



ECONOMIC NEWSLETTER EMBASSY OF THE KINGDOM OF THE NETHERLANDS IN KINSHASA



Ex-UDPS Bruno Tshibala becomes Prime Minister in the DRC

The Democratic Republic of Congo (DRC) has a new Prime Minister. This is Bruno Tshibala, holder of a law degree and former deputy secretary general of the UDPS (Union for Democracy and Social Progress), the political party of Etienne Tshisekedi. His nomination is the result of negotiations between the presidential majority and a fraction of the opposition, after failure to implement the agreement signed on 31 December 2016 between the government in power and the opposition.

Bruno Tshibala has been known as a member of the UDPS for several years. Originally from Kasai, this sixty-year-old has been deputy secretary general and spokesperson for the UDPS, before he was nominated spokesperson of the "Rassemblement" – the prime platform of the opposition. But Bruno Tshibala was recently excluded from the party, after Etienne Tshisekedi's death, as he broke with the new direction of the party. The Rassemblement stated it is not concerned with the nomination, which it believes does not bring any sign of improvement of the situation. The CENCO (National Episcopal Conference of Congo) stated it does not agree with the nomination of Tshibala as Prime Minister. (Source: RFI)

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2 From the Netherlands

First European vertical farm to open in The Netherlands



Vertical farming, growing fruit and vegetables in tall buildings without daylight, is on the rise around the globe. This year, the Dutch town Dronten will be home to the first European vertical farm. Staa Food Group is building a nine-story-building, in which their company Fresh Care Convenience will cultivate various types of lettuce. Each floor in the flat will have specially designed climate chambers with LED lighting, which will produce 30,000 crops a week. That's twice as many crops as can be grown in traditional farms in a week, at a rate about 3 times as fast.

Vertical farming is sustainable, as a high-rise has a large surface area in a relatively small space, and all crops are sheltered from bad weather and insects, so farmers can grow them without insecticides. The climate chambers in Dronten are energy efficient, using less water, electricity and fertilizer than traditional farming. They aim for CO2 neutral production. (Source: hollandtradeandinvest.com. Photo: newbiescience.wordpress.com)

Unilever may lose one headquarter and be solely British, not Dutch



Anglo-Dutch food and personal care products group Unilever could become a purely British company under a new strategy plan. Unilever currently has headquarters in Rotterdam and London, but chief executive Paul Polman and chief financial officer Graeme Pitkethly proposed closing the Dutch base, as dual nationality is a hindrance, particularly when takeovers and other large transactions are involved. Unilever now concentrates on personal care products, an activity tied to Britain.

The food operations, which are slowly being hived off, are centered in the Netherlands. Unilever is under increasing pressure from its shareholders after an abortive takeover attempt by Kraft Heinz of the US in February. They are demanding more shareholder value. The Dutch government reacted instantly, with economic affairs minister Henk Kamp pointing out that a move to London would entail an uncertain future under Brexit and that staying in the Netherlands would have advantages. (Source: DutchNews.nl. Photo: cosmeticsdesign-europe.com)

Dutch export is growing



Dutch export is doing well. In 2016, the volume of export of goods and services (excluding energy) rose by 3.3%. This growth follows a trend: in 2014 and 2015, exports rose with 5 and 4.5%, respectively. In February 2017, the volume of Dutch exports rose by 8% compared with the year-earlier period, according to the national statistics office CBS. This was the sharpest gain in six years.

The increase was due largely to exports of machinery, chemical products and transport equipment, both manufactured in the Netherlands and shipped on from elsewhere. The coming years also look favorable for Dutch export. In March 2017, the trust of producers in industry – the most important export sector – was at its highest level in 9 years. The CBS said the prospects for exports in April were more positive than they were in February. This is due to favorable exchange rate developments and improved German industrial activity.

(Source: rvo.nl / DutchNews.nl. Photo: nu.nl)

Netherlands pushing for permanent G20 position

The Netherlands wants to be a permanent member of the G20 – an annual meeting of the 20 leading economies in the world. In terms of weight, the Netherlands is the 17th largest economy in the world, with a national income of nearly 770 billion euros. Despite this the Netherlands is not a permanent member, and must depend on an invitation to attend a G20 meeting. This year the Netherlands will be present in Dusseldorf, Germany at Germany's invitation.

The Netherlands is currently not a permanent member, as a country's size also counts, both in area and population. Furthermore, a certain geographic coverage is desired for the G20. Nevertheless, it is logical that the Netherlands become a permanent member in future, Kamp added. "We are the 17th largest economy in the world, our exports are in the global top five and in terms of digital infrastructure, we are in the top ten. So yes, it is good that we are there." (Source: nltimes.nl)

Dutch shell companies may contribute to tax evasion mining companies



A study commissioned by the Dutch Ministry of Foreign Affairs investigated how shell companies in the Netherlands may contribute to tax evasion of mining companies in developing countries. The researchers focused on mining firms that exploit some of the most important raw materials in five countries: Zambia, Ghana, DRC, Mongolia and Indonesia. They established that 128 mining companies are active in these sectors, which are part of well-known mining concerns, like Eurasian Resources Group (Kazakhstan), Glencore (Switzerland) and Trafigura (Switzerland).

Dutch companies with a holding and/or financing function are incorporated in the company structures of these concerns. 30% of mining firms turn out to be direct or indirect property of a Dutch holding company or receive direct or indirect financing from a Dutch branch of the group. 38 Dutch companies are concerned. The risk of tax evasion and avoidance is high for the groups studied, although no hard statements can be made. Nine out of eleven mining concerns have establishments in 'tax havens' and for four groups the 'ultimate beneficial owners' are unclear. (Source: Profundo, Offshore Kenniscentrum. Photo: dissentmagazine.org)

Glencore cuts off Dan Gertler in Congolese mining sector

After years of commercial relationship, the Swiss giant in raw materials, Glencore, decided to distance itself from the controversial Israeli business man Dan Gertler, who is close to President Joseph Kabila. The company, directed by the South African Ivan Glasenberg, announced the redemption for 534 million dollars – 495 million euros – of shares of Dan Gertler in Katanga Mining and Mutanda Mining, which exploit two important copper mines in the Kolwezi region in the south-east of the DRC, in January.

The Ivan Glasenberg group has not cut all links with the Israeli. The latter will continue to supply tens of millions in royalties every year, emanating from the copper ore body of Glencore, owing to an agreement with Gécamines, the national mining company which is also shareholder of the Congolese mine. (Source: Jeune Afrique)

Forrest Group requests arbitration in Brussels for dispute settlement with Gécamines



The commercial court of Brussels will adjudicate on a case between Gécamines and the International Forrest Group about a cobalt mine in Lubumbashi. The two companies made an agreement in 1997 about the creation of a joint venture named GTL, which would have the right to annually produce 5,000 tons of cobalt for 15 years. The dispute rose last 23 March, as Gécamines blocked GTL access to a project site.

The reasons put forward were that the joint venture had surpassed the initial contract's authorized total production (75,000 t), producing more than 82,000 tons of cobalt. The Forrest Group states that the initial agreement has been modified in 2013, granting GTL the right to continue to manufacture cobalt until the residues of the reservoir would be exhausted. GTL is for 70% held by the Forrest Group and for 30% by Gécamines. (Source: Agence Ecofin. Photo: miningnewsmagazine.org)

17 demonstrators against the bankruptcy of banks arrested in the East

Seventeen activist citizens who tried to organize a sit-in in front of the county seat of the Central Bank of Congo (BCC) were arrested in Goma, in the east of the DRC. "We have questioned 17 members of Lucha (Lutte pour le Changement, "Battle for change") who wanted to organize a sit-in in front of the BCC in Goma. After the interrogation, they were transferred to the Prosecution," stated colonel Job Alain Alisa, chief of a special police unit in Goma, capital of the North-Kivu province.

The demonstrators of Lucha, a movement of "outraged youth" based in Goma, wanted to denounce the "complacency" of the BCC in the bankruptcy of a bank and of microfinance institutions of the province, depriving the depositors of their savings. For over a year, the country has faced a severe economic and social crisis against a backdrop of increasing poverty. The 17 members of Lucha were released after 72 hours of detention. (Source: AFP)

DRC looks to SA to supply its electricity shortfall



The Democratic Republic of Congo hopes to import electricity from South Africa, an expensive measure aimed at reducing a gaping power deficit that has dented mining output in the continent's top copper producer, the chamber of commerce said. Congo is plagued by massive energy shortfalls and scarce rainfall could cause a near 50 percent drop in output in the country's main hydroelectric plants during the May-September dry season. Delegates from Congo's public power utility and chamber of commerce will negotiate imports from South African power utility Eskom.

The export would involve transporting power hundreds of miles through grids in Zimbabwe and Zambia, raising costs. Congo's copper-mining Katanga region receives only about half the power it needs from the national grid, forcing operators to rely on expensive generators or imports, usually from neighboring Zambia. Congo is meant to construct a new 4 800 MW, \$14 billion dam on the Congo River by 2020 - with 2 500 MW earmarked for South Africa - but progress has stalled with the government yet having to select a developer. (Source: Reuters. Photo: greenbusinessguide.co.za)

Goma upholds import ban on Rwandan and Ugandan poultry

The North Kivu province upholds its measure prohibiting any import of poultry and its derivatives coming from its neighboring countries Uganda and Rwanda. This administrative measure was taken after the bird flu was declared in Uganda. The provincial minister of agriculture, fishery and livestock in North Kivu, Christophe Ndibeshe Byemero, received a delegation from the agro-pastoral sector of Rwanda, begging an alleviation of the import ban on Rwandese poultry in the DRC.

Rwanda alleges it has equally suspended the import as well as transit of poultry from Uganda to its territory. From the Congolese side, however, it is held that whilst they still wait for a more thorough study, the decision to suspend imports of poultry and its derivatives should still be applied. (Source: Zoom Eco)

Government reduces import conditions on cars

The outgoing Prime Minister Samy Badibanga has authorized the import of vehicles put into circulation "in a period not exceeding 20 years" in the DRC. In 2012, the old Prime Minister Matata Ponyo had decided to forbid the import of vehicles put into circulation 10 or more years ago. Samy Badibanga justifies his decision by "the need to respond to the demand of the transport sector to loosen the import conditions of used vehicles and to take the purchasing power of the population into account."

In his decision, the outgoing Prime Minister states that imported vehicles have to be in a "satisfactory technical state, certified by an inspection center of the country of origin, predetermined by the Ministry of Transportation and Routes and of Finances of the DRC." (Source: Radio Okapi)

Monetary Policy Committee asks for strict respect of the liquidity plan



The governor of the Congolese Central Bank, Déogratias Mutombo, headed a meeting of the Monetary Policy Committee (CPM) dedicated to studying the recent developments of the economic climate in the DRC. The CPM recorded an inflation of 2.39% in March, which brought about the inflation to 17.93% on a year-on-year basis. The interim situation of financial operations of the public treasury at the end of March, displays a deficit of 2.6 billion Congolese francs.

On the exchange market, the Congolese franc has had a depreciation of 4.01%. The foreign reserves are situated at 735.2 billion USD, corresponding to 3.23 weeks of goods and services. The prime rate of the Central Bank remains unchanged at 14%. The CPM requested the state to diversify its funding sources, in particular by speeding up the setting up of a market for short-term debt instruments. (Source: BCC. Photo: forumdesas.org)

Congo-Brazzaville no longer willing to accommodate Afrobasket 2017



The next African championship of male basketball (Afrobasket 2017) will ultimately not take place in Congo-Brazzaville. The Congolese authorities have renounced to organize Afrobasket 2017 from 19 to 30 August, officially for financial reasons. The national and international economy, marked by a fall of the barrel price of oil, aggravated by a very gloomy socioeconomic climate, does not allow the Republic of Congo to fulfil this commitment.

FIBA-Africa tried to discretely make Congo reconsider this decision. The executives of the African basketball were surprised and shocked, because the country has perfect infrastructure, with at least one big and appropriate underutilized hall in Kintélé. This was inherited from the African Plays 2015. (Source: RFI. Photo: congo-brazzaville.niooz.fr)

Congo to copy Gabonese health insurance model



The Ministry of Work and Social Security of Congo and the National Health Insurance and Social Security Fund of Gabon (CNAMGS) will sign a framework agreement of operational technical partnership with regard to the provision of health insurance to the Congolese population. This agreement will give rise to multiple frameworks by this ministerial department at the institution in Gabon, for the purposes of following a training at the CNAMGC, spread out over several months, on the different areas of health insurance.

"Gabon is busy developing a social health insurance model. This model is, according to me, a reference work for Central Africa," the Congolese minister explains. The choice of the Gabonese model follows after several missions by delegations to Rwanda, France and Gabon. These missions were aimed to search for the most developed expertise best adapted to the Congolese reality. (Source: Agence Ecofin. Photo: gabonreview.com)

Fuel and butane gas shortage in Brazzaville



The capital of the Republic of Congo is facing a big shortage of fuel and butane gas. This situation infuriates consumers who are obliged to pass multiple hours in front of the distribution points. It is a paradox for oil producing African countries. Two weeks ago, Equatorial Guinea, which produces around 300,000 barrels of oil per day, faces a severe oil shortage.

One of the causes of the problem in Congo-Brazzaville is the suspension of the activities at the only refinery of the country. This was closed for the entire month of April, to allow maintenance works to be done. The plant provides 30% of the total consumption of the country. The result is an overrun on the few service stations which still have oil in their reservoirs. As a consequence, a jerry can of 25 liters which normally costs 15,000 FCFA has become 17 or 18,000 FCFA. Furthermore, no car tank may be filled entirely. (Source: Agence Ecofin. Photo: brazzaactus.com)

Halt of railway traffic has economic consequences

In Congo Brazzaville, railway traffic between Pointe Noire, economic capital of the country, and Brazzaville, is still interrupted. In November, the destruction of two bridges made the railway line completely inoperable. Two bridges were blasted by armed bandits in the Pool (a region which the railroad crosses). The suspension of the rail line Pointe Noire – Brazzaville has heavy economic consequences: the workers claim three months' wage arrears and face a precarious social situation.

The railway connects Pointe Noire and Brazzaville, or in other words, the ocean and the Congo River, and crosses important production areas, in particular the Pool, which has long been considered as the breadbasket of Brazzaville. According to a source close to the prime minister, the government has already unblocked a billion CFA francs and appointed the company which has to execute the restoration works of the bridges destroyed on the railway. The return of traffic is scheduled for next summer. (Source: RFI)

World Bank to allocate 15 million dollars for digital economy development in Congo



The World Bank group approved an additional funding of 15 million dollars from the International Development Association (IDA) to promote the social protection of the most vulnerable people and to encourage the development of the digital economy in Congo. A first amount of 10 million dollars comes from an additional funding for the Lisungi project.

This is a social safety net system to combat poverty in the country, which will be implemented from July 2017 until December 2019, and the additional funding will reinforce the project's impact. The remaining 5 million dollars will serve as additional funding for the Central African Backbone project on the use of backbone infrastructure. This will be implemented until December 2019, to ensure that the current achievements of the project are preserved. (Source: APA. Photo: worldbank.org)

Dutch Good Growth Fund for Startups



(Photo: ugoon.nl)

The Dutch Good Growth Fund (DGGF) provides customized finance to Dutch SMEs doing business in developing countries and emerging markets. The DGGF is available in 68 countries including the Democratic Republic of Congo (DRC). It contains a number of components, including a fund for Dutch start-ups. Congolese enterprises in contact with start-ups in the Netherlands can thus interest their partners.

Do you have a new product for a DGGF country? Or do you want to introduce an existing product to a DGGF country? Securing financial backing can be difficult. However, the Netherlands Enterprise Agency can provide the financial support you need.

What is it exactly?

DGGF for Startups is a loan for Dutch businesses. The difference between an ordinary loan from a bank and a government loan is that the government is prepared to take on more risk.

Why DGGF for Startups?

The Dutch government is committed to stimulate Dutch enterprises in doing business in developing countries and emerging markets. By creating jobs in those countries, sharing our knowledge and improving production processes, we ensure stimulation of the local economy.

When do you qualify for financial support via DGGF Startup?

Dutch startups that develop products for and/or manufacture in developing countries may qualify for this component of the DGGF fund.

You must qualify for a few conditions, including:

- having a robust business plan;
- having favorable market potential;
- generate local impact;
- the business must be less than 5 years old and Dutch-registered;
- control a (local) operating company in the DGGF country (for example the DRC);
- the business must employ fewer than 50 persons, have an annual revenue or total assets of less than 10 million, and meet the RVO requirements regarding ICSR.

Applying for a DGGF loan

If you meet the conditions, you may be eligible for a DGGF loan. Please fill out the Quicksan and email it to klantcontact@rvo.nl. An expert from the Netherlands Enterprise Agency will contact you regarding your application.

For more information: <http://english.dggf.nl/startup>

The DGGF is a program financed by the Dutch Ministry of Foreign Affairs and executed by the Netherlands Enterprise Agency.

PRACTICAL INFORMATION

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