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A general oil sector strike starting on 2 December reduces oil production and weakens President Ali Bongo Ondimba's (2009 – present) position due to potential oil shortages and reduced government revenue. Strikes and unrest in other sectors also point to Bongo's declining popularity, amid increasing opposition activity. International oil prices reaching a five-year low also worsens government finances and reduces the government's ability to pay mounting debts owed to private sector operators. Gabon improves marginally on Transparency International's Corruption Perceptions Index (CPI) 2014.

Strike action further weakens Bongo's position

Several continuing strikes exacerbate the deteriorating economic situation and further reduce President **Ali Bongo Ondimba's** (2009 – present) popularity. On 1 December the umbrella oil workers union **Organisation Nationale des Employés du Pétrole (ONEP)** declared an industry-wide strike after negotiations with the government failed.¹ The negotiations had lasted several weeks and focused on the reinstatement of fired workers from various companies. ONEP – which represents the majority of the 5,000 oil sector workers – said it would return to negotiations only after the government met four demands: immediate suspension of salary deductions; the lifting of sanctions on some staff at oil companies **Perenco** and **STSI Boccard**; the dismissal of STSI Boccard's manager; and the removal of **Libya Oil Gabon's** CEO.²

Due to fears of shortages, long queues formed at petrol stations in the capital **Libreville** following the start of the strike. On 3 December ONEP released a statement claiming that the strike had resulted in **Royal Dutch Shell's** output declining 80%.³ **Total** – the other key player in Gabon's oil sector that currently has production of 230,000 barrels per day (bpd) – has also reduced production at its **Coucal** field, according to ONEP. Total confirmed that its production was down around 10,000 bpd due to the strike. The strike prompted Total CEO **Patrick Pouyanne**, appointed in October 2014, to meet Bongo in **Libreville** on 3 December. ONEP claimed the **Sogara** refinery – Gabon's only oil refinery – halted production on 2 December. Temporary staff maintained services at fuel distribution company **Société d'Entreposage des Produits Pétroliers (SGEPP)**.⁴ ONEP previously halted oil production during another general strike in February 2013.

There is a wider trend of increasing union activity and unrest in Gabon due to the deteriorating economic situation (see below). Strikes and unrest have disrupted other sectors in November and December:

- **Gabon Telecom** staff started a strike on 13 November that has threatened to disrupt telecommunications services.⁵ Workers are demanding payment of bonuses and housing allowances that reportedly stem from restructuring following **Morocco Telecom's** acquisition of Gabon Telecom in 2007.

¹ Reuters, 2 Dec 2014.

² Reuters, 2 Dec 2014.

³ Reuters, 3 Dec 2014.

⁴ Reuters, 3 Dec 2014.

⁵ RFI, 17 Nov 2014.

- **Gabon Télévision** and **Radio Gabon** staff – under the **Syndicat National des Professionnels de l'Audiovisuel (Synapap)** – went on strike on 27 November over the non-payment of bonuses, maintaining a limited service.⁶
- Public sector trade unions for education and healthcare workers held a protest on 10 November at the **Assemblée Nationale** in Libreville to demand better working conditions. The security forces used tear gas to disperse the crowd.⁷
- A student protest at **Université des Sciences et Techniques de Masuku (USTM)** in **Franceville** (south-eastern **Haut-Ogooué Province**) on 28 November led to clashes with security forces, following the detention of 11 students.⁸

Bongo met with union officials on 17 November to counter strike action and unrest, stating that he welcomes continuing dialogue. During the meeting he referred to his efforts to improve the population's living conditions and purchasing power, including the introduction of the monthly minimum wage in the public service; revaluation of housing and transport allowances; and health insurance initiatives.⁹ However, the meeting failed to halt the subsequent strikes.

The strike action has also coincided with more concerted and cohesive opposition activity. All opposition figures boycotted the inauguration of a mausoleum for Bongo's father, former president **Omar Bongo Ondimba** (1967 – 2009) on 2 December, which coincided with the start of the oil sector strike.¹⁰ The opposition, civil society and trade unions met in **Paris** on 6-7 December as part of **Le Congrès international de l'opposition Gabonaise pour l'Alternance à Paris (CIOGAP)**. The meetings aimed to list grievances against the government and develop a strategy to contest Bongo in the 2016 presidential election.¹¹ **Jean Ping**, a former **African Union (AU)** chairman and ex-foreign minister, was a key player.¹²

...as the opposition stays focused on Bongo's eligibility for the top job

Stretching the limits of their objective to develop a strategy to unseat Bongo, attendees at the Congrès pour l'alternance focused much of their discussion on recent speculation that Bongo might be ineligible for the role. French investigative journalist **Pierre Péan** claimed in his book *'Nouvelles affaires africaines: Mensonges et pillages au Gabon'*, released on 29 October, that Bongo is an adopted child and is therefore ineligible for the presidency under the constitution.¹³ However, he cited no documented evidence to back up his claim.

In early December **French** daily newspaper **Le Monde** published a document claiming to prove that Bongo was born in **Brazzaville (Republic of Congo)** in 1959 to his mother **Josephine Kama**, as well as a photograph of Bongo and his parents at an earlier date, before the supposed adoption.¹⁴ Ping said the document was fake and reiterated a demand for Bongo to take a DNA test.¹⁵ Following the report in **Le Monde**, Bongo's office said the debate over his birth was closed.

...and government finances worsen amid trouble in the oil sector

The oil sector strike and international oil prices reaching a five-year low in early December have placed further pressure on the economy and government finances. For the business sector, this also weakens the government's ability to pay debts owed to private sector operators. On 12 November a

⁶ Gabon Eco, 28 Nov 2014.

⁷ Source, local journalist, Gabon

⁸ Koaci, 1 Dec 2014.

⁹ Source, journalist, Gabon

¹⁰ RFI, 3 Dec 2014.

¹¹ RFI, 6 Dec 2014

¹² RFI, 6 Dec 2014

¹³ See ARC Gabon November 2014 Briefing

¹⁴ Le Monde, 2 Dec 2014.

¹⁵ Ping's interview with RFI, 6 Dec 2014.

presidency statement claimed that the government had paid over \$700m in debt owed to private sector operators, and it pledged to make another payment by the end of the year “*subject to a repurchase agreement with banks*”.¹⁶ However, several reports confirm that the government remains “*years behind in payments*” to clear debts owed to oil, timber and construction sector investors.¹⁷ The **International Monetary Fund (IMF)** reportedly discussed the arrears during its mission in October – November.¹⁸ The amount of debt is unclear. In June diplomats told the press that the government owed over \$400m in value-added tax (VAT) reimbursements to investors, accumulated over nearly two years.¹⁹ The government also reportedly owes over \$200m in arrears to 10 French companies active in Gabon.²⁰ Several investors have also complained of increasing arrears involving construction projects with the **Agence Nationale des Grands Travaux (ANGT)**, public works agency).

Reports confirm that several large government-funded construction projects have halted, further illustrating the government’s weakened finances.

*“Construction work at Libreville’s **Champ Triomphal Maritime Façade**, a prestige urban development project initiated by President Bongo, has been halted. Other similar state-funded construction projects, such as the renovation of the **Cité de la Démocratie** convention complex in Libreville and social housing projects in Libreville and **Port-Gentil**, have also reportedly been suspended. Infrastructure minister **Magloire Ngambia** admitted on state television that the government had to review its financing plans, but that negotiations were under way with contractors and that construction work would ‘start again soon’, without specifying a date.”²¹*

A **Fitch Ratings** report on Gabon reaffirmed worsening government finances. On 5 December it revised the outlook on Gabon’s **Issuer Default Ratings (IDR)** from stable to negative. Fitch Ratings said the downward revision reflects a reduction in oil production, which placed the government “*more sensitive to oil price shocks*”. It confirmed that oil revenue still accounted for over 50% of government revenue and 80% of export earnings.

“Fitch expects the value of oil production to fall by about one-fifth in 2015 in US dollar terms, following a decline of nearly 10% in 2014. In order to preserve its fiscal position, the government has scaled down its investment programme in 2014. Unlike some other oil exporters, Gabon has not built up a substantial oil fund, although deposits stand at nearly 10% of GDP, providing a cushion in the near term.”²²

The revision follows the IMF’s mission in October – November that confirmed reduced growth in 2014. In reducing the 2014 growth forecast to 5.1%, down from 5.6% in 2013, the IMF pointed to the decrease in public spending to halt the deteriorating budget position.²³

Gabon improves marginally on Corruption Perceptions Index (CPI)

Gabon improved 12 places from 106th to 94th out of 175 countries on **Transparency International’s Corruption Perceptions Index (CPI)** 2014, released on 3 December. The leading international corruption study “*measures perceived levels of public sector corruption*” and ranks countries based on a “*corruption perception*” scale ranging from 0 (highly corrupt) to 100 (very clean). Gabon’s CPI 2014 score was 37, marginally improving from 34 in 2013 and 35 in 2012. Gabon was the highest ranked country in the **Central Africa** sub-region, with neighbour **Cameroon** ranked 136th. It equaled **Liberia** and **Egypt**, scored below **Senegal** (69th) and above **Cote d’Ivoire** (115th). **Botswana** was the highest ranked African country (31st); **Somalia** ranked lowest at 174th.

¹⁶ Reuters, 12 Nov 2014

¹⁷ Reuters, 12 Nov 2014.

¹⁸ Reuters, 12 Nov 2014; See also ARC Briefing for Gabon, Nov 2014

¹⁹ ARC Briefing for Gabon, Jul 2014

²⁰ Source, journalist, Gabon

²¹ Source, journalist, Gabon

²² Fitch Ratings, 5 Dec 2014.

²³ See ARC Briefing for Gabon, Nov 2014.

The CPI improvement is at odds with Gabon's placement on the 2014 **Ibrahim Index of African Governance (IIAG)** where Gabon fell three places from 24th to 27th out of 52 countries (see *ARC Gabon October 2014 Briefing*). It also contradicts a September report from ratings agency **Standard & Poor's**, which criticised the government for the "*general lack of transparency and rampant corruption*".²⁴ Although Bongo launched wide-ranging anti-corruption investigations following the release of a state audit on 17 July, the opposition has questioned the independence of the judicial process.

Implications

Internal and external factors have gone against Bongo in 2014. The prospect of a change in power in the 2016 elections is increasing. The economy remains dependent on the oil sector and falling international oil prices have reduced government revenue. The general strike in the oil sector worsens government finances and means that Bongo will have less leverage to meet union demands, tend to patronage networks and complete his flagship construction projects.

Bongo will be forced to meet some demands of the powerful unions, further reducing the government's capacity to pay debts owed to investors. This will result in more delays to key projects that drive the non-oil economy and will have a negative impact on the economic growth outlook.

The historically divided opposition appears to have become more cohesive in 2014 following Ping's entry to the opposition. They will seek to capitalise on union discontent and organise protests in the near term and leading up to the 2016 poll. Security forces arrests and use of tear gas will lead to increased street unrest.

Gabon's slight improvement on the CPI index could be an acknowledgement of Bongo's anti-corruption investigations in 2014. However, the investigations have slowed due to the deteriorated economic and political situation, reducing Bongo's ability to secure key targets of the investigation. Bongo has also limited the investigations' impact on figures within the ruling **Parti Démocratique Gabonais (PDG)**, and will not extend the investigations into widespread allegations of corruption by his own family under his father's rule.

²⁴ ARC Briefing for Gabon, Sep 2014.