

## AFRICA RISK CONSULTING

### Gabon Monthly Briefing May 2022

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#### Gabon Summary 11 May 2022

*An oil spill at Cap Lopez terminal has impacted Gabon's oil producers and focused unwelcome attention on its operator, Perenco Oil & Gas Gabon. Norway and United Kingdom-headquartered Panoro Energy announces plans to increase its oil production and extend the development of its activities, aiming to launch production on two new oil fields, Hibiscus and Ruche. South Africa-based mining company Havalah Consolidated Resources has revived its interest in the Milingui iron deposit in Nyanga province. The cabinet officially announces the construction of a new special economic zone (SEZ), Mpassé-Lebombi, in the south-eastern province of Haut-Ogooué. The new SEZ is likely to be another joint venture between the government and Singapore-based food and agri-business company Olam International.*

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#### Cap Lopez oil leak puts Perenco back in the spotlight...

An oil spill at **Cap Lopez** terminal has impacted **Gabon's** oil producers and focused unwelcome attention on its operator, **Perenco Oil & Gas Gabon**. A hydrocarbon leak was detected on 28 April in a storage tank at the Cap Lopez terminal, located 17 km from the town of **Port-Gentil** and run by Perenco.<sup>1</sup> The terminal serves as the main storage and export point for Gabonese oil and, at times, **Gambian** oil.<sup>2</sup> The storage tank contained approximately 300,000 barrels of crude oil waiting for export.

Perenco managing director **Adrien Broche** stated in a press release that there would be a full investigation into the cause of the storage tank failure.<sup>3</sup> No marine pollution has been reported, as the oil was contained in retention tanks.<sup>4</sup> Personnel were evacuated safely and no injuries were reported. However, the leak impacted operations at the terminal; oil exports from Cap Lopez were suspended until further notice and contingencies were put in place to reroute oil production to the **Fernan Vaz** terminal, an offshore facility close to Port Gentil.<sup>5</sup>

The hydrocarbons and environmental ministries dispatched a delegation to the terminal on 30 April to assess the impact of the oil leak. The area is not only used for oil storage and exportation but also for fishing.<sup>6</sup> Hydrocarbons director general **Edgard Mbina Kombila** stated that, contrary to some reports, the barricades and retention tanks did not give way and the situation is under control.

Civil society groups were actively involved in raising awareness of the incident. **Réseau gabonais des organisations libres pour la bonne gouvernance (ROLBG)** (network of free civil society organisations for good governance in Gabon) spokesperson **Christian Bernard Rékoula** spoke to several press outlets, including **Direct Infos Gabon** and **Gabon Review**. The ROLBG provided updates throughout the days following the initial leak, expressing concern that the oil would leak into the ocean.<sup>7</sup> However, no marine pollution has been observed.

The incident has had further reaching impacts on other oil producers. **France**-based oil company **Maurel & Prom** announced on 2 May that it would gradually reduce oil production from 19,000

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<sup>1</sup> Direct Infos Gabon, 29 Apr 2022

<sup>2</sup> Gabon Review, 29 Apr 2022

<sup>3</sup> Direct Infos Gabon, 29 Apr 2022

<sup>4</sup> Direct Infos Gabon, 29 Apr 2022

<sup>5</sup> Direct Infos Gabon, 29 Apr 2022

<sup>6</sup> Gabon Review, 2 May 2022

<sup>7</sup> Gabon Review, 29 Apr 2022

barrels per day (BPD) to 4,000 BPD while the Cap Lopez facility was running at lower capacity.<sup>8</sup> However, the company announced on 11 May that it would resume normal production.<sup>9</sup>

The incident has refocused attention on Perenco, which took over operation of the terminal from **TotalEnergies** in January, when it least wants additional scrutiny.<sup>10</sup> Gabonese authorities placed Perenco under investigation in 2021 for allegedly causing pollution and petrol damage to rivers, lakes and the ocean following complaints in 2020 by residents of a petrol field near **Étimboué** in western Gabon, who documented a number of oil spills.<sup>11</sup> Several NGO's are also suing the company.

### **Panoro plans to increase oil production and diversify energy activities ...**

**Norway** and **United Kingdom (UK)**-headquartered **Panoro Energy** has announced plans to increase its oil production and extend the development of its activities, including plans to drill on two new fields – **Hibiscus** and **Ruche**.<sup>12</sup> Drilling of four wells on Hibiscus and two wells on Ruche will boost Gabon's daily oil production by 15,000 BPD.<sup>13</sup> Production is expected in December 2024.

Panoro Energy announced the development during a meeting with petroleum minister **Vincent de Paul Massassa** on 26 April. Panoro Energy representatives also expressed their desire to diversify their business partnerships in Gabon. **Ghislain Boukoubi**, general manager of the Gabonese subsidiary of Panoro, stated:

*"Norway is a country that is taking significant action on the climate. And so, we also hope to contribute in this regard."*<sup>14</sup>

Massassa noted that President **Ali Bongo Ondimba** (2009-present) had instructed that *"everything must be done so that oil participates fully in the revival of our economy"*.<sup>15</sup> Gabon is the fifth-largest oil producer in Africa. Between 2016 and 2021, oil accounted on average for 80% of Gabon's exports, 45% of its gross domestic profit (GDP) and 60% of fiscal revenue.<sup>16</sup> In 2020, oil exports amounted to \$2.36 billion.<sup>17</sup>

### **... as iron mining gets a boost**

**South Africa**-based mining company **Havilah Consolidated Resources** has revived its interest in the **Milingui** iron deposit in **Nyanga** province. The deposit, the second largest in Gabon, also contains deposits of copper, gold, and diamonds.<sup>18</sup> Mining minister **Elvis Ossindji** met with company representatives on 16 April to discuss the project.<sup>19</sup>

The initial framework for the project was signed in 2018 between Havilah Consolidated Resources and the Gabonese government. Three phases were planned – initial development (2018-2022), experimental production (2022-2025) and full exploitation (2025-2028).<sup>20</sup> **Luxembourg**-based investment fund **African Minerals Exploration and Development** was to provide financing for the approximately 600 billion FCFA (\$1 billion) project with development scheduled to start in 2020.<sup>21</sup> However, no progress was made beyond signing the framework and talks halted for undisclosed reasons.<sup>22</sup> The new framework is likely to follow the same trajectory but with different timelines.

<sup>8</sup> Gabon Review, 2 May 2022

<sup>9</sup> Direct Infos Gabon, 11 May 2022

<sup>10</sup> Direct Infos Gabon, 29 Apr 2022

<sup>11</sup> France 24, 3 May 2022

<sup>12</sup> Direct Infos Gabon, 3 May 2022

<sup>13</sup> Le Nouveau Gabon, 28 Apr 2022

<sup>14</sup> Le Nouveau Gabon, 28 Apr 2022

<sup>15</sup> Gabon Review, 28 Apr 2022

<sup>16</sup> World Bank, accessed 11 May 2022

<sup>17</sup> Oec.world, accessed 11 May 2022

<sup>18</sup> Direct Infos Gabon, 20 Apr 2022

<sup>19</sup> Gabon Review, 21 Apr 2022

<sup>20</sup> Le Nouveau Gabon, 18 Apr 2022

<sup>21</sup> Gabon Review, 21 Apr 2022

<sup>22</sup> Le Nouveau Gabon, 18 Apr 2022

The Milingui mine reportedly has deposits of 135m tons of iron ore, including 18m tons of high-grade iron ore.<sup>23</sup> The mine forms part of the government's plans to revive the economy through the diversification of natural resources.<sup>24</sup> Despite the country's large deposits of iron ore, the mineral remains largely underexploited in Gabon and holds great potential in increasing the mining sector's GDP contribution. The iron ore deposits are also attracting increased attention from other companies including **Germany**-headquartered mining company **Genmin**.<sup>25</sup>

Gabon's mining sector is currently focused on the exploitation of manganese; Gabon is currently the world's second-largest producer of manganese.<sup>26</sup> Gold has also traditionally been mined in Gabon, albeit on a smaller scale. In total, the mining sector currently contributes about 4% of GDP.<sup>27</sup> Gabon already possesses much of the infrastructure needed to transport iron ore, namely the **Trans-Gabon Railway**, which runs from the **Owendo** port to mines in the south-east of the country, making it an attractive investment opportunity.

### Launch of Mpassé-Lebombi SEZ announced

The **Conseil des ministres** (council of ministers) on 14 April officially announced the construction of a new special economic zone (SEZ) – **Mpassé-Lebombi** – in the south-eastern province of **Haut-Ogooué**.<sup>28</sup> The new SEZ is likely to be another joint venture between the government and **Singapore**-based food and agri-business company **Olam International**.<sup>29</sup> Olam is the principal shareholder in the SEZ with 40.5%.

An SEZ is an area in a country that is subject to different economic regulations than other regions within the same country, aimed at attracting foreign direct investment.<sup>30</sup> In Gabon, SEZs work on condition of the government exporting at least three-quarters of the products they process and in return offering tax exemptions, infrastructure and access to Gabon's resources.<sup>31</sup>

The Mpassé-Lebombi SEZ will be the third of its kind in Gabon. The **Nkok SEZ** was launched in 2011 and the **Ikolo SEZ** is expected to be operational in 2022.<sup>32</sup> It is believed that the Mpassé-Lebombi SEZ will be modelled on the Nkok SEZ, which employs 4,000 people, 80% of whom are Gabonese.<sup>33</sup> Nkok accounts for approximately 40% of Gabon's exports.

The new SEZ's construction is aimed at attracting investment in the agricultural and forestry sectors while creating jobs for local residents. In 2020, the agricultural sector made up \$61m of export value while forestry made up \$537m, with the launching of the SEZ underlining the government's emphasis on these sectors.

Despite the success the Gabonese SEZs have had in attracting foreign investment, they do not benefit local businesses equally. Entry into the SEZ requires financial inputs that frequently only foreign companies can afford.<sup>34</sup> Gabonese economic consultant **Mays Mouissi** has argued that local institutions should offer financial support for local businesses to allow them to take advantage of the SEZ's privileges.<sup>35</sup>

<sup>23</sup> Direct Infos Gabon, 20 Apr 2022

<sup>24</sup> Gabon Review, 21 Apr 2022

<sup>25</sup> Miningreview.com, 10 Feb 2022

<sup>26</sup> Gabonmining.com, accessed 11 May 2022

<sup>27</sup> Gabonmining.com, accessed 11 May 2022

<sup>28</sup> Agence Ecofin, 17 Apr 2022

<sup>29</sup> African Business Magazine, 28 Apr 2022

<sup>30</sup> World Bank, accessed 11 May 2022

<sup>31</sup> African Business Magazine, 28 Apr 2022

<sup>32</sup> Olam Group, accessed 11 May 2022

<sup>33</sup> Farmers Review Africa, 1 May 2022

<sup>34</sup> African Business Magazine, 28 Apr 2022

<sup>35</sup> African Business Magazine, 28 Apr 2022

## Planner

6 Jun 2022 **Libreville (Gabon)** Elections for governance bodies of **Chamber of Commerce, Agriculture, Industry, Mines and Crafts**

2023 **(Gabon)** Local, national assembly and presidential elections

## Chronology

11 May 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. Steering committee of the monitoring and response plan against **Covid-19** reports no cases of Covid-19-related hospitalisation, resuscitation or death for almost two months in Gabon;

10 May 2022 **Libreville (Gabon)** *Direct Infos Gabon*. Transport minister **Brice Constant Paillat** announces the new international airport in Libreville will be completed in 2024;

10 May 2022 **Libreville (Gabon)** *Gabon Review*. **International Monetary Fund (IMF)** announces a mission to Libreville from 12 – 20 May;

9 May 2022 **Libreville (Gabon)** *Gabon Review*. Opposition **Front patriotique gabonais (FPG)** leader **Gérard Ella Nguema** announces a peaceful march on 24 May against the presence of the **French** army in Gabon;

6 May 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. Trade minister **Yves Fernand Manfoumbi** announces the election date of 6 June 2022 for the governance bodies of the Chamber of Commerce, Agriculture, Industry, Mines and Crafts;

5 May 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. **Turkish** investors express interest in exploring hotel opportunities during a visit led by Turkey's ambassador to Gabon, **Noureddine Bedoui**;

3 May 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. Gabon's foreign affairs minister, **Michael Moussa Adamo**, and his **Santomean** counterpart, **Edite Ten Jua**, sign a visa exemption agreement;

3 May 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. Eight trade unions and business associations announce the termination of their membership of **Confédération patronale gabonaise (CPG)** (Gabonese employers' confederation), representing more than 90% of the formal workforce in Gabon, for undisclosed reasons;

1 May 2022 **Libreville (Gabon)** *Gabon Review*. **United States (US)** deputy secretary of state **Wendy Sherman** will meet with President **Ali Bongo Ondimba**, foreign minister **Michael Moussa-Adamo**, and defence minister **Félicité Ongouori Ngoubili** to discuss common priorities between Gabon and the US;

29 Apr 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. The **International Monetary Fund (IMF)** announces a mission to Gabon from 3-8 May;

29 Apr 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. Gabon climbs four places in non-governmental organisation (NGO) **Reporters Without Borders** 2021 rankings;

28 Apr 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. **India's** ambassador to Gabon, **Ram Karan Verma**, expresses India's desire to increase its investments in the mining sector;

27 Apr 2022 **Libreville (Gabon)** *Direct Infos Gabon*. **African Association of Automotive Manufacturers** discusses the possibility of opening a vehicle assembly plant in Gabon;

27 Apr 2022 **Libreville (Gabon)** *Direct Infos Gabon*. Water and forests ministry announces statistics on illegal logging, noting that trafficking costs the state \$300m per year;

27 Apr 2022 **Libreville (Gabon)** *Direct Infos Gabon*. **European Union** announces that several fruits can no longer be imported from Gabon as they do not meet the bloc's 'import standards';

26 Apr 2022 **Vatican (Italy)** *Gabon Review*. President **Ali Bongo** conducts an official visit to the **Vatican** aiming to revitalise ties of friendship and cooperation between **Gabon** and the **Holy See**;

25 Apr 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. **United Kingdom**-headquartered **Alpha Centauri Mining** begins preparatory work for launching gold mining operations in **Ndjolé** in the province of **Moyen Ogooué**;

22 Apr 2022 **Libreville (Gabon)** *Gabon Review*. Authorities reduce value-added tax VAT on some sales transactions and services to 5% to ease the tax pressure on some segments of the economy and facilitate trade;

22 Apr 2022 **Paris (France)** *All Africa*. **Grace, Betty, Arthur and Hermine Bongo**, children of **Gabon**'s late president **Omar Bongo**, have been charged in **France** with embezzlement and corruption;

22 Apr 2022 **Libreville (Gabon)** *Gabon Media Time*. Gabon joins the **HeForShe** international campaign for gender equality, organised by the **United Nations Office for Women**;

22 Apr 2022 **Libreville (Gabon)** *Africanews*. Government is launching investment in the protection of gorillas, hoping to attract tourists to national parks and revive the tourism sector;

20 Apr 2022 **Libreville (Gabon)** *Gabon Review*. **Swiss** public prosecutor is investigating Gabon's high commissioner, **Léon Nzouba**, for suspected corruption links to the **Santullo** family, which lost a long legal fight to recover roughly 90 billion FCFA (\$150m) it says Gabon owes it in unpaid invoices;

18 Apr 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. Mines minister **Elvis Ossindji** announces a meeting with **South Africa**-based mining company **Havilah Consolidated Resources**, which has relaunched negotiations on the **Milingui** iron mine;

16 Apr 2022 **Libreville (Gabon)** *RFI*. **French** army chief of staff **Thierry Burkhard** visits Gabon, home to one of four French military bases in **Africa**;

15 Apr 2022 **Libreville (Gabon)** *Gabon Review*. The government plans to contract a loan of 74 billion FCFA (\$121m) from **l'Agence française de développement** (French development agency);

15 Apr 2022 **Libreville (Gabon)** *Direct Infos Gabon*. Government announces a subsidy of 47 billion FCFA (\$75m) to avoid a surge in fuel prices;

13 Apr 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. Gabonese authorities announce financing of 2 billion FCFA (\$3m) to **Asonha Énergie**, a project company owned 60% and 40% respectively by **France**-based **Meridiam** and **Gabon Power Company (GPC)**, to develop the **Kinguelé** dam.

### About Africa Risk Consulting:

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