



Kingdom of the Netherlands

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ECONOMIC NEWSLETTER EMBASSY OF THE KINGDOM OF THE NETHERLANDS IN KINSHASA



DRC has signed a Memorandum of Understanding with TMEA

The ceremony took place in Kinshasa. The Congolese Finance Minister, Henri Yav, signed on behalf of the DRC and Mr. David Stanton, General Director of TradeMark East Africa (TMEA), on behalf of the organization. TMEA, to which the Netherlands is one of the main contributors, aims to facilitate trade, improve business competitiveness and promote regional integration in the East African Community. For the period 2017-2023, the second phase of the program, the target is to create 2 million jobs and to lift 5 million people out of poverty. Gender will be genuinely integrated in the programming and TMEA will develop a fragile states approach for Burundi, DRC and South Sudan.

In the DRC, the program will entail infrastructure work on selected border posts and at the port of Kalundu. There will also be work on the trade environment, including with Customs (DGDA), development of ICT for Trade, and support to women engaged in cross-border trade. For the first phase of the program (2010-2016), TMEA has been active in Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda. In these countries, it managed to increase overall trade, increase intra-regional exports relative to total exports, reduce time to import/export a container, and reduce the time to cross selected borders.

From the Netherlands

PAGE 2

- PUM: DRC on the queue list
- Dutch elections: Rutte seeks 'stable' coalition of four parties
- Air France-KLM receives €300 mln cartel fine
- ING: former prime minister to join supervisory board
- Rabobank first acquisitions in Africa

Headlines from the DRC

PAGE 3

- BCC prescribes a new presentation of Congolese francs starting 2018
- Blood minerals: a first step towards exclusion from the European market
- Fear of a strong decrease of electricity production
- CAA sends 80% of its staff on technical lay-off
- Unions threaten with a general strike about salaries in the DRC
- The World Bank will grant 50 million dollars to the DRC
- Kassim Tajeddine is not owner of Congo Futur, his brother said

Headlines from Congo-Brazzaville

PAGE 4

- IMF starts talks about possible financial aid
- Chinese airplane maintenance center soon available in Brazzaville
- Launch of Blue Bund for the Congo Basin
- ECAir chief executive wants to reassure her company's situation
- Total launches production in the biggest oil project of the country

PAGE 5

Post Scriptum

- Global Compact initiative in the DRC
- Practical Information & Contact

2 From the Netherlands

PUM: DRC on the queue list



The DRC is a 'queue' country when it comes to the PUM program: it should be on the list, but PUM does not want to put any energy into it at the moment. This is the outcome of an investigation into PUM's portfolio and methods. In order to enable more efficient support for SMEs in low income and developing countries, PUM will limit its services to four categories: food security, health & environment, trade & industry, and services. PUM will primarily focus on 30 countries.

PUM will continue to realize half of its portfolio in the Least Developed Countries (LDCs), particularly in Africa. PUM will cooperate more closely with other sectors, including the CBI and UNDP. More attention will be paid to youth unemployment and young professionals. The project Making Africa Work aims to connect young entrepreneurs in the Netherlands and Africa. Experiences from this project will be used to define PUM's future strategy. (Source: DDE_BUZA/PUM. Photo: PUM.nl)

Rabobank first acquisitions in Africa



Together with two of its partners in Africa, Rabobank has bought a stake in a bank in Ghana and cooperated on an acquisition in Uganda. These are the first steps Rabobank has taken on the continent in a new cooperation with development banks FMO (Netherlands) and Norfund (Norway). Last year, the three organizations decided to create the new vehicle Arise to serve its interests in Africa. It currently has a worth of 660 million USD and covers more than twenty African countries.

In Ghana, Arise bought 27.7% of the stock of the Ghanaian CAL Bank, with a cost of 24 million Euros. In Uganda, Arise has taken over Crane Bank, for which 50 million USD has been made available. The local DFCU bank, which had already taken over some activities of Crane Bank, is estimated to become the second biggest bank in Uganda thanks to the acquisition. (Source: fd.nl. Photo: Rabobank.com)

Dutch elections: Rutte seeks 'stable' coalition of four parties



Prime Minister Mark Rutte wants to form a 'stable' majority coalition of four parties following last week's election. Rutte repeated his pre-election promise that he would not work in government with Geert Wilders's anti-Islam PVV party. The most likely coalition would involve the Christian Democrats and D66, together with a fourth party. Rutte identified five priority areas: reducing the tax burden for middle incomes, investing in care for the elderly, the switch from fossil fuels to renewable energy, improving conditions for employers, and extra spending on defense and police.

The VVD, M. Rutte's party, won 33 seats in the election, while the Christian Democrats and D66 each have 19. The ChristenUnie's five seats would be enough for a majority, while GroenLinks's 14 MPs would secure a comfortable majority but have more ideological differences. The SP also finished on 14 seats while Labour (PvdA) crashed from 38 in the last Parliament to nine. (Source: DutchNews.nl. Photo: Volkskrant.nl)

ING: former prime minister to join supervisory board

A former prime minister and former economic affairs minister are among the three nominations for new members of ING's supervisory board. Jan Peter Balkenende, who was prime minister for the CDA between 2002 and 2010 is currently a professor of governance at Erasmus University in Rotterdam and an external advisor to EY.

Also on the nomination list is Hans Wijers, economic affairs minister for D66 from 1994 to 1998 and chief executive of Akzo Nobel from 2003 to 2012. He is currently on the supervisory board at Heineken and deputy chairman of Shell. The third nominee is Austrian national Margarete Haase, currently chief financial officer at Deutz AG.

The appointments will all be voted on at the bank's AGM on May 8. If approved, Balkenende will join the board immediately and Wijers in September. Wijers should succeed current chairman Jeroen van der Veer. Haase will join the bank at a later date. (Source: DutchNews.nl)

Air France-KLM receives €300 mln cartel fine



Air France-KLM is punished for participation in an international air freight cartel. The European Commission announced that eleven air freight companies will get a total fine of €776.465 million because they participated in a cartel with price arrangements. The original 2010 EC decision was annulled on procedural grounds.

Air France-KLM has to pay more than €300 million, of which the Dutch part has to pay €127 million. Between December 1999 and February 2006, the cartel operated on the market for air freight on flights to, from and within the European Economic Area (EEA). The cartel agreements comprised both bilateral and multilateral agreements to determine fuel and security fees. In response to the decision, Air France-KLM said it considers 'possible next steps'. The Groupe already counted on such a decision. KLM says it recognizes the importance of strict European competition rules and a level playing field for airlines. (Source: fd.nl. Photo: Zakenreis.nl)

Unions threaten with a general strike about salaries in the DRC

State agents and workers in the private sector threaten to enact an unrestricted general strike in the beginning of April 2017. They accuse the government of not caring about the deplorable social conditions of its population. The unions have filed their strike notice at the table of the Prime Minister, Samy Badibanga. He has until the beginning of April to defuse the strike.

In their strike notice, the Congolese national inter-union and the Dynamism of socio-professional groupings, the two main union coalitions of the DRC, depict a somber picture of the social situation of their workers. According to Guy Kuku, president of the Democratic Work Confederation and coordinator of the national inter-union, since the last "Smig" (minimum inter-branch salary) which was three dollars in 2008, the workers have lost at least 50% of their purchasing power. A civil servant has a salary of 60 000 Congolese francs, less than 50 dollars. (Source: RFI)

The World Bank will grant 50 million dollars to the DRC



The agreement between the World Bank and the Democratic Republic of Congo (DRC) takes place in the context of the 7th review of the portfolio of the financial institution. It is monitored by the operations manager of the World Bank for the DRC and the Congo, Ahmadou Moustapha N'Diaye. Throughout different exchanges, important recommendations have been formulated to allow a better performance and a good resilience of the Congolese economy.

It concerns among others the creation of job skills camps for youth and the pursuit of pacification efforts to generate interest for investments, reforming the public finances of the country, strengthening its fiscal system, improve the business climate to favor job creation for youth, work for financial decentralization and strengthen the fiscal process to optimize results.

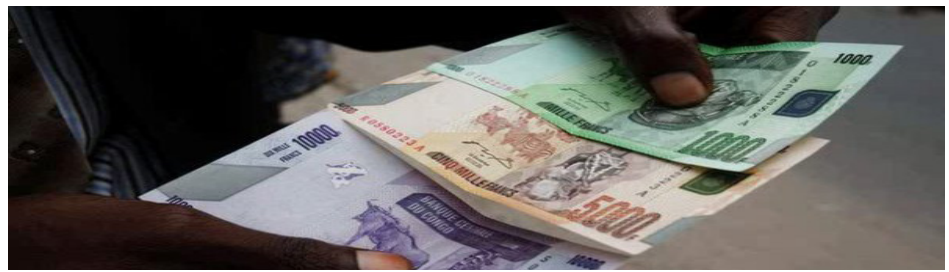
(Source: Financial Afrik. Photo: Gavi.org)

Kassim Tajeddine is not owner of Congo Futur, his brother said

The Lebanese business man Kassim Tajeddine, arrested by the Moroccan police at the Casablanca airport last 15 March, is not the owner of the enterprise Congo Futur, according to his brother Ahmed Tajeddine: "I am the owner of Congo Futur. My brother has never been here [in the DRC]". Kassim Tajeddine was searched since 2010 by operation of an arrest mandate by an American judge, which suspected him of being implied in funding Hezbollah. "We now know that there is an extradition order or the American authorities," his lawyer said.

The group Congo Futur itself is placed under targeted sanctions since 2010 by the American treasury department. It's accused of belonging to a network of companies controlled by the three Tajeddine brothers (Kassim, Husayn and Ali). The companies, according to the same source, generate "millions of dollars of funding" for Hezbollah. (Source: Radio Okapi)

BCC prescribes a new presentation of Congolese francs starting 2018



The Congolese Central Bank (BCC) prescribes a change of the display of the Congolese franc bills starting from January 2018 and strengthening its security elements to avoid counterfeit. According to a source close to the BCC governor, Déogratias Mutombo, new bill production machines have been bought to replace the old ones, of which some have been used at the mint for over 42 years.

He disclosed that the bank notes currently in circulation were printed in 2005 and put in circulation in 2012. The new machines will allow the whole money production to be done at the machine, whereas the completion work of the bills is currently done manually. The BCC has decided to proceed with crushing the bank notes taken out of circulation rather than burning them. (Source: ACP. Photo: Oeildafrique.com)

Blood minerals: a first step towards exclusion from the European market

MEPs have voted for a regulation aimed to exclude minerals derived from conflict zones from the European market. The text, less ambitious than the initial Parliament proposal, aims to end human rights violations generated by trade. This regulation of blood minerals, which will come into effect in January 2021, will constrain importing companies in the EU at the beginning of the production chain, including foundries and refineries.

They will have to assure and guarantee that there is no link between their supply chain and armed conflict. The text was negotiated for three years between the Commission, member states and the Parliament, under strong pressure of industrial lobbies. The French environmental MEP, Yannick Jadot, regrets another loophole, which exempts the big majority of "downstream enterprises" producing the final consumption goods, such as tablets or smartphones. (Source: RTBF, Le Vif)

Fear of a strong decrease of electricity production

The national electricity company (SNEL) has announced that it would have to reduce its production almost by half if the water levels of the Congo river stay low. It will be obliged to limit the functioning of its machines, stated Médard Kitakani, spokesperson for SNEL. "The production loss could be between 350 and 400 megawatts according to our own estimations, while the current production oscillates around 900 megawatts," Mr. Kitakani added.

The essence of the production in the DRC is realized by two aging hydroelectric power plants situated at the Congo, 260 km downstream of Kinshasa, besides a dozen other small power stations scattered across the country. The DRC is among the African countries with a weak electricity coverage rate which varies between 9 and 15% for its 70 million inhabitants, despite its important unexploited hydroelectric potential. (Source: ACP)

CAA sends 80% of its staff on technical lay-off



At least 700 agents of the African Aviation Company (CAA), 80% of its staff, have been sent on technical lay-off since the beginning of this year. Due this situation, the whole fleet of the CAA has not been operational. To replace the old Airbus, currently in use, an A321 Airbus had been purchased. The latter was 18 years old and was denied the airworthiness certificate, following a judgment signed in 2012 by the former Minister of Transport and Communication Channels, Jutin Kalumba. This forbade the import of airplanes older than 15 years.

Unionists hold that this judgment has never been published in the official journal. When questioned by Radio Okapi, the Vice Prime Minister and Minister in charge of Transport and Communication Channels, José Makila, did not want to make any comments. The company now only has two Fokker 50's which cannot serve the 24 previously operated destinations. (Source: Radio Okapi. Photo: Wikiwand.com)

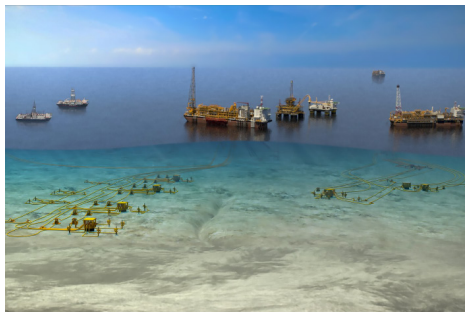
ECAir chief executive wants to reassure her company's situation



An abyssal deficit, dozens of salaries which are no longer paid, airplanes grounded since 10 October 2016... That is what rests of the national air company of Congo Brazzaville, ECAir, launched with great fanfare in 2011 and with a lot of public funds: almost 500 million euros. An audit report booked at the end of 2016 by the Minister of Finance, entrusted to the Congolese cabinets Cacoges and Rainbow and made public in February 2017, clearly questions the management of the company.

It highlights possible conflicts of interest with certain partners, abnormalities in its accounts, numerous unjustified expenses, exorbitant operating costs etc. The chief executive of ECAir, Fatima Beyina Moussa, affirmed that those are all lies and bad faith. If the company had gone bankrupt, it would be due to sufficient funding. She proved it by the fact that the well-known auditing firm Ernst & Young certified the accounts of the company every year. (Source: RFI. Photo: Journaldebrazza.com)

Total launches production in the biggest oil project of the country



The French oil giant Total announced the production launch of Moho Nord project, situated in deep water, 75 km off of Pointe-Noire. With its production capacity of 100 000 barrels of oil per day, the Moho Nord project will provide the country a place in the lead group of producers of the African continent. At full capacity, Moho Nord could generate 140 000 barrels per day.

"Moho Nord is the biggest oil development today in the Republic of Congo. Showcase of the excellent operational offshore of Total, it consolidates our leader position in Africa," Arnoud Breuillac, president of the E&P branch of Total said delightedly. "It will contribute to the strengthening of the cash flows of the group and to the growth of its production." Its partners are Chevron (31,5%) and the Congolese state oil company (15%). (Source: Agence Ecofin. Photo: Total.com)

IMF starts talks about possible financial aid



A delegation of the International Monetary Fund (IMF), presided by the economist Abdoul Aziz Wane, visited Brazzaville to propose a range of adjustment measures for the Republic of Congo. The IMF considers supporting the Republic of Congo financially, mainly because it is confronted with a stark fall in the oil prices which affects its economy severely. The country now has only two months' reserve for its imports.

"The decline of petroleum prices at the international level bring a significant blow to the economy" of Congo, which has been established strongly since the preceding year, Abdoul Aziz Wane stated. The negative evolution of the oil prices started hitting the country at the moment when it was putting efforts into improving its infrastructure and increase public spending. This turnaround has as effect that the public debt has mounted to 77% of the GDP and that the monetary reserves have been exhausted. (Source: Jeune Afrique. Photo: Africanmanager.com)

Chinese airplane maintenance center soon available in Brazzaville

The vice president of the Chinese group AVIC International, Xu Bo, announced the beginning of implementation works of an aeronautic maintenance center in the Congolese capital in April. "We have created a joint-venture company for the exploitation of the aeronautic maintenance center in Brazzaville," Xu Bo explained during an interview with the Congolese Transport Minister Gilbert Mokoki.

The director of the group also announced training of 50 Congolese pilots in the coming months in the flight academy of the group situated in South Africa. The academy has training capacity for 200 pilots per year. To establish cooperation between the China and Congo in the area of civilian aviation, the director of AVIC International Group talked about the operation of ASJ 21 aircrafts fabricated in China, in Congo. Those crafts can fly over 3000 km and have a capacity of 85 to 90 seats. (Source: Xinhua)

Launch of Blue Bund for the Congo Basin



Twelve African countries signed a memorandum of understanding for the launch of a "Blue Fund for the Congo basin" in Oyo, Congo (400 km North of Brazzaville). This aims to subsidize projects for the benefit of riverside communities. "The initiative has two big ambitions: the preservation of forests and waters of the Congo Basin, but also helping populations to achieve a better quality of life," Benazir Hilali, coordinator of the projects at the Brazzaville Foundation, explained.

According to a presentation note of the initiative, the projects eligible for Blue Fund's funding have to deal with the improvement of navigable ways, the construction of small hydroelectric dams, the strengthening of soil irrigation systems, the development of fishery, fish farming, aquaculture, and development of ecotourism. "The Blue Fund for the Congo Basin will be sustained by grants of 100 million euros, renewable every year, with long-term commitments." (Source: Sciences et Avenir. Photo: Radio Okapi)

Global Compact initiative in the DRC



What does the initiative entail?

Global Compact, launched in July 2000 by the United Nations, is the biggest sustainable development initiative for companies in the world. It calls companies to align their activities and strategies by ten universally recognized principles in the areas of human rights, work, environment and anti-corruption. More than 9000 companies have already adhered to this initiative in more than 160 countries across the world.

Which interest does the Netherlands have?

Beyond the conviction that the principles on corporate social responsibility (CSR) of companies have to be respected by all companies, the Netherlands believes that it's necessary to stimulate the process where possible. The promotion of a more positive image of the companies working in Congo would benefit the country's economy a lot. Companies which are member of the Global Compact network would obtain international recognition of their reliability and quality. This will automatically attract more commercial interest for the country on the international level, as well as for the Congolese members of the Global Compact network.

About the Global Compact network in the DRC

The companies which have joined Global Compact in the DRC have organized themselves in a non-profit association called "UN Global Compact of the DRC asbl".



The wish of those companies is to extend the network to other organizations which defend the same values in order to constitute a true common front and coalition between companies working in the DRC and interested in the CSR issue.

More information

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