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President Ali Ben Bongo Ondimba (2009-present) holds talks with the president of the Democratic Republic of the Congo (DRC), Joseph Kabila (2001-present), in Franceville (Haut-Ogooué Province). President Bongo inaugurates the Nouvelle Gabon Mining-owned Biniomi electrolytic manganese dioxide treatment facility. Customs workers strike at the Port of Owendo, causing significant container processing bottlenecks. The Banque des États de l'Afrique Central (BEAC) (Central African central bank) announces that it will maintain the benchmark interest rate at 2.95%.

Bongo receives DRC president

President **Ali Ben Bongo Ondimba** (2009-present) on 24 April held talks with **Democratic Republic of the Congo (DRC)** president, **Joseph Kabila** (2001-present), in **Franceville (Haut-Ogooué Province)**.¹ Kabila and Bongo are important regional allies, often supporting each other within the **Economic Community of Central African States (ECCAS)**. Kabila also laid flowers on the grave of former late president and Bongo's father, **Omar Bongo Ondimba** (1967-2009), with whom Kabila had strong ties.² Bongo and Kabila discussed reform within ECCAS, which they believe could operate more effectively.³ Bongo wields significant influence over the Central African region through ECCAS institutions. Bongo is the acting president of the ECCAS, while his former prime minister between 2014 and 2016, **Daniel Ona Ondo**, is president of the **Communauté Économique et Monétaire des États de l'Afrique Centrale (CEMAC)** (economic community of Central African states).⁴

Bongo publically supported Kabila's response to political tension in DRC surrounding the application of a political agreement between the ruling party and opposition.⁵ Bongo planned to close, at the end of April, the **Dialogue Politique National** (national political dialogue), which seeks to reconcile the opposition and civil society after the controversial result of the August 2016 presidential election. At the end of the dialogue, Bongo will seek to sign a blueprint similar to that of the DRC for a coalition government. Bongo hopes his dialogue will appease the opposition and secure multiparty support for his presidency. However, **Jean Ping**, the leader of the opposition **Coalition pour la Nouvelle République (CNR)**, continues to boycott the political dialogue process, claiming it is illegitimate. The **European Union (EU)** also criticised the lack of several opposition parties' participation in the dialogue.⁶ The EU has criticised both **Gabon** and DRC for a "crisis" of rule of law, adopting a resolution against both countries in February that could lead to sanctions.⁷ Several members of Bongo's government have called this criticism a lack of respect for Gabon's sovereignty.

Bongo's relations with regional partners are strategically important. However, there is speculation that Bongo is losing influence. As one commentator states,

¹ Gabon Review, 24 Apr 2017.

² Dworaczek-Bendome, 25 Apr 2017.

³ Gabon Review, 24 Apr 2017.

⁴ Multiple sources: Agence Ecofin, 20 Feb 2017; Gabon Review, 24 Apr 2017.

⁵ Gabon Review, 24 Apr 2017.

⁶ www.eeas.europa.eu

⁷ RFI, 2 Feb 2017.

*“Bongo’s influence has decreased considerably at the heart of the CEMAC, even if he meets up with Kabila or **Republic of Congo** president, **Denis Sassou-N’Guesso** (1979-1992, 1997-present), every once in a while.”⁸*

There appears to be growing evidence that Bongo’s authority is diminishing in the Central African region. External criticism of his leadership has become more easily accepted following a controversial re-election in August 2016. This position may be extending to regional leaders, who may tacitly be seeking to appear less close to Bongo. With elections in **Angola**, **DRC**, **Equatorial Guinea** and **Cameroon**, in the next year, the regional old guard will be tested. Therefore, a visibly cooler stance towards Bongo may be a strategy to appease their electorates.

Bongo inaugurates the Biniomi manganese treatment facility

Bongo, on 8 May, inaugurated the **Nouvelle Gabon Mining**-owned **Biniomi** electrolytic manganese dioxide treatment facility.⁹ The new treatment facility will consolidate domestic value-added industry and diversify away from its dependence on oil. Bongo stated that the project represents the attainment of true economic diversification in Gabon,

“I think that everybody has now well understood that we are accelerating the diversification of the Gabonese economy. We now see the projects launched... A month ago it was the inauguration of a palm oil transformation, where we are aiming to become the world’s largest producer... This industrial Gabon... will enable us... to become the first world exporter [of manganese].”¹⁰

The facility is located near Franceville in Haut-Ogooué Province – Bongo’s home province.¹¹ Nouvelle Gabon Mining acquired rights for mining manganese ore in June 2013, previously belonging to **Australia**-based mining company **BHP Billiton**, which sold all of its assets in Gabon due to a global asset downsizing operation.¹² Nouvelle Gabon Mining expects to invest around \$200m over 23 years.¹³

The operation includes an 800km² manganese mine, launched in May 2015, which expects to produce over two million tonnes of manganese ore per year.¹⁴ Manganese ore density at the Nouvelle Gabon Mining mine is estimated between 31% and 42%, 6% to 17% higher than the world average of 25%.¹⁵ The treatment facility will, during the first phase of its operation, process 300,000 tonnes per year, or 15% of the mine’s total production.¹⁶ Nouvelle Gabon Mining has not publicly stated the total processing capacity of the facility.

The Gabonese government holds a 10% stake in Nouvelle Gabon Mining through its state-owned mining investment vehicle – **Société Équatoriale des Mines (SEM)**.¹⁷ SEM holds stakes in mining operations in Gabon, belonging to foreign operators including:¹⁸

- **Morocco**-based **Office Cherifien des Phosphates (OCP) Group** and **Office National des Hydrocarbures du Maroc (ONHYM)**;
- **Dubai (United Arab Emirates (UAE))**-based **Navodaya Trading DMCC**;
- **Guinea** state-owned **Société Guinéenne du Patrimoine Minier (SOGUIPAMI)**.

Gabon is currently the world’s fourth largest producer of manganese, with 1.8 million tonnes, 9.7% of world production.¹⁹ The world’s largest producer is **South Africa**, with 6.2 million tonnes, or 33.5% of

⁸ Source, journalist, Libreville

⁹ Gabon Review, 8 May 2017.

¹⁰ Gabon Review, 8 May 2017.

¹¹ Gabon Review, 8 May 2017.

¹² www.mining.com

¹³ www.gouvernement.ga

¹⁴ Gabon Review, 15 May 2015.

¹⁵ Gabon Review, 8 May 2017.

¹⁶ Gabon Review, 8 May 2017.

¹⁷ Gabon Review, 8 May 2017.

¹⁸ Gabon Review, 8 May 2017

world production.²⁰ The Gabonese government is attempting to overtake South Africa, but a local commentator believes this is unrealistic,

“In a world economy where there is competition, can Gabon obtain the first place for manganese production? The government policy named ‘Industrial Gabon’ hasn’t brought the hopes, despite propaganda that even Bongo, would barely have believed in.”²¹

An adviser at the mines ministry claims that mining investment into Gabon is sparse in the current climate,

“The international environment and the feverishness of the economic and political situation in Gabon does not work in favour of an increase in mining investment, especially for manganese production in the long term.”²²

The claim that Gabon could be the largest world manganese producer appears unrealistic. The objective looks unfeasible. It does, however, give insight into the manner in which Bongo uses idealistic politics to curry favour with his electorate. Nonetheless, the launch of the Biniomi mine will provide important diversification to the economy.

Customs workers strike causes major container processing bottlenecks

A customs workers strike, which began on 19 April, caused significant container processing bottlenecks at the **Port of Owendo**.²³ The workers ended their strike on 8 May, after over two weeks of slowed port activity.²⁴ However, a continuation of the strike could lead to major trade and delivery backlogs, increasing congestion at the port and causing a surge in consumer prices. Sole operator of the Port of Owendo, **France-based Bolloré Group S.A.** subsidiary, **Bolloré Gabon S.A.**, says that the strike reduced container processing at the port by 80%.²⁵ In total terms, cargo processing has reduced from 200 ships per week to 20-30 since the strike began.²⁶

Bolloré Gabon CEO, **Jean François Ollivier**, said that the strike could lead to further congestion and forced rerouting of cargo ships to other regional ports.²⁷ Rerouting cargo vessels can berth at Gabon’s secondary port, **Port-Gentil**. Cargo ships may also reroute to neighbouring countries’ ports, such as **Bata** (Equatorial Guinea), **Pointe-Noire** (Republic of Congo), **Douala** (Cameroon) or **Cabinda** (Angola). According to the most recently available regional data, Gabon’s port fees are among the highest in the West and Central Africa region.²⁸ This makes it more likely that cargo ships will reroute through neighbouring countries’ ports.

The striking workers were demanding over five months’ worth of bonus arrears, access to the currently suspended **École de Préparation aux Carrières Administratives (EPCA)** (administrative careers preparatory institute), and an improved career progression programme.²⁹ The unionists allowed fresh food produce, infant foodstuffs, pharmaceutical products and packages for French embassies and soldiers based in **Libreville** to pass through.³⁰ Nevertheless, blocked goods comprise 80 to 90% of consumer goods passing through the Port of Owendo, and will have a significant impact on prices in the short term.³¹

¹⁹ www.usgs.gov

²⁰ www.usgs.gov

²¹ Source, journalist, Libreville

²² Source, mines ministry adviser, Libreville

²³ Gabon Review, 27 Apr 2017.

²⁴ Gabon Actu, 8 May 2017.

²⁵ Gabon Review, 27 Apr 2017.

²⁶ Gabon Review, 27 Apr 2017.

²⁷ Gabon Review, 27 Apr 2017.

²⁸ Le Monde, 27 Apr 2017.

²⁹ Le Monde, 27 Apr 2017.

³⁰ Le Monde, 27 Apr 2017.

³¹ Le Monde, 27 Apr 2017.

It remains unclear whether Bolloré will accede to the striking workers' demands. However, it appears that normal operation of the port has continued. The threat, in economic terms, from the customs workers' strike is significant. Risks of an increase in backlogs at Gabon's main port pose a threat for investors, who fear delays in processing of goods arriving into the country.³²

Regional central bank maintains interest rate at 2.95%

The **Banque des États de l'Afrique Central (BEAC)** (Central African central bank) on 10 May announced that it will maintain the benchmark interest rate at 2.95%.³³ The BEAC appears cautious due to the poor regional growth outlook. The BEAC manages monetary policy for CEMAC (see above).³⁴ BEAC's members are Cameroon, **Central African Republic (CAR)**, **Chad**, Republic of Congo, Equatorial Guinea and Gabon.³⁵ Although the BEAC has little influence over its currency's value on international markets – the FCFA franc is pegged to the euro³⁶ – the BEAC reacts with interest rate decisions to encourage growth and access to debt. BEAC described an environment where:³⁷

- Growth had dropped to 0.2% in 2016, compared to 1.7% in 2015;
- Inflationary pressures have eased, at 1.1% in 2016, against 2.5% in 2015;
- An increase in its governments' deficit levels, at 5.6% of GDP in 2016, from 3.3% in 2015;
- A slight decrease in the current account deficit, at 11.7% of GDP in 2016, from 12.2% in 2015.

However, the BEAC expects an economic recovery in 2017, rising to 1.6% in 2017, an increase in inflation to 2.6%, a reduction in government deficits to 3.2% of GDP, and a reduction in the current account deficit to 8.2% of GDP.³⁸ From Gabon's perspective, the Bongo government may prefer a lower interest rate – its inflation is by far the lowest in the region, at 0.6%.³⁹ The average interest rate in the region is 8.33%, however the CAR is a statistical outlier, with a rate of inflation of 37.1% in 2015.⁴⁰ Excluding the CAR, the average inflation rate is 2.64%.⁴¹ Due to this anomaly, BEAC member countries are forced to assume a higher interest rate, in order to contain high inflation risks in CAR. On the other hand, local sources within the finance ministry reveal very different statistics, claiming that inflation is in fact closer to 7.6%, significantly higher than the **World Bank** estimate.⁴² It is unclear how such a divergence could exist between non-official figures and current rates, and difficult to corroborate.⁴³

Gabon's political influence within the BEAC appears to be waning. Bongo is no longer viewed as having the same political authority as in his previous administration,

*"Bongo's political authority has diminished and is questioned within Gabon, even in the region, where his counterparts still are waiting for the resolution of the post-electoral tensions between him and opposition leader **Jean Ping** [see ARC Briefing Gabon September 2016]... Bongo has lasted eight months in this climate."⁴⁴*

Monetary policy in a divergent economic bloc, even with a common currency, leads to disparities in inflation. CEMAC intra-regional trade comprises less than 2% of gross trade of its member countries.⁴⁵ Hence, the benefits of a common economic zone are not achieved. Inflation rates can be significantly

³² Gabon Actu, 8 May 2017.

³³ www.beac.int

³⁴ www.beac.int

³⁵ www.beac.int

³⁶ Currently at 655,45 francs per euro

³⁷ www.beac.int

³⁸ www.beac.int

³⁹ www.worldbank.org

⁴⁰ www.worldbank.org

⁴¹ www.worldbank.org

⁴² Source, journalist, Libreville

⁴³ Source, journalist, Libreville

⁴⁴ Source, journalist, Libreville

⁴⁵ www.cemac.int

conflicting as a result, while monetary policy cannot favour all members. Bongo's influence in shaping this policy also appears to be decreasing.

About Africa Risk Consulting:

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