

# GABON

Africa's latest emerging economy goes from strength to strength

## Stability provides strong foundations

Rich in natural resources and a gateway to parts of central Africa, Gabon is well on track to achieve emerging economy status by 2025

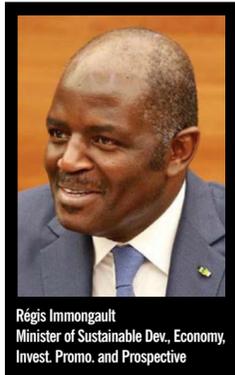
Endowed with a plethora of enviable natural resources such as oil, timber and manganese, Gabon boasts political, economic and social stability and continues to record impressive progress toward its goal of achieving emerging economy status by 2025.

Solid fiscal growth and economic diversification combined with an increasingly strong flow of foreign direct investment have kept the country of 1.8 million people in the global spotlight in recent years.

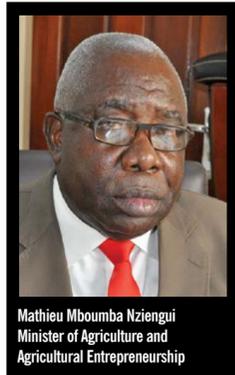
Much of this success can be attributed to the ongoing implementation of a multipronged economic development plan launched by visionary President Ali Bongo Ondimba that aims to boost living standards, create jobs, promote fiscal diversification and maximize the return on local and foreign investment.

Known as the Strategic Plan for an Emerging Gabon (Plan Stratégique Gabon Emergent), the blueprint lays the foundations for a brighter future through a strong focus on three core pillars: industry, sustainable natural resource management and services.

The first component aims to transform the nation into a thriving industrial hub concentrated on the processing of abundant raw materials and the export of high-value-added products.



Régis Immongault  
Minister of Sustainable Dev., Economy, Invest. Promo. and Prospective



Mathieu Mboumba Nziengui  
Minister of Agriculture and Agricultural Entrepreneurship

**“What interests us more than anything is attracting Japanese businesses and boosting the capacities of our people.”**

Régis Immongault, Minister of Sustainable Development, Economy, Investment Promotion and Prospective

The second pillar looks to ensure sustainable management of the republic's vast forests — which occupy about 80 percent of national territory — and the establishment of Gabon as a global producer and exporter of certified tropical timber.

The third pillar aims to generate a substantial service sector focused on areas such as banking and financial services, information and communications technology (ICT), education, health and ecotourism.

The government is eager for foreign investors to play an important part in the achievement of these three goals, as Ondimba outlined: “We must establish external relations with foreign investors on a win-win basis and at the same time, maintain a certain level of compatibility between Gabon's needs and the needs of the global market.”

“As we consolidate relations with our traditional partners, at the same time we must consolidate and diversify our coop-

eration in order to draw more inspiration from the experiences of the emerging and developing countries.”

Gabon certainly has a lot going for it as the country is already the continent's second-largest producer of timber and is a leading exporter of the precious metal manganese and black gold: oil.

Foreign partners such as Japan are working closely with the public and private sectors to optimize natural and human resources in various fields.

One such example is two five-year projects involving the Japan International Cooperation Agency.

The first involves experts from Tokyo working to enhance a nationwide forestry resource inventory system that will contribute to sustainable forest management.

The second is a project that aims to launch a laboratory surveillance system for viral diseases of public health concern.

Régis Immongault, minister of sustainable development, economy, investment promotion and prospective said Japan mainly imports crude oil, but he believes they could import more minerals and fresh produce.

“Palm oil and other products from our agricultural industry are potentially strategic export products too,” he stated.

“What interests us more than anything is attracting Japanese businesses and boosting the capacities of the Gabonese people and infrastructure through their



Gabon's portfolio of precious natural resources such as palm oil provide a wealth of business openings.

knowledge and expertise. We would like to sign many deals and partnerships with Japanese enterprises.”

Immongault said many countries in Africa understand development will only be possible through the industrialization of key sectors, and Gabon is already sharing its experience of this process with other nations.

This includes the open door policy for foreign investors who wish to team up with government agencies and ministries for mutually-beneficial public-private partnerships (PPP).

“This is how we will reach the objective of the emergence of our economy, achieve more inclusive growth, create jobs and better integrate the value chain,” he stated.

As one would expect from a country fortunate enough to have very fertile soil and a favorable climate for growing cash crops, Gabon's agricultural sector is a hugely important industry from a commercial and individual perspective, employing hundreds of thousands of workers directly and indirectly.

The importance of the indus-

try cannot be underestimated as 95 percent of the working population are involved in some aspect of the supply chain from field to table. Key crops include bananas, maize, sweet potato, ground nuts, yams and cassava.

There are more than 20 million hectares of unplanted arable land, representing huge potential for the growing of crops.

“Gabon is a developing country with a tradition of family farming and small producers,” said Mathieu Mboumba Nziengui, minister of agriculture and agricultural entrepreneurship.

“We want to develop our agro industry taking into consideration the land and its fair distribution. To have a sustainable agriculture, we will respect our environment.”

“Agriculture should be at the heart of everything as it is the basis of humans' whole existence. In Gabon we have all the conditions met for investors to come and settle down smoothly, with a particular interest in the launch of PPPs. The Agriculture Code and the Investments Charter are two fundamental tools in this regard.”

## Investment in transport steers businesses into the fast lane

Substantial spending on transport infrastructure has fine-tuned the performance of road, rail, air and maritime activities and logistics

The backbone to any economy, efficient transport networks are vital if a country is to achieve its full potential and this is certainly true of Gabon, even though the republic's high urbanization rate of around 90 percent means the majority of people live in cities rather than rural areas.

As such a vital economic link in the chain of development and flow of goods and services, the

government has invested substantial sums in modern transport infrastructure by improving highways, rolling stock, ports and airports so as to lubricate the engine of economic growth.

With a huge agricultural industry highly dependent on the efficient movement of fresh produce and livestock to local and international markets, the government has been quick to green light

transport developments, many of which have involved foreign partners. Together with the Ministry of Infrastructures, we ensure the roads sector is well developed as most of our trade is done by roads” explained Transports Minister Ernest Mpoouh Epigat.

“International trade happens mostly by maritime transportation and fluvial transportation helps unlock areas not easily

accessible by road or air.

“Operators can already expect a better fluidity in our road network and it is important to highlight the guideline of the Central African Economic and Monetary Community on the mobility of people and goods in the region along the Trans-African highway network.

“This highway will allow us to be connected with all our neighboring countries and there will be an intensification of trade as the network develops.

“Transportation is essential for the diversification of our economy

and when the free circulation of goods and people will be effective in the region, we will witness a boom in economic and cultural exchanges at the regional level.”

The minister is quick to highlight the success of Japanese companies in Gabon and strongly believes they can contribute more to the development of the transportation sector and the economy in general.

“The Japanese are already active in Gabon, with the example of Mitsui operating the Port of Owendo with Gabon Port Management. Also, Toyota has a subsidiary with significant turnover.

“We would like them to contribute more to the development of the transportation sector, especially in our railways where their technology could help us improve our capacities. We are open to deals with partners from



Ernest Mpoouh Epigat  
Minister of Transports

everywhere, but it goes without saying that the Japanese have the knowledge that could greatly benefit our sector.”

Consisting of a single 658-km line known as the Trans-Gabon Railway (Transgabonais), Gabon's rail network carries passengers and freight between

Franceville in the east and Libreville's port of Owendo.

The line is operated by the Société d'Exploitation du Transgabonais (SETRAG), owned by French mining company ERAMET as part of a 30-year concession to operate the railway until 2035.

The Transgabonais currently offers up to nine daily commercial train slots, below the 16 daily slots the network could potentially accommodate if aging infrastructure, which restricts the speed of traffic, was replaced.

SETRAG is committed to restoring the Transgabonais' maximum capacity with the help of the government, which owns the infrastructure utilized by SETRAG, as ministers have identified Transgabonais' spare capacity as a driver for growth.

“The railway ensures the export of mining products,

especially manganese from the province of Haut Ogooué to the Port of Owendo, and the import of necessary commodities like fuel,” said SETRAG General Manager, Patrick Claes.

“We transport around 250,000 people per year and our objective is to transport 4.5 to 5 million tons of goods per year, comprising mostly manganese, logs, other goods and fuel. Our goal is to carry 22 million tons per year after a seven-year investment program that will start soon and involve extensive rehabilitation of the line.

“The Japanese are more than welcome to help us modernize our tools and technology and train our people. We know the excellent reputation of the Japanese in the railway sector and are highly interested in forging successful partnerships with our Japanese counterparts.”

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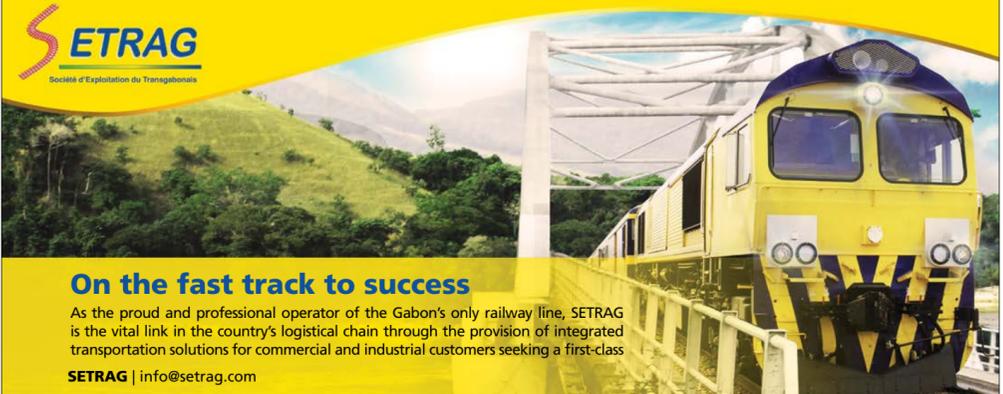
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## On the fast track to success



As the proud and professional operator of the Gabon's only railway line, SETRAG is the vital link in the country's logistical chain through the provision of integrated transportation solutions for commercial and industrial customers seeking a first-class

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# Power improvements energize the economy

*Huge investment in hydroelectric dams means the vast majority of people and businesses in Gabon can easily plug into power network*

As in any emerging economy with a fast-growing population, Gabon is aware it needs to invest heavily in new energy-related infrastructure to ensure national energy demand is met and capacity is sufficient to support future socioeconomic development.

Gabon starts this journey to greater energy provision from a position of strength as the country is already at the forefront of sustainable development.

Nearly nine out of ten people have access to electricity, with 46 percent of total electricity generation provided by hydroelectric plants and 54 percent by thermal plants.

However, the energy mix is likely to diversify significantly over the next decade through significant investment in environmentally friendly renewable energies such as solar and wind farms.

The ambitious goal of the government is to provide everyone in the republic with access to electricity by 2020. To hit this difficult target, there is now a strong focus on the electrification of rural areas which will see officials double installed capacities over the next few years.

Gabon has significant hydroelectric potential, ranging from 5,000MW to 6,000MW and several new dams have been constructed in recent times to harness this tremendous and infinite source of energy.

At present, the Grand Poubara dam is the most powerful in the country with a 160MW capacity.

Other hydroelectric projects currently under construction or due to start work shortly include: Ngoulmendjim Dam (115MW), Empress Eugénie Falls Dam (84MW) and FE2 Falls Dam



Guy Bertrand Mapangou  
Minister of Energy  
and Water Resources



Jean-Pierre Oyiba  
Minister of Infrastructures, Public  
Works and Territory Planning

(36MW). Because of the development of renewable energy sources, less than two-thirds of its energy comes from fossil fuels, placing Gabon in the top five of African nations in terms of energy competitiveness.

In 2025, gas-generated electricity will only represent, at most, a fifth of total production, compared with 80 percent for renewable electricity.

**“Japanese investors could bring technologies to optimize our costs ... and our economic performance.”**

Pierre Reteno N'Diaye, CEO, SOGARA

“The energy sector is a fundamental base from which the economy can emerge, diversify and aid the fight against poverty,” explained Guy Bertrand Mapangou, minister of energy and water resources.

“In the longer run, energy is product that will be exported, as part of the Industrial Gabon pillar. By 2020, Gabon aims to reach a competitive and reliable supply of 1,200MW by increasing

The minister added: “In rural areas, the plan is to extend existing networks and to raise the production using biomass. The geography of Gabon is a major challenge to the government's efforts to interconnect all the regions and remote villages. Innovative solutions using the sun or hybrid systems are therefore used to improve the electrification rate in rural areas.”

This energy infrastructure

development goal is fully supported by the Ministry of Infrastructures, Public Works and Territory Planning, lead by Jean-Pierre Oyiba.

Asked about the present pace of general infrastructure development in Gabon, the minister was quick to highlight some of the competitive advantages and incentives that have already attracted major international companies to many of its towns, cities and rural areas.

#### Key competitive advantages

“Our workforce is excellent, people are well trained, we have a very well-connected airport, a very open port, political stability, a sound banking system, and solid institutions,” he explained.

“Infrastructures always require heavy investment the state cannot finance with its own resources. It is necessary that financial institutions and investors help us in this, and that private parties come to ensure the operations of our infrastructures, as is already the case in with our ports.

“For our airports, we are thinking of adopting the ‘build-operate-transfer’ (BOT) model in the case of the airport of Libreville as it has already reached its capacity.

“This BOT offers all the guarantees against a certain number of years of exploitation of the airport. For our roads, we are actively looking for partners to operate tolls as is already done in many other countries in Africa. Traffic is heavy in Gabon as we have the highest number of automobiles per person in the entire region.”

Nowhere is the importance of excellent infrastructure involving huge sums of foreign direct investment more apparent in Gabon than in the oil sector, both in the upstream and downstream arenas.

Scores of businesses employ-



Total Gabon, working together towards an emerging Gabon



M&P, the sustainable partner of Gabon www.maureletprom.fr

ing thousands of workers, as well as the government, rely on the continued success of the industry, although like other oil-producing nations, the recent downturn in crude oil prices has impacted output rates and derailed some future investment plans.

#### Refinery expansion on track

As the country's only refinery, the importance of Société Gabonaise de Raffinage (SOGARA) to national economic well-being and development since its commissioning 49 years ago cannot be understated.

The facility transforms millions of barrels of crude oil into refined products such as petrol, diesel, gasoil, butane and kerosene.

The government holds a 25 percent stake in the facility — which supplies domestic and foreign markets — French oil giant Total 43 percent and Portofino Assets about 17 percent.

Construction of a second refinery is on the horizon, with the state-of-the-art facility due to be constructed through a public-private partnership between Gabon Oil Company and South Korean

Group Samsung.

The new refinery will boast triple the 1 million tons per year capacity of SOGARA and fully comply with the latest international standards.

Substantial investment has led to an increase of productivity during the past few years. For

**“The energy sector is a fundamental base from which the economy can emerge and diversify.”**

Guy Bertrand Mapangou, Minister of Energy and Water Resources

example, in 2009 SOGARA produced 110-tons/hour of products. Today, it produces nearly 160 tons/hour, but company officials are keen to form partnerships with Japanese companies so as to increase automation and further boost output.

The company refined 927,000 tons of crude oil in 2015, the second-highest production total in its history.

SOGARA CEO, Pierre Reteno N'Diaye, is eager to explain how this impressive performance was achieved and how he expects

to reach the 1 million tons/year threshold in the not too distant future — a goal he hopes can be achieved with the help of Japanese technology, experience and knowledge.

“We managed these great results thanks to a higher performance of our plant and more reli-

able tools,” he said. “In 2015, the plant mostly operated 24 hours a day, seven days a week.

“For 2016, the perspective is more uncertain. We had some technical problems and have not required a major maintenance shutdown for four years, although the next one is scheduled for June 2017.

The experienced executive highlights some of the potential tie-ups with Japanese companies and investors and is keen to explore opportunities that would further improve operating rates

and streamline costs throughout the facility's portfolio of products.

“Japanese investors could bring technologies to optimize our costs, increasing our technical capacities and therefore the economic performance,” he explained.

“They could help us build special units that would allow us to process more effectively and completely the barrels that we receive. They could also help us in the instrumentation of the refinery, as today it is semi-automated. The less human intervention you have the better it is in term of performance.”

N'Diaye continued: “Gabon is a fast growing country with great potential. Given these advantages, it is an attractive destination for Japanese investors.

“Originally heavy fuel oil was exported to the American market. Today, we are exporting far more to the Asian market where it is reprocessed to refine ‘noble’ products. Japan is not yet a client in our portfolio. Nevertheless, we have already been in contact with Japanese trading companies interested in our products.”

# Hi-tech hub displays velocity, connectivity and reliability

*Gabon is proud to be regional leader in ICT as heavy investment in world-class infrastructure encourages extensive use of mobile and internet-based services.*

In today's fast moving world, instant and reliable access to high-tech communications channels are absolutely essential if businesses and entrepreneurs are to maximize commercial opportunities and connect to vendors and investment partners located at home or abroad.

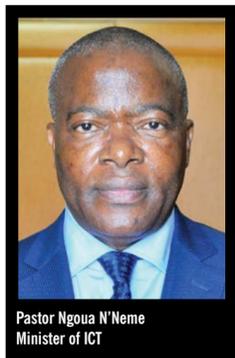
Whether it is a click of a laptop mouse, touch of a mobile phone button, swipe of a tablet screen or press on a computer keyboard, customers and suppliers require data and information as quickly as possible so as to make informed decisions.

Gabon's regulatory framework is transparent and fair — two factors that encourage investment and innovation in the information and communications technology (ICT) sector.

In 2014, the ICT sector in Gabon generated a direct turnover of 293 billion Central African Francs (FCFA), contributed around 5 percent to the GDP and created more than 12,000 jobs

The government passed a budget of 2.63 trillion FCFA for 2016, of which around 2 percent has been allocated to the various activities of the ministry of digital economy and post.

The telecoms market was liberalized in 1999 when the government awarded three mobile telephony licenses and two internet service provider licenses and established an independent regulatory authority.



Pastor Ngoua N'Neme  
Minister of ICT



Abderrahim Koumaa  
CEO, Gabon Telecom

At the third time of asking, leading operator Gabon Telecom was privatized in 2007.

In contrast with the mobile market, Gabon's fixed-line and internet/broadband sectors have remained underdeveloped due to a lack of competition and the resulting high prices.

**“Gabon has a penetration rate of 180 percent for mobile phones, one of the highest within the region.”**

Pastor Ngoua N'Neme, Minister of ICT

The country has always had sufficient international bandwidth on the SAT-3/WASC/SAFE fiber-optic submarine cable which runs from southern Europe via South Africa to several countries in West Africa.

The installation of a second

of 180 percent for mobile phones, one of the highest within the region,” revealed Pastor Ngoua N'Neme, minister of digital economy and posts.

“The penetration rate for internet is growing in parallel. What we need now is to develop



Gabon Telecom, the Future Belongs to You

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the content, especially Gabonese content.

“The ICT sector is already playing an important role in other sectors of the economy. For instance, the seasons are not coherent anymore and it has become difficult to predict when it will rain.

“Supporting the objective of the country to become self sufficient with food, irrigation could be monitored by assisted-irrigation using technology when the rain is not enough.

“Telemedicine is another project in the pipeline, fitting in the e-government program. The idea is that all Gabonese, especially the ones living in the countryside, should be able to be assisted by a doctor irrespective of the distance.

“We envision the same in the

fields of education. These ideas and projects will all revolutionize the way we live and organize ourselves.”

#### Next generation technology

The minister wants to encourage young people to maximize their potential through the use of new technologies in the spheres of business.

“This ministry has a digital incubator program to foster entrepreneurship among the youth,” he said “We need qualified managers to develop our digital economy.

“One of the results of the last New York Forum Africa is the signing of a deal with Airtel Bharti to train 5,000 young people in ICT related jobs, in partnership with UNESCO and our ministry of national education.”

By providing widespread access to the information super-highway and a range of fixed-line telephony and mobile phone

**“Most multinationals here use Gabon Telecom. We are a guarantee of trust and quality of service.”**

Abderrahim Koumaa, CEO, Gabon Telecom,

services, Gabon Telecom is at the heart of the country's digital revolution and is pioneering the roll-out of the 3G/4G and 4G+ technologies in the wider region as well.

The group is 51 percent owned by Morocco Telecom and 49 percent controlled by the Gabonese government — a structure that has seen the operator transform a public entity to a

modern private company with independent management.

Gabon Telecom provides extensive coverage in 21 cities and is eager to establish partnerships with firms who can bring new technologies at competitive prices to enable the producer to offer such hi-tech services at affordable prices for the majority of people across the country.

“Most multinationals operating in Gabon use several Gabon Telecom services,” stated CEO Abderrahim Koumaa. “We are a guarantee of trust and quality of service.

“Our investment and expansion strategies have been very successful. Gabon Telecom is the most innovative company in the market. We have invested heavily in optical fiber. Foreign companies settling in Gabon discover we provide services with high-speed broadband at affordable prices.

“Some companies have lowered by 60 percent their cost

of communication. We are here to support all foreign companies wishing to settle in Gabon.

“There are many investment opportunities in all the various Gabonese fields, including mining, agriculture, fisheries and so on. Investors who decide to seize these opportunities will be accompanied by Gabon Telecom with all the necessary telecommunications services.”

Koumaa said Gabon Telecom is attentive to all the high-tech suppliers wishing to invest in the area and wants to introduce tools and latest technologies at affordable prices in a very dynamic market.

The company has already benefitted from working with Japanese firms, as the executive explains: “We worked with a free-space optical communication (FSO) company from Japan to develop the use of optical fiber and with NEC, a company we have known for 30 years and one we have worked with very closely on the backbone transmission.

“We are very satisfied with our cooperation with Japanese companies.”

#### Tailor-made tech solutions

The executive is eager to repeat this success with new partners from Japan and elsewhere: “We are open to companies wishing to provide solutions to develop content directly in Gabon.

“We invite companies to contact us to develop this segment. Internally, we have developed mobile-commerce services with our Mobicash application that allows unbanked customers to have banking services tailored to their income. We have developed this very popular service throughout the country.”

Koumaa concluded with a message for Japanese enterprises, “I invite investors and businesspeople from Japan to discover beautiful Gabon, a welcoming country with investment opportunities and very advanced telecommunications services that will accompany you wherever you are.”

# Buried treasures entice foreign investors

*Gabon's vast mineral wealth and major oil reserves remain a powerful attraction for many foreign enterprises seeking to optimize valuable natural resources for key export markets*

For several decades, Gabon's economy has been heavily reliant on huge oil reserves that continue to generate substantial sums for the government despite the recent down in global oil prices that has seen multinational operators trim capital expenditure in many countries.

Leading economists say the recent collapse in oil prices is a major challenge that will test Gabon's macroeconomic resilience as it has reduced growth forecasts and lowered government revenue.

The price falls also underline the need for ministers to further accelerate the implementation of Gabon's plan to diversify its economy.

Diversifying the economy is a core component of the country's agenda for change, but the oil industry will always remain a key source of foreign revenue and employment opportunities. In addition, significant gas reserves have yet to be fully exploited by local or foreign players.

Gabon is certainly being highly proactive in the face of such challenges and tackling these hurdles without hesitation.

July 1, Gabon officially rejoined the Organization of the Petroleum Exporting Countries (OPEC) after a 22-year absence.

The country's return to OPEC followed a request by Gabon earlier this year as it believes the best way forward is strength in numbers.

The memorable occasion saw Gabon's Minister of Oil and Hydrocarbons, Etienne Dieudonné Ngoubou, visit



Martial-Rufin Moussavou  
Minister of Mining and Industry



Etienne Dieudonné Ngoubou  
Minister of Oil and Hydrocarbons



Rigobert Ikambouyat-Ndeka  
CEO, OPRAG

the Vienna headquarters of the hugely important group to discuss the collective way forward for the industry.

Ngoubou held high-level discussions about the current oil market situation, the secretary's main activities, and the input of Gabon into the organization.

"Gabon is delighted that it will once again be a member of OPEC after more than 20 years away," he said.

"We believe we can be an active and engaged partner in OPEC's activities, as the organization looks to meet both challenges and opportunities in the years ahead."

Acting OPEC Secretary General, Abdalla Salem El-Badri, added: "We are very happy to welcome back Gabon into the OPEC group of countries."

"We look forward to working with the minister and his colleagues in the coming years."

Promising business openings also exist in the fledgling gas sector. The flaring of gas

has been prohibited in Gabon since 2010. Since then, the sector has become more industrialized and there are investment opportunities in the latest flaring techniques.

The ban on gas flaring aims to favor new recovery and reinjection techniques, which are more ecological-friendly, more profitable and meet international commitments in terms of sustainable development.

As already highlighted, Gabon's diverse landscape contains minerals in abundance and these valuable natural resources sustain an export-oriented mining industry for commodities such as manganese, iron, gold, silver, diamonds, niobium, phosphates, lead, zinc and barite.

Long dependent on oil and gas as its main source of revenue, Gabon is mindful of the limited lifespan of these resources and is eagerly pursuing the sustainable development of other sources of natural wealth.

Already the world's second-

largest producer of high-grade manganese — of which Gabon is estimated to have reserves of around 250 million tons — there is plenty of scope for substantial investment in the mining and raw materials sector.

#### Priority is to add value on site

Indeed, that figure is dwarfed by iron ore reserves estimated to total nearly 1 billion tons and surveys have revealed nearly 1,000 sites for potential mining operations.

The overall aim is to increase mining activities, add value on-site and enhance the economic development of the regions where these sites are located.

According to relevant section of the comprehensive Emerging Gabon Strategic Plan, the government's overall goal is for Gabon to become a "metallurgy center, with a dynamic fabric of small and medium-sized enterprises exporting iron-based products to the whole sub-region

and beyond."

The mining industry accounts for 4 percent of Gross Domestic Product and 6 percent of the country's exports by value. Mining operations are supported by a range of infrastructure projects in the transport and power sectors that are boosting capacities and efficiencies.

In a well-received move that reassured international investors considering exploring openings in the price-volatile industry, a new mining code was adopted in 2015 that offers greater legal protection and fairer tax rates and Customs duties.

"The new mining code covers two important rules: inviolability of the mineral title, stating that none of the titles regularly attributed to an operator can be taken back, and defining the competent national jurisdictions and tribunals.

"Mining is at the core of the blueprint of our national industrialization policy," explained Martial-Rufin Moussavou, minister of mining and industry. "The ultimate goal is to maximize the exploitation of the resources and to add value.

"Specific projects include the metallurgical complex at Moanda, the iron ore project at Belinga in Ogooué-Ivindo province; the niobium and other minerals project by Maboumine and the construction of hydro-electric dams to reinforce the installed electrical capacity and raise it to 2,000MW by 2020 and to 3,000MW by 2035.

The minister is eager for Gabon to build on its excellent trade relations with Japan and increase collaboration on metals and mining industry projects and initiatives.

"Our trade relations with Japan are mostly visible with oil and manganese that Japan imports from us," he said. "Other companies need metals, paving the way for opportunities to increase our exports to Japan.

"Japanese companies most interested in working with us include Mitsubishi and Mitsui, but the cooperation could be reinforced and our country could benefit from the financing of projects and the improvement in geological expertise, training and technology transfers.

"Ideally, we would also like to see a higher level of cooperation between Japan Oil, Gas and Metals National Corporation (JOGMEC) and this ministry,



The metallurgical complex of Moanda is key to the industrialization of Gabon's mining industry

as envisioned during the fifth Tokyo International Conference on African Development (TICAD V) in 2013.

#### Ports are strategic gateways

With a lengthy coastline, Gabon benefits greatly from not having to rely on neighboring countries to export its substantial quantities of minerals and commodities to buyers around the world, a competitive advantage that is made possible by modern ports at Owendo and Port Gentil.

Owendo (Libreville) is the more important of the two maritime gateways as it handles 75 percent of the country's commercial trade, while further south Port Gentil is the primary exit

opportunities for infrastructure development. Key achievements include the acquisition of an automatic identification system and vessel traffic services system to better regulate port activities and a significant reduction in vessel waiting time through the streamlining of administrative processes.

To highlight this last point, in 2009, vessel waiting times could reach 15 days, whereas today it is 48 hours. Earlier this year, OPRAG invested in a pair of tugs to further increase productivity and efficiency.

In recognition of these achievements, OPRAG CEO, Rigobert Ikambouyat-Ndeka, received a coveted prize at the prestigious

the modernization and development of infrastructure. We began modernizing the Port of Owendo with the acquisition of new cranes. We worked with the company Portek, from the Japanese group Mitsui, our main partner in the management of the infrastructure.

"We then expanded the container terminal from 59,000 twenty-foot equivalent units (TEU) capacity in 2009 to 132,000 TEUs in 2014. We acquired new operating systems and modern hardware.

"We also built new storage capacity, warehouses and a new captaincy so the state can ensure its sovereign role of safety-security and well-managed port infrastructure."

He continued: "The port infrastructure of Port Gentil has also been modernized and we launched major projects with the creation of a new ore terminal and a new cargo terminal through a PPP with agribusiness Olam International and a new dock in Mayumba through another PPP.

"There are other projects that have not yet been achieved: such as the great port of Mayumba and the port complex of Port Gentil with a large iron ore port for Belinga.

"Another focus has been on the facilitation of administrative procedures that has seen the implementation of scanners and the creation of a one-stop shop to streamline and simplify import and export operations. OPRAG Gabon is a great vector of development."

**"We focus on meeting our deadlines, respect for the environment, security and safety."**

Rigobert Ikambouyat-Ndeka, OPRAG CEO

point for hydrocarbons.

A deep water port at Mayumba in the south west will be built in the next few years to further boost import/export activity.

Gabon's port authority Office des Ports et Rades du Gabon (OPRAG) is tasked with regulating and supervising port operations and has overseen a steady rise in port traffic in recent years as it looks to become a regional logistics hub.

New legislation has synchronized Gabon's maritime law with global standards and prioritizes public-private partnership PPP

Paris Africa Port Awards.

"The results of our efforts are positive, the waiting time in the port has reduced significantly and productivity increased by 75 percent, thanks to three new cranes that have created greater profitability for shipowners," said Ndeka.

"These results enabled us to attract the world's second-most important transporter of containers to the first time. We focus on meeting our deadlines, respect for the environment, security and safety.

"We have focused heavily on

## Gabon Oil Company: steering the energy needs of an emerging nation forward to produce the future

Created by Presidential decree on August 24th 2011 to ensure Gabon's most important resource is managed transparently and in-house, Gabon Oil Company is primarily an upstream-focused entity wholly owned by the Republic of Gabon. With a vision to become the flagship of the PSGE (Emerging Gabon Strategic Plan), GOC has more than 80 employees and strong partnerships with global players. A growth strategy aiming to optimize state revenue by smart acquisition of marginal fields, non-operated equity shares acquisition and robust downstream plan as Gabon's only refined products importer.



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## OPRAG Prime vector of development for the emerging Gabon

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# Aviation sector soars with more routes

*An increasingly popular route for leading international airlines, Gabon is reaping the rewards of significant investment in aviation infrastructure and services*

As Gabon's economy grows and major new infrastructure projects are announced, more and more foreign investors, government officials and business executives are flocking to its bustling cities on a regular basis. Demand for seats to and from Gabon has seen a surge in passenger numbers in recent years. Many leading international airlines now include Libreville and Port Gentil on their route networks and offer frequent services for business as well as leisure travelers.

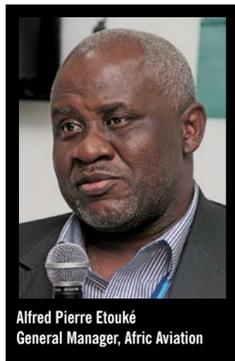
The government is keen to take advantage of this positive trend by launching its own flag carrier, as Transport Minister, Ernest Mpouho Epigat, explained.

"We are currently setting up a national airline to reinforce our position as an aviation hub in Central Africa," the minister confirmed. "This position is already supported by the presence of many international airlines at our main international airport in Libreville."

The minister will surely hope the new airline, which has yet to be named or incorporated, will enjoy a similar success to that of other airlines born in recent years that now serve the nation.

Launched at the dawn of the millennium and with licenses to operate services to 21 countries on the continent, Afric Aviation is flying high as the leading airline in Gabon in terms of passenger numbers.

In fact, the airline carries more people than its three nearest competitors combined and is the first choice for foreign business execu-



Alfred Pierre Etouké  
General Manager, Afric Aviation

tives looking to reach parts of the country underserved by regional competitors. Afric Aviation is a joint venture between Gabonese investors and Equafight Service — a Congo-headquartered airline — and Regourd Aviation, a French firm that specializes in business aircraft.

The airline operates regular services to major cities in Gabon and the wider region, including

**"I am convinced there will be a boom in the aviation sector given the high growth rates of Gabon and the region."**

Alfred Pierre Etouké, General Manager, Afric Aviation

Libreville, Port Gentil, Rabi, Gamba, Franceville, Douala and São Tomé.

Highly rated by local and foreign passengers, and with an excellent safety record, main clients include major operators in the oil, gas, energy and

mining industries, including Total Gabon, Valcoo Gabon, Addax, CNR International and COMILOG.

## Supporting showcase event

The successful airline will also carry the players, officials and supporters of many of the football teams playing in the next edition of the continent's showcase sporting event, the Africa Cup of Nations 2017.

"We have recently invested in two Boeing 737s that will fly to continental destinations," said Alfred Pierre Etouké, general manager of Afric Aviation. "We have also been contacted by several major operators, including Ethiopian Airlines, South African Airways and others, to evaluate the possibilities to develop code shares and synergies."

The senior executive reveals he is very interested in placing orders for the state-of-the-art Mitsubishi Regional Jet, (MRJ), a

twin-engine regional jet aircraft seating 70-90 passengers manufactured by the aircraft division of the Japanese industrial giant.

"We are very interested in having this plane and we need to explore the possibility of financing this acquisition with Japanese

funding. Given our development plan, we are considering ordering around 10 planes to replace our current fleet.

"Our job is very technical and training our staff represents 10 percent of our overhead. If we come to an agreement with Mitsubishi, we will negotiate a package that will include, on top of the delivery of planes, the training of pilots, mechanical engineers, technicians, and the support of Mitsubishi for two to three years before the local personnel is ready.

"Per plane, there is a need to train six pilots, 12 flight attendants, and four to five mechanical engineers. The ideal case would be that Mitsubishi establishes a maintenance center in the sub-region, the availability in technical support benefiting the sales of planes."

Turning to some of the challenges that the aviation industry faces, such as being unable to operate flights to the European Union because of safety concerns, Etouké is confident they will be overcome and the sector will continue to flourish.

"Civil aviation is not so developed in this part of the continent, but I am convinced there will be a boom in the sector given the high growth rates of the concerned countries, even despite the fall in oil prices.

"The needs are huge: the commercial exchanges and the relations among these countries have only been growing over the past years. We now even have to allow major airlines like South African Airways and RwandAir to fly from Libreville to Douala, or from Libreville to Yaoundé, for instance.

"Another important factor is that local private companies are

progressively developing and national carriers will play a more reduced role.

"With private airlines, development is visible as there are no subventions, but investment plans and a measurement of the risks taken. On top of that, we need to develop niche markets with destinations like Lagos, Port Harcourt, Abuja in Nigeria and other ones such as Pointe Noire in Congo."

## Watchdog boosts safety drive

An important figure in the industry, the National Civil Aviation Agency (ANAC) is in charge of the legal framework, with responsibility for the respect of the security/safety standards and rules by the operators.

Key priorities include increasing the standards in terms of security, safety and infrastructure at regional airports and ensuring new facilities such as Port Gentil Airport and the expansion of Libreville Airport, respect legal rules in terms of environment, safety and urban constraints. Dominique Oyinamono, ANAC general director, sees a myriad of business opportunities across the fast-growing sector.

"We need to renovate national airports and aerodromes, especially the ones in the provincial capitals, extend and upgrade airstrips, develop or build terminals, install radars, safety and security equipment and preserve the perimeter of airports and installations," he stated.

"On this last point, Gabon is a member of the Agency for the Safety of Air Navigation in Africa and Madagascar (ASECNA) which includes 17 African countries and France. ASECNA's primary mission is to ensure coverage of air navigation over



ANAC - professionalism and efficiency for safe aviation

www.anacgabon.org

the airspace of these countries.

"In December, ASECNA will invest in a radar and, in time, we will equip Port Gentil with radar as well.

We negotiated and agreed to aviation agreements with Qatar in 2013 and with the United Arab

**"Japan could help us to train staff on safety for aerodromes and aircraft navigation and so on."**

Dominique Oyinamono, General Director, ANAC

Emirates in August 2015. These agreements will allow us to serve more easily Asia in the short term.

"In March, during the International Tourism Fair in Berlin, Qatar Airways announced that they would open a route to Gabon in 2016. We are waiting for

the formalization of this declaration. We also have contacts with China and Egypt for aviation agreements."

The executive sees a lot of potential for business with Japanese firms across the spectrum of aviation services.

"We should develop cooperation with a developed country like Japan on many aspects, starting with an aviation agreement between the two countries.

"Gabon could then develop bilateral cooperation on staff training. Within the wider region, there is a project to create

a training school for the aerospace industry. Japan could be a partner of this project.

"Japan could also help us to train staff on safety for aerodromes and aircraft navigation, and so on. We also need equipment like firefighting vehicles, meteorological technology for our national airports, which are under-equipped at present."

Afric Aviation's Etouké is keen to have the final word on the importance of his airline and the aviation sector in general in the context of national development.

"We are contributing to the development of the air transportation sector in Gabon and to the efforts engaged in the PGSE.

"This plan is not a political one; it is an important program for the economic development of the whole country and all the sectors of the economy, including transports."

# Oil sector thrives despite price volatility

*As guardian of the country's oil resources, Gabon Oil Company is entrusted with optimizing revenue for socioeconomic development*

Gabon's oil reserves are so substantial even the recent downturn in crude oil prices has failed to deter investors from exploring the sector's rich potential.

As already mentioned, the country's recent return to the OPEC cartel has further bolstered its reputation amid price volatility and a slowdown in fresh investment in global oil projects by foreign energy giants.

The downturn in prices has not deterred Gabon Oil Company from its aims, as the state-owned goliath looks to maintain its role of industry figurehead.

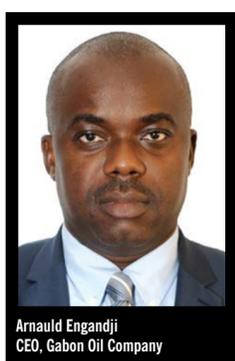
The firm is involved in every area of the upstream and downstream sectors, including research, exploration, development, distribution, transport, storage, marketing and refining.

The company's importance to the national economy is enormous and its board are well aware how the group needs to perform strongly if GDP is to grow and investors are to push through with investment plans.

Arnauld Engandji, CEO of Gabon Oil Company, understands the weight of responsibility on his shoulders, but is enthusiastic about the challenges ahead and the importance Gabonese benefit from the country's most precious resource.

"For 60 years, international companies have controlled Gabon's oil sector," he stated. "Gabonese citizens do not always know who trades the oil and where all the benefits from the sector end up.

"The idea of a society based on 100 percent of public capital, created by the parliament, gives



Arnauld Engandji  
CEO, Gabon Oil Company

more transparency to citizens and ensures a state company manages the most important national resource transparently.

"The creation of Gabon Oil Company creates value at every level of the oil sector and generates important new revenues for the country, revenues that are not exported, but reinvested in strategic sectors of the economy.

"We aim to take control gradually of the industry and to build expertise in all business sectors of the oil industry in order to generate added value for the national economy.

"We have a dual responsibility — a responsibility to the company and stakeholders and a responsibility to the state.

"To respect both, we try to minimize the risks by focusing on production rather than exploration, which is a very risky segment today. We are also involved in the trading, selling crude oil through a partnership agreement with Vitol, an international company.

"We recently took control of

a former Total production field. Recently, Gabon signed a partnership to import refined products, to develop storage activity, warehousing and distribution. We will begin that last activity in September of this year.

"In terms of production, we have no high corporate cost, few expatriate labor costs, thus allowing us to produce at lower cost. When we produce oil, we use 99 percent local workers and managers.

"Working on small fields of production helps our company and our teams to develop an expertise in logistics, costing and help us to master each key element of oil production.

"Today, when we work with international partners we have the 'tricks of the trade' to negotiate, which can only be acquired by taking an active part at all levels of the value chain."

## Partnerships boost growth

In the near term, the company is looking to play a leading role in the setting up of a second oil refinery in Gabon with the help of local player Société Gabonaise de Raffinage (SOGARA) and Korean conglomerate Samsung.

"Concerning the refining activity, we are negotiating to increase the share of the state in the capital of SOGARA, the first refinery in the country and closing negotiation for the new refinery project in partnership with Samsung. This project with Samsung should create 4,000 direct and indirect jobs."

Describing the downward spiral of oil prices over the past 18 months as a "shock to the

system," he insisted Gabon Oil Company has learned a lot from and will emerge even stronger.

"The company was recently created and two years later it crossed a major crisis in the sector. In terms of a learning curve it was very interesting for all the staff because in this type of situation every dollar invested is important, every decision counts double, good governance is key for the company to survive. The crisis gave us a real 'electric shock.'

**"Gabon Oil Company has more and more responsibility in partnership with international contractors."**

Arnauld Engandji, CEO, Gabon Oil Company

"Today, we have gained expertise and the state gives us more and more responsibility in partnership with international contractors, which is an indicator that we have grown and gained leadership in the sector."

Japanese companies are definitely in the crosshairs of Gabon Oil Company as the firm admires their approach to business and society and is targeting mutually beneficial partnerships with foreign enterprises.

"If I had to choose partners, then they would certainly be Japanese companies as I admire this idea of well governance and accountability," Engandji added, before quickly explaining why he holds them in such high regard.

"In Japan, the company is the heart of the city; the heart of the society. It would be good to apply this model to Gabon Oil Company as the firm has a strong public vocation."

The second-largest oil producer in Gabon is Total Gabon,

which is partly owned by the Gabonese government.

Part of the famous Total group — the world's fifth largest oil producer — Total Gabon is heavily involved in oil exploration and production, as well as distribution of petroleum products.

For the past 40 years, a mechanism has been in place that devotes a portion of the firm's oil revenues to finance actions to diversify the Gabonese economy

This social policy has produced remarkable results in

to maintain our production level through the drilling of new infill wells or from platforms already in place, or from the new platform commissioning in 2012."

## Japanese firms blaze a trail

The executive has positive experiences of working with firms from Japan and is keen to work on more similar projects.

"In general, we have always had good relations with Japanese companies. Mitsubishi is a good example. This is a company that fulfills its role by investing in exploration.

"We also exchanged with Mitsui on gas-related opportunities. The contacts were good and there is a real will to do things together if there are business opportunities.

"These two examples show that Japanese companies are very welcome here and can bring their expertise and financial capacity to develop the oil sector in Gabon."

Among the other key players in the national oil industry is Maurel & Prom, an independent firm specialized in the extraction and production of hydrocarbons listed on Euronext Paris.

The group generates most of its business in Africa through the exploitation of onshore assets



Sogara oil refinery at Port-Gentil, Gabon

that are already well developed.

The firm's strategy is to play an active role in the consolidation of the oil and gas sector by creating a leader among European oil juniors.

Christophe Blanc, Maurel & Prom Gabon general manager, said: "In 2016, we expected to increase daily production to 28,000 barrels versus the 17,000 barrels a day seen in 2015.

"We operate one license in Gabon and have two fields where we produce, one in the south on the border with Congo where we have an oil well that has been stopped for two years, and

the field on which we currently produce, Ezanga.

"We are optimistic about the future and expect an increase in oil prices, given the perspective of the global market. This difficult period has enabled us to learn to work differently in a crisis situation.

"This allowed us to showcase our industry knowledge and to show what we can do better and more efficiently in term of technical aspects and production costs. This context allows Maurel & Prom Gabon to show its ability to be innovative to find solutions to market issues."

This report was produced by Global Insight and can also be read online at: [www.japantimes.co.jp/international-reports](http://www.japantimes.co.jp/international-reports)

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