

## AFRICA RISK CONSULTING

### Madagascar Monthly Briefing December 2015

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#### Madagascar Summary 7 December 2015

*Prime minister Jean Ravelonarivo receives medical treatment in France. The European Union (EU) and Madagascar are to sign a new cooperation agreement. A Singapore court ruling negatively impacts the fight against illegal rosewood trafficking. President Hery Rajaonarimampianina (2014- present) offers a loose time frame for the adoption of a new mining code. Security forces detain an alleged terrorist sympathiser.*

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#### Prime minister Jean Ravelonarivo receives medical treatment in France

Malagasy prime minister **Jean Ravelonarivo** left for medical treatment in **Paris (France)** on 17 November after reportedly suffering a mild heart attack.<sup>1</sup> Despite wide coverage in the Malagasy media, the exact reason for Ravelonarivo's medical visit was not confirmed.<sup>2</sup> An aide to Ravelonarivo told the media that

*"The prime minister felt exhausted after a very busy week. However, he could move and even called a press conference at the airport before leaving ... He has never had a heart attack before."*<sup>3</sup>

**Tiana Rasamimanana**, chief of staff of the prime minister's office, who had also left for Paris, said "the prime minister is in good health".<sup>4</sup> Until Ravelonarivo's return, **Rivo Rakotovo**, state minister for territorial planning and presidential projects, reportedly acted as prime minister.<sup>5</sup>

Ravelonarivo quietly returned on 30 November.<sup>6</sup> When Ravelonarivo arrived at **Ivato International Airport (Antananarivo)** he did not disclose the exact nature of his medical issues, but assured the media that he is in good health.<sup>7</sup> Speculation with regard to Ravelonarivo's health may put pressure on President **Hery Rajaonarimampianina** (2014- present) to replace him as prime minister in the short to medium term, with someone whose medical problems will not negatively impact his or her ability to lead the cabinet.

#### EU & Madagascar to sign new cooperation agreement

Rajaonarimampianina held his second official meeting with the **European Union (EU)** since Madagascar's return to democratic rule in 2014, on 12 November in **Brussels (Belgium)**.<sup>8</sup> The purpose of the meeting was to discuss the EU's new €518m (\$552m) cooperation framework agreement for 2015 to 2020. The new agreement will become the basis for cooperation between Madagascar and the EU over the next five years. The EU will disburse the assistance through the 11<sup>th</sup> **European Development Fund (EDF)**, the main tool for EU development assistance.<sup>9</sup> EU ambassador to Madagascar **Antonio Sanchez-Benedito** said,

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<sup>1</sup> www.allafrica.com

<sup>2</sup> www.allafrica.com

<sup>3</sup> www.allafrica.com

<sup>4</sup> fr.aficatime.com

<sup>5</sup> fr.aficatime.com

<sup>6</sup> La Gazette, 2 Dec 2015.

<sup>7</sup> La Gazette, 2 Dec 2015.

<sup>8</sup> www.rfi.fr

<sup>9</sup> www.lexpressmada.com

*"We remain committed to supporting the country because it is our best ally ... from the political point of view, the situation appears to have stabilised, especially after the local elections. And with the prospect of senate elections, the country's situation remains fragile. I speak politically, the security point of view, the socio-economic point of view the latest reports are not too positive. We need firm action, clear and courageous, to really deal with the scale and importance of this challenge."*<sup>10</sup>

On the sidelines of the meeting Sanchez-Benedito also said,

*"The conditions are met for the signing of this agreement. What we want is the continuation of a constructive and frank political dialogue with the government of Madagascar."*<sup>11</sup>

However, Sanchez-Benedito did raise concerns about corruption in Madagascar and the need for continuing the reform process.<sup>12</sup>

*"Reforms have been made, particularly in terms of legal bases. We believe it is now time to move a large step forwards."*<sup>13</sup>

### Singapore court ruling negatively impacts fight against rosewood smuggling

**Singapore** district judge **Jasvender Kaur** in November dismissed a case against **Wong Wee Keong** and his company **Kong Hoo** for importing approximately 30,000 rosewood logs worth more than \$50m from Madagascar in March 2014.<sup>14</sup> The decision rested on the argument that the shipment was in transit to **Hong Kong** and not intended for import to Singapore.<sup>15</sup> Kaur said

*"There was no evidence to establish that the logs were imported into Singapore ... Accordingly, a permit was not required."*<sup>16</sup>

The ruling sparked immediate criticism from the **Environmental Investigative Agency (EIA)**, a non-governmental organisation (NGO) that tracks the illegal timber trade, including rosewood trafficking, from Madagascar.<sup>17</sup> The EIA says the judgment sets a *"dangerous precedent"* against efforts to stop trafficking in illegal timber.<sup>18</sup> The EIA's argument is based on the fact that both Madagascar and Singapore are signatories of the **Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)**. Trade in Malagasy rosewood is restricted under CITES.<sup>19</sup> Rajaonarimampianina said stopping the illegal export of rosewood was one of his top priorities when he took office in January 2014. However, the new government's efforts have not yet succeeded in curbing illegal rosewood exports.

The narrative to date is that smuggling is primarily the work of small operators who move stockpiles of logs to 'mother ships' anchored offshore. However, the scale of recent seizures (see above) indicates the logs are loaded at ports in Madagascar.<sup>20</sup> Since 2009 the names of illegal rosewood traffickers have started to emerge publicly in Madagascar. One of the highest profile alleged traffickers is **Jean Pierre Lahisoa** (a.k.a. **Jaovato**). Jaovato has allegedly exported 81 shipping containers of Malagasy rosewood worth approximately \$16.2m.<sup>21</sup> Other notable traffickers include:

- **Eugene Sam Som Miock**: He has allegedly smuggled 300 shipping containers worth approximately \$60m out of Madagascar;

<sup>10</sup> [www.rfi.fr](http://www.rfi.fr)

<sup>11</sup> [www.lexpressmada.com](http://www.lexpressmada.com)

<sup>12</sup> [www.lexpressmada.com](http://www.lexpressmada.com)

<sup>13</sup> [www.lexpressmada.com](http://www.lexpressmada.com)

<sup>14</sup> [news.mongabay.com](http://news.mongabay.com)

<sup>15</sup> [news.mongabay.com](http://news.mongabay.com)

<sup>16</sup> [news.mongabay.com](http://news.mongabay.com)

<sup>17</sup> [news.mongabay.com](http://news.mongabay.com)

<sup>18</sup> [news.mongabay.com](http://news.mongabay.com)

<sup>19</sup> [news.mongabay.com](http://news.mongabay.com)

<sup>20</sup> Mongabay News, 3 Jun 2014.

<sup>21</sup> Source, political analyst, Antananarivo

- **Roger Thunam:** He has allegedly smuggled 103 shipping containers worth approximately \$20.6m out of Madagascar;
- **Claude Bezokiny:** He has allegedly smuggled 33 shipping containers worth approximately \$9.8m out of Madagascar;
- **Thierry Body:** He has allegedly smuggled 38 shipping containers worth approximately \$7.6m out of Madagascar;
- **Patricia Soa (Lo Seing):** She has allegedly smuggled 42 shipping containers worth approximately \$8.4m out of Madagascar.<sup>22</sup>

### Rajaonarimampianina offers loose time frame for adopting new mining code

Speaking at an investment conference in **London, United Kingdom (UK)**, on 19 November President Hery Rajaonarimampianina offered a loose time frame on when the government plans to adopt a new mining code.<sup>23</sup> The lack of clarity is an indication of the continued disagreement between the government and stakeholders on key aspects of the mining code.<sup>24</sup> The government hopes a new mining code will attract more foreign direct investment (FDI) as Madagascar struggles to overcome years of political isolation and economic stagnation.<sup>25</sup> The new mining code is not finalised but Rajaonarimampianina said,

*"We are still debating all the finer details, but compared to the old one it will be an improvement across all aspects ... [but it will be passed] this year or at least at the beginning of next year."*<sup>26</sup>

Moreover, Rajaonarimampianina said the new code will not bring radical changes to the mining sector,

*"We already have a code. All we want to do is tweak it, make it more competitive and attract more investment."*<sup>27</sup>

However, he did not provide answers about the timeline for the new code or the impact of legislative uncertainty on investment levels.<sup>28</sup> A draft of the new mining code dated 27 August indicated the government plans to increase royalty fees and claim 10% stakes in mining concessions.<sup>29</sup> Madagascar-focused mining executives have raised concerns that the draft is less investor-friendly than the one it replaces, potentially making it more difficult to attract foreign inflows during a low commodity price mining cycle.<sup>30</sup> Despite the disagreement between mining sector stakeholders and the government, Rajaonarimampianina has publicly stated his commitment to Madagascar remaining investor friendly, while ensuring that the Malagasy people benefit from foreign direct investment.

*"We need to work hand in hand with the international community and investors ... the Malagasy people must be stakeholders and managers in the investment process. We must create jobs ... the answer to poverty is the creation of riches and proper redistribution. It is where the international community and investors have a role to play. Your knowhow, expertise and capital [combined] with what we have to offer, both human capital and natural resources."*<sup>31</sup>

<sup>22</sup> Source, political analyst, Antananarivo

<sup>23</sup> Reuters, 19 Nov 2015.

<sup>24</sup> Reuters, 19 Nov 2015.

<sup>25</sup> Reuters, 19 Nov 2015.

<sup>26</sup> Reuters, 19 Nov 2015.

<sup>27</sup> Chatham House, 18 Nov 2015.

<sup>28</sup> Chatham House, 18 Nov 2015.

<sup>29</sup> Reuters, 19 Nov 2015.

<sup>30</sup> Reuters, 19 Nov 2015.

<sup>31</sup> Chatham House, 18 Nov 2015.

## Security forces detain alleged terrorist sympathiser

Malagasy media reported on 26 November that security forces detained an alleged terrorist sympathiser on 20 November.<sup>32</sup> After noting pro-**Islamic State** messages posted on social media websites, security forces detained a Malagasy male of **Indo-Pakistani** origin in Antananarivo.<sup>33</sup> French authorities alerted the Malagasy government, as the male was arrested in France in 2000 for carrying prohibited weapons.<sup>34</sup> French authorities have stepped up actions against suspected terrorists and terrorist sympathisers in the wake of the Paris terrorist attacks on 13 November that killed 130 people.

*“Since the attacks in Paris, the suspect, apparently sympathetic to the Islamic state group was advocating terrorism on social networks. His remarks, particularly virulent, convinced the Malagasy justice to intervene, fearing the passage to the act of a lone wolf ... The search of his computer revealed the presence of several Islamist propaganda videos and e-mails exchanged with **Syria**. But the man would have erased many of its computer data that investigators are now trying to recover.”<sup>35</sup>*

Madagascar is not known as a centre of terrorist activity, but French and Malagasy authorities have stepped up anti-terrorism measures as a security precaution in the run up to the 16<sup>th</sup> **Francophonie** summit, which will take place in Madagascar in November 2016.<sup>36</sup> The summit will welcome 80 heads of state and over 3,000 delegates. It will be a test for Malagasy security forces and their cooperation with French security forces, which are expected to provide the bulk of the security for the summit.

## Implications

Speculation with regard to Ravelonarivo’s health may put pressure on Rajaonarimampianina to replace him as prime minister in the short to medium term, with someone whose medical problems will not negatively impact his or her ability to lead the cabinet. The new cooperation framework agreement will become the basis for cooperation between Madagascar and the EU over the next five years and provide the new government with much needed financial assistance to address the expectations of the Malagasy people who are waiting for Rajaonarimampianina to deliver on his election promises.

Despite an election promise to curb illegal rosewood exports, Rajaonarimampianina’s government has not yet succeeded. The Singapore court ruling will further reduce the government’s ability to curtail the illicit flow.

The continued disagreement on key aspects of the mining code will probably delay its eventual adoption and may create more division between the government and stakeholders. This may undermine the ability of the new mining code to attract much needed foreign direct investment.

Madagascar is unlikely to become a centre for terrorist activity, but French authorities will push the Malagasy security forces to take a more hardline approach to security in the run up to the Francophonie summit, to ensure the security of the delegates.

<sup>32</sup> RFI, 26 Nov 2015.

<sup>33</sup> RFI, 26 Nov 2015.

<sup>34</sup> RFI, 26 Nov 2015.

<sup>35</sup> RFI, 26 Nov 2015.

<sup>36</sup> Multiple sources: matv.mg; www.linfo.re; www.expressmada.com

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