



Kingdom of the Netherlands

MASOLO

Nr 52 / June 2017



ECONOMIC NEWSLETTER EMBASSY OF THE KINGDOM OF THE NETHERLANDS IN KINSHASA



After five glorious years, the Congolese economy heads towards recession

The last economic growth forecasts for sub-Saharan Africa presented by the Africa department of the International Monetary Fund (IMF) in Dakar are alarming, especially for the DRC. After glorious years between 2002 and 2015 (growth of 7.7% between 2010 and 2015), the growth curve is starting to reverse. For the year 2017, the IMF foresees a growth of 0.6%, bringing it not far from a recession. The IMF encourages the sub-Saharan economies to look after the informal sector. It is urgent, prescribes the IMF, to improve the public revenues and to broaden those away from the oil sector. "They also have to reduce public expenditure in a smart way," Roger Nord, deputy director of the Africa department of the IMF, continues.

For the first time, the IMF report looks into the informal sector, which has thus far been considered as a rather sore point. However, the Fund now estimates that these companies, which pay neither taxes nor social contributions, are essential for the population. As per the countries, these companies represent between 25% and 65% of the GDP in sub-Saharan Africa and between 30% and 90% of its non-agricultural employment. The Fund advises to improve their mediocre productivity and enable their access to credit and infrastructure (especially electricity) in order to help them to grow and to become "formal", one day. (Source: Le Potentiel. Photo: sekoucherif.mondoblog.org)

From the Netherlands

- PAGE 2**
- Amsterdam named 5th best city for tech companies, start-ups
 - Dutch business benefits from growth of electric transport in 2016
 - Dutch family company Blokker to close hundreds of stores; 1900 jobs lost
 - MIGA event: insurance of investments in developing countries
 - Dutch economy grows for twelfth consecutive quarter

Headlines from the DRC

- PAGE 3**
- ABB scores contract of 30 million USD for modernization of transmission network
 - DRC to re-evaluate new mining code
 - Albert Yuma re-elected for the fifth time as head of the FEC
 - First Cobalt makes its entry in the DRC's cobalt sector
 - IMF chief proposes visit to Congo amid economic slump
 - Comesa: TDB, ATI and ZEP-RE determined to boost Congolese companies
 - Bukangalonzo: millions of dollars gone up in smoke?

Headlines from Congo-Brazzaville

- PAGE 4**
- Promising macroeconomic perspectives for 2018
 - Fnac pursues its offensive on the African market
 - A new parliament built by Chinese
 - Agreement between autonomous port of Pointe-Noire and French company SOMDIAA
 - Cameroon/Congo: cross-border dam of Chollet

PAGE 5 Post Scriptum

- Photo report : King's Day
- Practical Information & Contact

2 From the Netherlands

MIGA event: insurance of investments in developing countries



Investments in developing countries and emerging markets carry a lot of risks with them. The MIGA event on 21 June in The Hague will provide an opportunity to learn how to cover risks for investments in developing countries and emerging markets. At the meeting, the organizations Atradius and MIGA will talk about this. Atradius is a well-known partner in the Netherlands for the insurance of investments in developing countries and emerging markets.

MIGA is an insurance component of the World Bank and covers government related risks, like the risk of nationalization and non-exchangeability of local currency, but also the payment risk when the local government is the customer. A company that has made use of MIGA services will also be given the floor. After the plenary presentations, you will be able to submit your own case during a one-on-one conversation. Such a conversation has to be requested well in advance. The event is free. See the RVO website for more information.

(Source: rvo.nl. Photo: unitedwayduluth.org)

Dutch economy grows for twelfth consecutive quarter



In the first quarter of 2017, Dutch GDP grew with 0.4%. Compared to a year earlier, GDP grew with 3.4%. According to the central statistics bureau (CBS), the growth is 'widely supported': by more exports, investments, and consumption. Consumers spent more, especially on clothes and electronic devices. Of all sectors, construction and business services experienced the highest growth. Trade, transport, hospitality, industry and ICT are doing well too. The number of bankruptcies dropped once again.

Exports are increasing, and trust among producers is at its highest level in nine years. Consumers also have a lot of confidence in the economy: consumer confidence came to the highest level in sixteen years in April. The economic growth is clearly visible in the job market. There were 13,000 new vacancies in the first quarter, the highest growth in the past ten years. The number of jobs grew with 56,000. As a downside, however, the growing economy also causes a growth in CO2 emissions.

(Source: NRC.nl. Photo: telegraaf.nl)

Amsterdam named 5th best city for tech companies, start-ups



Amsterdam was ranked 5th in real estate advisor Savills' list of attractive locations for technology companies in the world, out of a total of 22 cities. The Dutch capital is praised for how well it is connected to other cities, largely thanks to international airport Schiphol, its skilled workers, its attractive living environment and the fact that almost everyone in the city can speak English.

According to the report, Amsterdam is vibrant and its large university population is a "magnet for talent". Where London performs better on tech environment, property in Amsterdam is half the cost. The fact that Amsterdam has little pollution and crime and many possibilities for leisure and night life, also counted heavily in the Dutch capital's favor in the ranking. While office space is relatively expensive in Amsterdam, the Dutch tax system is regarded as very attractive. According to Financieel Dagblad, Amsterdam now counts 1.3 startups per 1,000 people. (Source: nltimes.nl. Photo: hva.nl)

Dutch business benefits from growth of electric transport in 2016

In 2016, almost 25,000 new electric cars were registered in the Netherlands. The number of public charging points grew from 7,400 to almost 12,000, an increase of over 60%. The Dutch business sector benefits from this. Employment in the electric transport sector increases with almost 900 new fulltime jobs. These figures are published by the Netherlands Enterprise Agency in the Annual Electric Transport 2016, on behalf of the Ministry of Economic Affairs. In November, the Netherlands welcomed the 100,000th electric personal car, as second European country after Norway. By the end of December, there were 115,223.

Electric driving is an innovation that offers economic opportunities for Dutch business. Dutch companies are internationally active in charging infrastructure, charging services, component production and production of light electric vehicles, including electric scooters. Dutch companies VDL and Ebusco are important suppliers of electric buses both within the Netherlands and abroad. (Source: rvo.nl)

Dutch family company Blokker to close hundreds of stores; 1900 jobs lost



Dutch family company Blokker is selling all its shop chains except household supply chain Blokker. 1900 jobs will be lost. The company is selling its chains Xenos, Intertoys, Bart Smit, Maxi Toys, Big Bazar and Leen Bakker. Marskramer will continue solely as franchise formula. Only the biggest subsidiary Blokker will remain within the Blokker family, although this too will undergo major changes. Out of 533 branches, 100 will close.

The closure of these branches and the decommissioning of the headquarters will cause 1900 jobs to be closed. Blokker Holding has agreed a social plan with the trade unions. Next to this, the sale of its chains will certainly cause more people to lose their jobs. The closure of all chains except for Blokker will mark the end of a huge retail group that the brothers Jaap and Albert Blokker have constructed since the 1970s. At its height in 2010, the group consisted of 3,000 stores. Only 400 will remain. (Source: NRC.nl. Photo: emergence.nl)

IMF chief proposes visit to Congo amid economic slump

International Monetary Fund Managing Director Christine Lagarde has written to Democratic Republic of Congo President Joseph Kabila to propose a visit from IMF officials amid a deepening economic crisis. The rare move by the IMF's top official to outline such a proposal directly to a head of state underscores concerns about rapid currency depreciation, low foreign reserves, violent political upheaval and a dire need for cash.

The franc has lost half its value since last year, and inflation jumped from under 2 percent in 2015 to over 25 percent last year. Finance minister Henri Yav said he discussed the letter at length with IMF officials during a visit to Washington. "The letter was received ... The visit will take place," he said, adding that the government will respond. Yav declined to elaborate on the contents of the letter. The IMF's representative in Congo declined to comment. (Source: Reuters)

Comesa: TDB, ATI and ZEP-RE determined to boost Congolese companies



At the national forum on financing opportunities which was held in Kinshasa, TDB (Trade and Development Bank of Eastern and Southern Africa), ATI (African Trade Insurance Organization) and ZEP-RE (Regional Reinsurance Company) manifested their intent to share their expertise with Congolese companies which desire so. "We are at the stage of finalizing a line of credit of about 250 million USD with the Congolese government," Mr. Kodjo Attaty, the representative of TDB, specified.

The representative of ZEP-RE, Mr. Thierry Ravoaja, underlined that "to accompany these insurance companies, we dispose of a sales revenue of 130 million USD." These institutions of the COMESA – TDB, ATI and ZEP-RE – have as objective to create profitable business models to improve access to financing in a consistent manner. (Source et Photo: Forum des As.)

Bukangalongo: millions of dollars gone up in smoke?

Soon three years will have passed since the Bukangalongo project (agro-industrial park) was launched. The activities did not take off. The industrial site has not yet been provided of electricity. The poor corn production has slowed down to the point of disappearing from the local markets. Kinshasa inhabitants wonder how the 83 million USD invested in this agro-industrial park have really benefitted, as well as the 100 USD invested in the construction of the International Market of Kinshasa.

The alarm call comes from the Civil Society of Kwango, the province that granted 800,000 hectares to this agro-industrial park. Agents were fired without any valid motives last year. A second wave left five months ago without any final accounts. While in Kinshasa sales points are closed and the products have become a worrisome scarcity, the production by Bukangalongo serves other countries, amongst which South Africa. At the same time, the DRC is facing food insecurity. (Source : Zoom Eco)

ABB scores contract of 30 million USD for modernization of transmission network



The multinational ABB recently signed an agreement of 30 million USD with SNEL, the energy company of the Democratic Republic of Congo (DRC), for a partial modernization of the high voltage transmission line Inga-Kolwezi (HVDC). The infrastructure transports the energy produced by the hydroelectric plant of Inga, located in the Congo River, towards the mining district of Katanga, in the south-east of the country. Extending over 1,700 km, it was at the time the longest electric line in the world.

Its modernization will allow to almost double its transmission capacity which will mount from the current 520 MW to 1000 MW, in order to improve its reliability and to extend its service time. "We are delighted to continue our collaboration on the transmission line Inga-Kolwezi with Congo and to contribute to strengthening the energy infrastructure of the country," Claudio Facchin, the president of ABB, stated. (Source: Agence Ecofin. Photo: new.abb.com)

DRC to re-evaluate new mining code

Democratic Republic of Congo's legislators are set to review the mining code. This is said to be crucial for the country, as the nation needs the higher revenues, which a revised legislation would generate. The country's government abandoned plans to change the mining code in February last year, on fears the move would drive away investors at a time of historically low commodity prices and energy shortages that were hurting output in the country.

Top mining companies including Glencore, Randgold Resources and China Molybdenum currently operate in the DRC, which is Africa's top copper producer and the world's largest source of cobalt. Through the chamber of mines, an industry lobby group, companies have opposed the approval of a new code, saying that while it would boost government revenues, it would also make them unprofitable. Activists, however, dismiss those claims and argue higher revenues are crucial to supporting public services. (Source: Mining.com)

Albert Yuma re-elected for the fifth time as head of the FEC

The president of the Congolese Enterprise Agency (FEC), Albert Yuma, has been re-elected for a fifth consecutive mandate at the head of this agency. Mr. Yuma placed its new mandate under three main axes: agriculture as top priority, the promotion of industry and the promotion of young entrepreneurship. According to him, agriculture is the base of all development mechanisms. He claimed that industrialization is a key factor for sustainable development for a country and for diversification of its economy.

Concerning the last axis on the promotion of entrepreneurship by young people, Mr. Yuma committed to develop the FEC's capacities to accompany young people in setting up companies in the framework of a joint program under development of the International Bureau for Work and the FEC. This framework will have as objective to promote and develop SMEs set up by young people. (Source: ACP)

First Cobalt makes its entry in the DRC's cobalt sector



The Canadian junior mining company First Cobalt has signed a letter of intent with JayBird Invest, an associate of Madini Minerals, to acquire a holding of 70% on seven copper/cobalt prospects in the DRC, of a total surface of 192 km². As per the terms of the agreement, at the closing of the transaction, the company based in Toronto will pay its counterpart 1.58 million Canadian dollars, of which 600,000 in cash and the rest by the issuance of 4.53 million shares.

Moreover, Madini Minerals, which will be acting as operator of First Cobalt on the seven prospects, will have a participation of 8.5% in the company and will name the Congolese Serge Ngandu in its board of directors. "The DRC represents more than 60% of the global cobalt production and we see an important exploration potential here," declared the CEO of First Cobalt. (Source: Agence Ecofin. Photo: wn.com)

Agreement between autonomous port of Pointe-Noire and French company SOMDIAA



SOMDIAA, the Organization, Management and Development Company of Food and Agriculture Industries, announced the signing of an agreement between the Congolese authorities on the construction and exploitation of an industrial site in the port of Pointe-Noire, in a press communication published on 15 May 2017. Compounding a mill, a corn mill and a factory of animal nutrition situated in the port area, and chick breeding in the periphery of Pointe-Noire, the project will be driven by the Company "les grands moulins du phare (SGMP)", established for this occasion.

The different unities will annually produce about 70,000 tons of wheat flour, 9,000 tons of corn rice, 10,000 tons of animal nutrition and 1 million chicks, destined for the domestic market. 70 direct jobs and a hundred of indirect jobs will be created too. SOMDIAA is a French agro-alimentary company present in francophone Africa for over 60 years.

(Source: Jeune Afrique. Photo: afrique-centrale.fr)

Cameroon/Congo: cross-border dam of Chollet



Cameroon and Congo have agreed to recruit a partner for the construction of a dam which will cost between 354 and 670 billion FCFA through tenders. It was also decided to finalize the drafting of a manual of the project's procedures. In January 2017, Cameroon allocated a budget of 1.09 billion FCFA to the fiscal years 2015, 2016 and 2017. Congo contributed 950 million FCFA to the fiscal year of 2017.

Together this is an available amount of 2.04 billion FCFA. The budget allocated to the fiscal year of 2017 has been broken off at 1.9 billion FCFA. Concerning the works, the parties reaffirmed their interest in making the hydroelectric development project of Chollet the foundation of the electricity interconnection between the two countries and perhaps with other neighboring countries in the framework of agreements of the Central African Power Pool. (Photo: cd.undp.org)

Promising macroeconomic perspectives for 2018



The World Bank predicts an upturn of the macroeconomic situation of the Republic of Congo with a growth rate estimated at over 3% in one of its reports. These perspectives take into account the growth of the oil production, which experts consider to be the main driver for this anticipated growth for 2017-2018. The economy could get out of the rut with the start of production of the Mo-ho-Nord site, allowing the country to achieve 350,000 barrels of oil per day in 2018.

The start of exploitation of natural gas deposits by the Italian company ENI could also contribute thereto. In Congo, the impact of the oil crisis is more and more sensible on the ground. The situation caused infrastructure construction works to stop and several companies of BTP to close, as well as a reduction of the state budget in 2015 and 2016. (Source: Xinhua. Photo: oeildafrique.com)

Fnac pursues its offensive on the African market

In June, Fnac will open a franchised store in Brazzaville, offering its clients the whole gamma of products that the brand offers: books, movies, music, games, electronic and computing devices. Since a few years, Africa attracts big French brands, to which Fnac makes no exception. In 2015, the brand opened its first store in Abidjan (Côte d'Ivoire); a second one followed a few months later.

This was only a first stage in its expansion in Africa. "Fnac wishes to develop in Africa," Alexandre Bompard, the CEO of the chain reacted in a press communication in 2015. This growth manifests itself little by little, especially thanks to the partner which Fnac has chosen: Mercure International of Monaco. This import-export company is specialized in sport, beauty and real estate, and is present in 17 countries. (Source: actualitte.com)

A new parliament built by Chinese



The Congolese president Denis Sassou Nguesso launched construction works of new headquarters of the Parliament in Brazzaville, valued at more than 50 million euros, in a difficult economic context. The construction of the new base for the Parliament in the center of Brazzaville is estimated at more than 34 billion FCFA (52 million euros) and will be executed thanks to a donation of the Chinese government to the Congolese government, according to the authorities of the two countries.

The construction of the work is entrusted to the Chinese company Jiangsu provincial construction Ltd, for a foreseen period of 40 months. "The project contributes to open the capital city to modernity" and "remains one of the biggest cooperation projects realized by China in sub-Saharan Africa in the form of a donation", Jean-Jacques Bouya, minister of planning of the territory of Congo, was pleased to share. (Source: AFP. Photo: 242infosnet.org)

POST SCRIPTUM

Photo report : King's Day

Tuesday 23 May, the Dutch embassy in Kinshasa celebrated King's Day, as every year. We are happy to share a few pictures of this festive evening with our regular readers.



PRACTICAL INFORMATION

Embassy in Kinshasa

Contact

11, avenue Nzongotolo
Immeuble Residence 55, Kin-Gombe

Phone: +243 99 6050 600
Emergencies: +243 99 818 62 24
Fax: +243 99 6050 629
E-mail: kss@minbuza.nl

Postal address

Lokatie 309 / ZMA Kinshasa
Postbus 12200 - 2500 DD Den Haag

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
B.P 277 M'Pila - Brazzaville

Opening hours

Monday - Friday 09:00-16:00 (Consulate)
Tuesday & Thursday 09:00-12:00 (Consular affairs)

Honorary Consul

Ms. Hilly-Anne Fumey

Phone: +242 06 924 14 07

E-mail: hamvanbaggum@yahoo.fr

For comments, suggestions and remarks on this Newsletter, or any others business, please contact the Embassy's economic policy officer:

Phone: +243 99 060 50 627

E-mail: kss-hb@minbuza.nl

Disclaimer

You have received this Newsletter because you have had previous contact with the Embassy of the Kingdom of the Netherlands in Kinshasa, DRC. Please send an email to kss-hb@minbuza.nl with "remove from mail list" in the subject line if you no longer wish to receive this newsletter.

The content of this newsletter does not reflect the views of the Embassy of the Netherlands in Kinshasa. It is merely a resume of news articles, from both national and international newspapers and news agencies. Credit photos: internet

Join our network at www.linkedin.com



Mr Gerard Michels (Ambassador)

Mrs Corina van der Laan (Deputy Head of mission)

Mr Francis Wilanga (Sr Economic policy officer)

Ms Sandy Makola (Economic policy officer)

Ms Merel Geudeke (Intern)