have to be organized in order to denounce the way of proceeding by the government. (Source : Afriquejet.com)

## Group Bolloré foresees increase of its investments in Pointe-Noire port



The Bolloré Group in charge of the management of the container terminal of PAPN foresees to bring in an additional investment with a value of 150 billion FCFA. The expansion of the port and the modernization of its installations should make it one of the most attractive in the region. Since 2009, the Bolloré Group has been tenderer of the concession of the container terminal for a period of 27 years.

This group has already approved more than 200 billion FCFA for the improvement of the infrastructure of the Pointe-Noire port. This port is one of the most important deep water ports in the Gulf of Guinea. The funding is provided by the Bolloré Group; the Congolese state and other development partners have promised to construct the docks and to lift them to a height of at least 15m. The container terminal has been constructed and extended, the gates installed and the water and electricity networks repaired. (Source: RFI. Photo: vox.cg)

## DHI program now open!

The first bidding of 2017 for the subsidy program for demonstration projects, feasibility studies and investment preparation studies (DHI) is now open until April 7. With this scheme, the Dutch government wants to increase and strengthen the number of Dutch enterprises that internationalize successfully in developed countries, emerging markets and developing countries. This way, the Netherlands is making a positive contribution to sustainable local development in developing countries.

## For whom?

DHI focuses on Dutch SMEs with international ambitions and an interest in foreign markets. DHI is open to several countries, including the DRC.

## Modules DHI scheme

- Demonstration projects: demonstration of technology, capital goods or services in one of the DHI countries.
- Feasibility studies: research into the feasibility of a foreign investment in a product. A feasibility study increases the chance that a potential client from one of the DHI countries wants to invest in a technology, capital good or service.
- Investment preparation studies: research into the technical and commercial feasibility of an investment in an enterprise in one of the DHI countries.

## Requirements

The Netherlands Enterprise Agency (RVO) assesses your application regarding threshold criteria, exit criteria and through a distribution of points.

## Budget

The available budget for the first bidding round of 2017 is €5.75 million.

For more information: <http://english.rvo.nl/subsidies-programmes/dhi>

## Useful links

Invest in Holland

<http://investinholland.com/>

Schiphol Amsterdam Airport

<https://www.schiphol.nl/en/what-to-do-at-schiphol/>

What is Dodd-Frank Act?

<http://searchfinancialsecurity.techtarget.com/definition/Dodd-Frank-Act>

## PRACTICAL INFORMATION

### Embassy in Kinshasa

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#### Opening hours

Monday - Thursday 08:00 – 16:30  
Friday 08:00 – 13:30

#### Opening hours consular department

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

### Consulate in Brazzaville

#### Address

30, Blvd Denis Sassou N'Guessou  
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#### Opening hours

Monday - Friday 09:00-16:00 (Consulate)  
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