



ECONOMIC NEWSLETTER EMBASSY OF THE KINGDOM OF THE NETHERLANDS IN KINSHASA



BNP Paribas is withdrawing from the DRC

Humiliations, desertion, treason. Not very positive words coming from the Belgian cousins' mouths to express their grim anger regarding the decision of the French banking group BNP Paribas to pull out of the Democratic Republic of Congo (DRC). To justify the departure, the French bank invokes problems of good governance. Numerous Belgian clients who settled in the country are involved in raw materials, a sector that is known for its lack of transparency. After its judicial disappointment in the USA, BNP Paribas is progressively withdrawing from this obscure business in the framework of refocusing on retail banking and financing of companies.

Another argument in favor of the withdrawal is that BNP Paribas inherited the clients in question throughout the repurchase in 2009, from Belgian and Luxembourgish banking activities from the bankrupt Fortis bank. Fortis had acquired this portfolio throughout the recovery, four years earlier, from the Belgolaise bank. The sudden closure of accounts belonging to Belgian companies, of which some have been working in the DRC for over a century, provoked anger among the Belgian business world, which accuses their banker of double standards. Appalled, Belgians point at the continuation of BNP Paribas in Chad, the Central African Republic, Congo-Brazzaville and Gabon, countries which face the same problems as the DRC. (Source: Le Point/ Sud Info/MCN. Photo: ibtimes.com)

From the Netherlands

PAGE 2

- Industry signs agreement for 'fair' gold
- Netherlands in top 5 of Europe's most innovative countries
- Higher than expected growth for Dutch economy this year
- Many applications for Fund against Child Labour
- Boost for sustainable trade with Asia, Africa and Latin-America

Headlines from the DRC

PAGE 3

- First "Arabica" coffee produced in the DRC
- Kinshasa asks mining companies to return 40% of their foreign currency earnings to the DRC
- Afriland buys back FiBank
- 1 dollar = 1,900 FC by the end of 2017
- Copper production record in 2017
- Fraud by cellphone companies: the DRC loses 17.6 million USD per month
- Foreign direct investments: decline of more than 20% for the DRC in 2016

Headlines from Congo-Brazzaville

PAGE 4

- SUNU Assurances to settle down in Congo-Brazzaville
- Brazzaville mall: an ambitious commercial center
- Relaunch of debt relief France-Congo
- Economic crisis in the CEMAC region
- IMF committed to help Congo kick-start sustainable economic growth

PAGE 5

Post Scriptum

- International agricultural fair of Kinshasa from 18 to 27 August 2017
- Practical Information & Contact

2 From the Netherlands

Many applications for Fund against Child Labour



12 June was the International Day against Child Labour. The reduction of child labour got a lot of attention in the Netherlands, which is reflected by the number of applications received by the Fund against Child Labour. From the end of January until the end of April 2017, parties could apply for financial support to identify and address child labour within their supply chain. The Fund supports companies and their partners to combat child labour in global chains. To this end, a budget of 4.5 million Euros has been made available.

Within the Fund, a distinction is made between 2 tracks. Due Diligence (DD): companies do research in the chain and improve their own management processes and those of their suppliers. Multi Stakeholder Initiatives (MSI): companies and NGOs' work together to ban child labour from the chain. Applications for Multi Stakeholder Initiatives have been most abundant. The applications are very diverse and come from many different sectors. (Source: rvo.nl. Photo: csglobe.com)

Boost for sustainable trade with Asia, Africa and Latin-America



CSR Netherlands has introduced a new way of stimulating sustainable trade with emerging markets. In the program 'Turnover with impact', groups of Dutch companies are linked to entrepreneurs in Asia, Africa and Latin-America. The aim: to sustainably source, produce and deliver, and thereby contribute to the Sustainable Development Goals. Dutch entrepreneurs that do business with developing countries signal a lot of opportunities. They also want to take responsibility, but have difficulty concretizing it.

Simultaneously, trading partners in developing countries would like to invest in corporate social responsibility (CSR), but are missing the financial means and security to do so. In order to solve both problems, CSR Netherlands links small coalitions of entrepreneurs in the Netherlands and emerging markets. After a study into promising market opportunities, a plan is drawn up for the realization of fair trade and investment relations. This matchmaking opportunity currently exists for eleven countries. (Source: mvnederland.nl. Photo: overondernemen.com)

Industry signs agreement for 'fair' gold



The Netherlands is the first country to get a covenant for sustainable gold trade. Gold smiths, dealers, aid organizations and the government put their signature under an accord that is supposed to make the origins of gold more transparent. In the future, they may also tackle abuse in gold mines. The Federation Gold and Silver and the Dutch Guild of Goldsmiths have promised to develop, within six months, a code of conduct that will make the origins of transparent.

Smartphone maker Fairphone and electronics concern Philips will work together with non-governmental organizations to set up a project to improve the working environment in small goldmines in Uganda. The start-up Closing the Loop is also involved with the project. The Covenant Responsible Behavior was established under the guidance of the Social Economic Council. Previously, the textile and banking sector made similar arrangements. (Source: fd.nl. Photo: neweuropeinvestor.com)

Netherlands in top 5 of Europe's most innovative countries

The Netherlands is Europe's fourth most innovative country, according to the European Commissions' European Innovation Scoreboard for 2016. Sweden took first place, like in 2015, followed by Denmark and Finland. The United Kingdom makes up the top 5. The Commission looked at 27 indicators to determine the EU countries' innovative power. These include investments in skills, entrepreneurship and public-private cooperation in the field of innovation. The Netherlands scored well on the quality of scientific publications, the proportion of SMEs that contribute to innovation and the cooperation between companies.

The Netherlands also came in fourth place in the ranking for the fastest growing innovators in Europe. Over the past six years, the country's innovative power increased 10.4% more than the EU average. "Through intensive cooperation between companies, knowledge institutions, innovation power and, consequently, the competitiveness of the Netherlands have been further strengthened in recent years", Minister Henk Kamp of Economic Affairs said in response. (Source: nltimes.nl)

Higher than expected growth for Dutch economy this year



The Dutch economy will grow by 2.4 percent this year and 2 percent next year, central planning office CPB expects in its latest estimation. In the previous estimation in March, the CPB expected 2.1 percent and 1.8 percent growth for 2017 and 2018, respectively. Unemployment is expected to continue its decline, to 4.9 percent this year and 4.7 percent next year. The government finances also look healthy, with a surplus of 0.5 percent expected for this year and 0.7 percent for next year.

Consumption, investment and exports will be the driving forces behind the economic growth. Households will benefit from higher available income and a slight increase in purchasing power. The improving economy is not yet fully felt, especially when it comes to wages. Contract wages are expected to increase by only 1.7 percent this year, and 2 percent next year. The increasingly flexible labor market can partly be blamed for the relatively small increases. (Source: nltimes.nl. Photo: nu.nl)

Copper production record in 2017

The Chamber of Mines of the Democratic Republic of Congo (DRC) stated it expects a record production of 1.05 million tons of copper in 2017, an increase of 2.4% as compared to last year. The DRC is breaking records in terms of copper production. In 2015, the copper production in the DRC passed below the bar of a million tons, to 995,805 tons, against 1.03 million tons in 2014.

It was the first decline in the copper production registered in the DRC since 2009. This situation drastically impacted the economy of the country, which is strongly supported by the copper production. Approximately 95% of the export revenues derive from the mining industry in the DRC. Furthermore, the Chamber of Mines equally foresees that the gold and cobalt production will grow by 2.8% and 3.9% respectively this year. (Source: Financial Afrik)

Fraud by cellphone companies: the DRC loses 17.6 million USD per month



The fraud was detected by the French company EnterpriseTélécom, represented in the DRC by Business Company Consulting, with which the Congolese government signed a contract to combat telephone fraud. The shortfall detected by this company concerns phone calls and text messages only. Internet and electronic money transfers have not been taken into account. Vodacom and Airtel would have not declared at least 55 million of their realized dollars, causing a loss of more than 32 million dollars for the public treasury.

Same case for Africell, which has hidden more than 10 million dollars, depriving the public treasury of 3.2 million dollars. The Congolese government would have lost at least 35 million dollars in total, in two months only. According to Business Company Consulting, the fraud would have most targeted domestic calls, which represent 90% of the operators' phone traffic. (Source: Radio Okapi. Photo: cnn.com)

Foreign direct investments: decline of more than 20% for the DRC in 2016

In its last report dating from June 2017, the United Nations Conference on Trade and Development (UNCTD) indicated a reduction of 28% of foreign direct investments (FDI) registered in the country, representing an external injection of only 1.2 million USD. This represents a decline of 7% compared to research done in 2015.

The FDI have retreated 15% in the whole Central African region. Furthermore, the UNCTD study confirmed an important presence of Asia in Africa, despite the strong decrease of foreign investments. In 2016, Africa represented half of the top 10 destinations for Asian investments. UNCTD intends to be reassuring, projecting an increase of 5% of FDI which would amount to 1,800 billion USD in 2017. (Source: Adiac Congo)

First "Arabica" coffee produced in the DRC



The managing director of the National Office of Coffee (ONC), Augustin Bompate Bo-Lounda, indicated in an interview that "Arabica" coffee, sold for 10 dollars/kg and produced for the first time in the DRC, is prized on the international markets. The coffee is produced alongside the lake in the provinces of North and South Kivu. Next December, a coffee roasting machine will be installed in Kinshasa.

It was purchased in Spain with ONC's own funds for the processing of ground coffee of good quality, destined for export. The second machine will be installed along the Tanganyika Lake, for commercial transactions of coffee and cocoa. A new representative office of ONC will be opened soon, as well as an experimental field for the cultivation of coffee and cocoa. In Kinshasa, a modern laboratory for the processing of coffee and cocoa will be installed. (Source and photo: Mediacongo)

Kinshasa asks mining companies to return 40% of their foreign currency earnings to the DRC

The decision aims to combat the lack of foreign currency in the country, according to the Minister of Economy. "I was just instructed by the head of state to request mining operators located in the country to repatriate, 40 % of the foreign currency earnings on every mineral exportation in accordance with the law," Joseph Kapika, the Minister of Economy, declared at the closure of the mining week in the DRC.

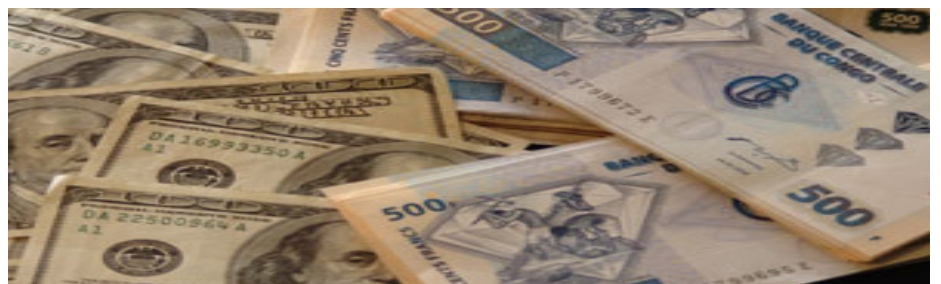
Since the beginning of 2016, the situation of the public finances of the country has continued to deteriorate. Currently, the Congolese Franc (FC) lost half of its value as compared to the dollar. One dollar is worth 1,550 FC on the exchange market today. In addition to this economic and social crisis, there are political crises too, worsened by the holding onto power by president Joseph Kabila, whose mandate expired on 20 December last year. (Source: VOA)

Afriland buys back FiBank

Since 12 June 2017, all depositors of the First International Bank RDC (FiBank RDC Ltd.) can carry on their transactions under the label of the Afriland First Bank RDC Ltd. This is because of FiBank's forced dissolution due to toxic assets and debts. Consequently, all the deposits of their clients are transferred to Afriland, which has taken over the entirety of the commercial network. The debtors will be notified of the transfer of their belongings into the books of Afriland, and all working contracts will be terminated.

The organization employed 113 agents, held 24,819 open accounts and deployed a commercial network of 14 agencies. The deterioration of its financial situation obliged the regulation and control authority to abandon the initial option to save and recover the infected bank in its entirety and to proceed with its liquidation. (Source: L'Avenir)

1 dollar = 1,900 FC by the end of 2017



A mission of the International Monetary Fund (IMF), led by Mario de Zamaroczy, passed by Kinshasa. It expressed clear language towards Congolese political leaders. Mr. de Zamaroczy stated: "The situation is grave. Why this state of affairs? Firstly, there is the exterior choc following the price drops of raw materials and, secondly, the political deadlock created in the DRC. The budget (of the government of Bruno Tshibala) was formulated either based on unrealistic or fantasy hypotheses, the choice is yours."

The foreseen inflation is 19%, while it was already at 12% at the end of April and 19% will be achieved in June. "The realistic forecasts are 45% by the end of the year. Currently, the exchange rate foreseen by the government is 1,600 Congolese francs for 1 dollar, whereas this will be 1,900 or 2,000 Congolese francs by the end of the year." (Source: Autre Media. Photo: Lavdc.net)

Economic crisis in the CEMAC region



The banks of the Economic and Monetary Community of Central Africa (CEMAC) are facing a cash deficit. The 5 oil producing countries of the area, among which Congo, are affected hard by the price drops of barrels. The decrease of the oil income pushed the International Monetary Fund to introduce a choc therapy for them. The CEMAC countries also had to resort to the capital market to obtain the necessary funding for their functioning and for public investments.

Banks are requested important withdrawals of funds, but also direct and indirect loans. Currently, the banks are facing a cash deficit, referred to as critical by specialists. In response, the Bank of Central African States (BEAC) prepares the establishment of an urgent liquidity arrangement mechanism for the banks, before the end of the year. (Source: BBC. Photo: Tchadinfos.com)

IMF committed to help Congo kick-start sustainable economic growth



The head of the IMF delegation, Abdelaziz Waney, committed in name of his organization, to help Congo in its formulation of an economic program, to lay the foundation for sustainable growth in the country. "We have discussed with the president of the Republic how the IMF can help Congo in its formulation of an economic and financial program to lay the foundation for sustainable growth which would bring about a significant improvement of the quality of public finances," Mr. Abdelaziz Waney stated.

He continued: "The new economic policy will have to work as such so that the investment policy of the President of the Republic can be maintained and that the social sectors can benefit much more from important funding." Throughout its Congolese visit, the IMF delegation visited some industrial infrastructures, among which the industrial complex of Maloukou, situated 60 km north of Brazzaville. (Source: APA. Photo: Lobserveur-rdc.com)

SUNU Assurances to settle down in Congo-Brazzaville



SUNU Assurances wants to open its 15th representation on the continent, in Congo. By opening a subsidiary in Brazzaville, the group wants to profit from the Congolese insurance market which is often presented as a big potential market. It also wishes to spread its expansion strategy over francophone African countries. Created in 1998 by the Senegalese Pathé Dione, SUNU Assurances ("our insurance" in Wolof, national language in Senegal), has known a big growth thanks to the successive purchases of several historical insurance subsidiaries, such as Axa, "Union des Assurances" (Union of Insurances, UA), "Alliance Africaine d'Assurances Vie" (African Alliance of Life Insurances, 3A-Vie) etc.

Currently, the group offers health insurance products (such as life and personal risk insurance), as well as property insurance (for fire, accidents, diverse risks). The announcement of the arrival of SUNU Assurances in Congo has been welcomed by the Ministry of Finance, Budget and the Public Portfolio, which sees an opportunity to develop the insurance market of the country. (Source: Africapostnews. Photo: Financial Afrik)

Brazzaville mall: an ambitious commercial center

At the end of the year, the company Vision Real Development (VRD) will open the Brazzaville mall in Mpila. This is an ambitious project which aims to develop a modern shopping space, but also to strengthen the attractiveness of the venues by opening an arts gallery devoted to artists. "Our objective is to promote Congolese culture in the space of the future Brazzaville mall," Aurélia Liande stated.

She specified that "the space will be intended for restaurants, shopping and leisure through movie theaters, and will offer artists a good opportunity to expose their works." The VRD project goes beyond that of the Brazzaville mall. It will expand beyond the walls to leisure activities along the cornice, accessible to a high number of people. Every brand will participate in this project through a vast sales area. (Source: ADIAC)

Relaunch of debt relief France-Congo



A compromise was found between the two parties, coming from the orientation committee following the debt relief and development contract (C2D), which was held in Brazzaville. Out of a global cost of 229 million euros of the contract, of which 220 million are allocated to different projects, 160 million have been invested and 68.5 million have been disbursed. Rather than a "dry" annulment, France decided to execute a refinancing mechanism by donations of the due payments.

Congo continues to fulfill the debt service, but, as soon as the repayment is noted, France redistributes a subsidy of an equivalent amount to finance programs combating poverty, selected from a common agreement with Congo. The objective of this mechanism is to ensure that the clear financial margins of the annulment of the debts are earmarked towards the priority sectors of the strategy to combat poverty in the country. (Source: ADIAC. Photo: Ici Brazza)

POST SCRIPTUM

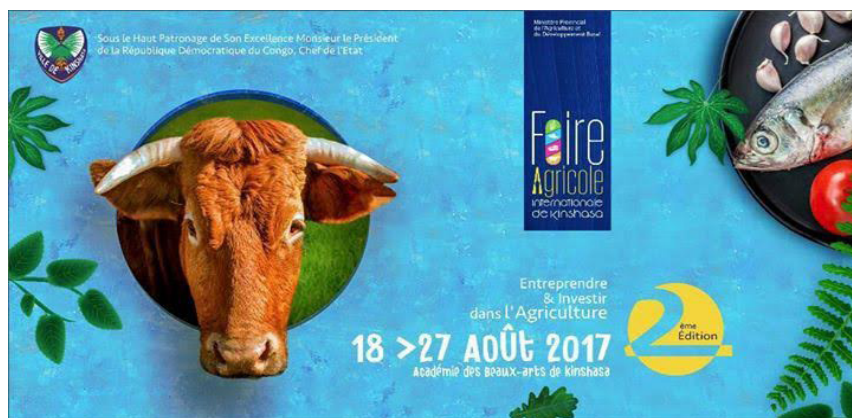
International agricultural fair of Kinshasa from 18 to 27 August

After the success of its first edition in 2016, the second edition of the international agricultural fair of Kinshasa (FAIKIN) will be held from 18 to 27 August, at the Academy of Fine Arts of Kinshasa. The National Agency for the Promotion of Investments (ANAPI) expresses its support for all investors which will participate in FAIKIN 2017, but also for those which wish to settle in the DRC to develop their agricultural projects here.

The international fair of Kinshasa is designed as a strategic method to promote agricultural investments in the DRC, revaluation Congolese products and outreach new agricultural technologies. It falls within the dynamic of the National Agricultural Investment Plan 2013-2020, of which the main objectives are:

- Stimulating an annual growth supported by the agricultural sector to reduce poverty;
- Ensure food and nutrition security of the Congolese population;
- Generate jobs and incomes in a sustainable manner.

For more information, please contact the organization team on the number +243 815 520 441.



The next Masolo edition will be launched in September 2017. Meanwhile, the editorial team wishes you wonderful holidays!

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)

