

AFRICA RISK CONSULTING**Democratic Republic of the Congo Monthly Briefing August 2016**

Democratic Republic of the Congo Summary 31 August 2016

Veteran Union pour la Démocratie et le Progrès Social (UDPS) opposition leader Etienne Tshisekedi returns to the Democratic Republic of the Congo (DRC). His arrival invigorates the opposition to president Joseph Kabila (2001-present). Opposition parties hold a number of large rallies in Kinshasa across the month and refuse to participate in a dialogue with the government over delayed elections. State-owned mining company La Générale des Carrières et des Mines (Gécamines) announces a 40% increase in output from 2016 to 2017 due to new machinery coming online. However, the prime minister's office announces a 20% decrease in overall output for 2016 as Switzerland-based Glencore Plc delays re-opening its Katanga Mining project until 2018. The World Health Organisation (WHO) successfully vaccinates 7 million people against yellow fever in Kinshasa. However, the onset of the rainy season poses a risk that the disease could spread further.

Tshisekedi's return to DRC increases opposition pressure on Kabila

Veteran **Union pour la Démocratie et le Progrès Social (UDPS)** opposition leader **Etienne Tshisekedi** returned to the **Democratic Republic of the Congo (DRC)** on 27 July after two years of medical leave in **Belgium**.¹ Tshisekedi returned to head up the opposition movement to president **Joseph Kabila** (2001-present). The return follows the effective sidelining of opposition presidential candidate **Moïse Katumbi** due to injury and an outstanding arrest warrant.² Katumbi is trying to return to DRC to fight his three-year sentence for alleged property fraud; however, the government reportedly denied his aircraft permission to land on 31 July.³ Tshisekedi's return appears to have invigorated opposition support in the capital where he is a highly popular figure.⁴ However, concerns remain over his age – he is 83 – and his health, which remains poor.⁵ In addition to the rally that greeted Tshisekedi's return, tens of thousands of opposition demonstrators also gathered on 31 July in Kinshasa to demand Kabila's resignation.⁶ Tshisekedi addressed the rally saying that:

"If the electoral commission does not convene the election [within the term limits], it will be high treason."⁷

Tshisekedi escalated the political tension on 20 August by rejecting the government's offer for a national dialogue. This ends uncertainty over his position on the talks – he met Kabila's representatives in **Spain** and **Italy** in 2015, but demanded on 26 July that the **African Union (AU)**-appointed mediator for the dialogue, former prime minister **Togo Edem Kodjo**, resign due to an alleged pro-Kabila bias.⁸ Talks were due to begin on 23 August but Tshisekedi called for a general strike instead.⁹ However, the strike was not well attended, with only a few hundred people gathering

¹ Le Phare, 27 Jul 2016.

² Le Phare, 27 Jul 2016.

³ Reuters, 31 Jul 2016.

⁴ Reuters, 7 Aug 2016.

⁵ Reuters, 7 Aug 2016.

⁶ La Phare, 31 Jul 2016.

⁷ Tshisekedi in La Phare, 31 Jul 2016.

⁸ Radio Okapi, 26 Jul 2016.

⁹ Radio Okapi, 20 Aug 2016.

on the streets of Kinshasa.¹⁰ Opposition parties, however, did not attend the dialogue meeting. The only opposition leaders who turned up were Tshisekedi's former chief of staff **Albert Moleka** and **Jean-Lucien Bussa**, president of the minor **Courant des démocrates rénovateurs (CDER)** party.¹¹ Other major opposition parties including the **G7** group of former ruling coalition parties, the UDPS and the **Mouvement pour la Libération du Congo (MLC)** stayed away.¹² Experienced analysts of DRC's political situation say that:

*"Tshisekedi and the other parties appear to have chosen to use the surge in popularity to force an on-schedule election, rather than engaging in the dialogue. The poor showing at the strike shows that the boost in popularity could be short-lived and they could lose what leverage they had."*¹³

Tshisekedi's return and the size of the crowds he draws appear to have changed the government's tactics towards opposition supporters.¹⁴ Unlike Katumbi's rallies of equal size in **Lubumbashi (Katanga Province)**, the government made no attempt to crack down using violence on the rallies in Kinshasa despite a heavy police presence.¹⁵ This is in sharp contrast not only with Katumbi's rallies but also with other opposition rallies in Kinshasa over 2015 and 2016 by lesser opposition leaders – where the government has arrested a number of activists and protestors.¹⁶ Police did disperse some protestors on 23 August with teargas, but only those who were throwing bricks at the headquarters of Kabila's **Parti du Peuple pour la Reconstruction et la Démocratie (PPRD)**.¹⁷

The regime is feeling the pressure. The government released 24 opposition activists from prison on 19 August. Justice minister **Alexis Thambwe** told the media that the actions were designed "to ease tensions".¹⁸ The amnesty follows the release of figures of opposition party **Lutte pour le Changement (Lucha)** last month (see *ARC Briefing DRC July 2016*). However opposition leaders argue that key figures remain in prison, such as **Jean-Claude Muyambo** who is serving a five-year term for alleged fraud relating to a property transaction.¹⁹

The regime appears unlikely to give much more ground to the opposition. The president is holding rallies of his own to demonstrate his widespread support. PPRD supporters rallied in Kinshasa on 29 July. The president held the rally in the 50,000-seat **Tata Raphael Stadium** where crowds chanted "Kabila", wearing t-shirts bearing his face. PPRD senator **Tekis Mulaila** told the media that: "The people want Kabila to remain in power as long as possible."²⁰ Analysts also point out that Kabila's popularity is low in Kinshasa but high in other parts of the country:

*"Part of the reason that Kabila can hold off on Tshisekedi is that he has beaten him twice before, his base doesn't extend much beyond Bas-Congo. Katumbi was a real threat because he hit Kabila in his Katanga heartland."*²¹

Gécamines targets 40% copper increase as DRC faces 20% decrease in 2016

State-owned miner **La Générale des Carrières et des Mines (Gécamines)** announced on 12 August that it expects to increase its copper output by 40% in 2017.²² Gécamines is a comparatively minor copper producer in DRC after Kabila sold off the majority of its assets in the early years of his

¹⁰ Radio Okapi, 23 Aug 2016.

¹¹ Reuters, 23 Aug 2016.

¹² Reuters, 23 Aug 2016.

¹³ Senior DRC analyst, US

¹⁴ Reuters, 7 Aug 2016.

¹⁵ Reuters, 7 Aug 2016.

¹⁶ Reuters, 7 Aug 2016.

¹⁷ Radio Okapi, 23 Aug 2016.

¹⁸ Thambwe in Radio Okapi, 19 Aug 2016.

¹⁹ Radio Okapi, 19 Aug 2016.

²⁰ Mulaila in Reuters, 29 Jul 2016.

²¹ Source, director of a think-tank, Kinshasa

²² Mining web, 12 Aug 2016.

administration. The company has suffered from poor management and a number of unfavourable deals with international mining firms.²³ The increase in production will lead to an increase from 24,000 tonnes output in 2016 to 50,000 tonnes in 2017.²⁴ Gécamines has already increased output from 17,000 tonnes in 2015.²⁵

Gécamines interim CEO **Jacques Kamenga** told the media that the gains in output will come from new machinery coming online. A new concentrator will come online at the **Kambove** mine, and new electric cables will power a machine to crush ore at the **Kamatanda** mine.²⁶

Gécamines announced a modernisation plan in June for 2016-2020 that will see the company invest \$717m in operations in a bid to increase production to over 100,000 tonnes per year (see *ARC Briefing June 2016*).²⁷ The plan involved retrenchment of over 2,000 jobs.²⁸ Kamenga claims that the projected increase in output is evidence that the modernisation plan is beginning to work.²⁹ However, the company remains \$1.6 billion in debt and negotiations with the **China Nonferrous Metal Mining Company (CNMC)** to build two factories to process ore at the **Deziwa** project have stalled.³⁰

DRC's copper output is due to decrease by up to 20% in 2016. Production fell by 14% year on year in the first half of 2016, to 466,000 tonnes.³¹ The decline is mainly due to the decision of some miners to halt production due to the low price of copper, which has fallen 10% year on year from \$5,100/tonne to \$4,550/tonne at time of writing.³² DRC produced 990,000 tonnes of copper in 2015, down from 1.03m tonnes in 2014. It is the largest producer of the commodity in **Africa** and one of the largest producers in the world.³³ The downward trend of output is set to continue after **Switzerland**-based mining giant **Glencore Plc** announced on 24 August that it would extend the suspension of operations at its 150,000 tonne per annum **Katanga Mining** unit.³⁴ According to chief executive **Ivan Glasenberg**, production will not resume until at least early 2018 due to the low price of copper.³⁵ Glencore announced an 18-month suspension of production in October 2014 (see *ARC Briefing DRC October 2014*).³⁶ The company planned to undertake an \$880m upgrade of facilities in order to cut costs.³⁷ The upgrade is now complete, but Glencore will not resume operations until the copper price is higher.³⁸

The decrease in production has had a negative impact on the economic stability of the country. The office of prime minister **Augustin Matata Ponyo** reduced the gross domestic product (GDP) growth outlook of the country to 4.3% for 2016 from 6.9% in 2015 on 18 August.³⁹ Ponyo cited low commodity prices for the slump as 95% of DRC's export revenues come from the extractive industries.⁴⁰ The markets have also lost further confidence in DRC. Ratings agency **Standard & Poor's (S&P)** downgraded foreign denominated sovereign debt to SD/D from C/D on 2 August after the

²³ Mining web, 12 Aug 2016.

²⁴ Mining web, 12 Aug 2016.

²⁵ Mining web, 12 Aug 2016.

²⁶ Mining web, 12 Aug 2016.

²⁷ Radio Okapi, 8 Jun 2016.

²⁸ Radio Okapi, 8 Jun 2016.

²⁹ Mining web, 12 Aug 2016.

³⁰ Mining web, 12 Aug 2016.

³¹ Reuters, 16 Aug 2016.

³² Infomine.com

³³ Reuters, 16 Aug 2016.

³⁴ Reuters, 24 Aug 2016.

³⁵ Reuters, 24 Aug 2016.

³⁶ Reuters, 24 Aug 2016.

³⁷ Reuters, 24 Aug 2016.

³⁸ Reuters, 24 Aug 2016.

³⁹ Radio Okapi, 18 Aug 2016.

⁴⁰ Radio Okapi, 18 Aug 2016.

government missed a dollar payment on existing commitments.⁴¹ However S&P kept its overall B-/B assessment of the economy.⁴²

WHO and government complete vaccination yellow fever drive

The government and **World Health Organisation (WHO)** officials completed a vaccination drive on 25 August against the yellow fever outbreak in capital Kinshasa.⁴³ The disease spread from neighbouring **Angola** to DRC, and a global shortage of the vaccine has exacerbated the outbreak, allowing it to spread to the densely populated capital (see *ARC Briefing DRC June and July 2016*). A total of 400 people have died in DRC and Angola since the outbreak started in December.⁴⁴ The WHO shipment of vaccines arrived in DRC in early August and officials aimed to vaccinate 7 million people in Kinshasa by the end of August. On 25 August official announced they had vaccinated 6.9 million people, or 91.3% of the target.⁴⁵ The total included the 2 million people whom the government had vaccinated in Kinshasa with existing vaccine stocks in May and July.⁴⁶ The WHO is aiming to vaccinate 14 million people in DRC and Angola before the end of August when the rainy season could lead to a drastic spread of the disease.⁴⁷ WHO DRC spokesperson **Eugene Kabambi** told the media that the vaccination was “a big success”.⁴⁸ However, **Save the Children** DRC director **Heather Kerr**, who is involved in the vaccination drive, said that the outbreak could spread further:

“There is no known cure for yellow fever and it could go global...the yellow fever vaccine takes one year to manufacture...there are only 7 million emergency vaccines left after other outbreaks earlier this year have depleted the stocks.”⁴⁹

Implications

Tshisekedi is a strong figure for the opposition to rally behind for now, however he lacks Katumbi’s popularity outside of Kinshasa and is clearly old and frail. Kabila can now claim that the opposition has no interest in resolving the electoral crisis through dialogue, validating his staying on when his term runs out in December. However, the large rallies in Kinshasa are a reminder to Kabila that he could face widespread resistance if, or when, that happens. Katumbi may find a way back into the country, energising the opposition once more. However, the poor showing at the general strike on 23 August shows Kabila remains in control of the political process.

DRC is running out of money; the government has already cut its budget by 22% for 2016 (see *ARC Briefing DRC June 2016*) and will have to cut spending further. However, there is little it can do about the global slump in the prices of its main commodities: copper, oil and cobalt. Mining companies are unlikely to invest in new mines in DRC, which are expensive to develop and maintain due to poor infrastructure. Gécamines adding 25,000 tonnes to the output will make little difference. As no international lenders will work with it, the government will need to think of other ways to finance the development of the country.

The WHO and the government have the yellow fever outbreak under control for now. The rainy season poses a risk that the disease spreads further but it will have less impact out of the urban centre. The rapid spread in Kinshasa demonstrates the weakness of DRC’s health system to outbreaks of this type. Hospitals were ill stocked and badly equipped, necessitating a large-scale intervention by the WHO to get the outbreak under control.

⁴¹ S&P press release, 4 Aug 2016.

⁴² S&P press release, 5 Aug 2016.

⁴³ WHO press release, 26 Aug 2016.

⁴⁴ WHO press release, 26 Aug 2016.

⁴⁵ WHO press release, 26 Aug 2016.

⁴⁶ WHO press release, 26 Aug 2016.

⁴⁷ WHO press release, 26 Aug 2016.

⁴⁸ Kabambi in Reuters, 26 Aug 2016.

⁴⁹ Kerr in Reuters, 15 Aug 2016.

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