

FORUM

Local content

With the passage of the new hydrocarbons code, the government of Congo reiterated its commitment to developing local content. The new code prescribes a minimum participation of 15% in all production-sharing contracts and that suppliers choose to partner with Congolese suppliers when the offer of the latter is technically acceptable.



Pierre JESSUA
Managing Director
TOTAL E&P CONGO

We have several lines of action in terms of local content. The first is oriented towards the development of the activity of our providers in several ways. We will look at the services or segments that we estimate will be a source of activity and present an opportunity for development for these companies. This must be related to oil operations rather than just welding companies or catering, for example.

We have 13,000 tonnes of equipment that have been operated and treated here in Congo for the project at Moho Nord. We have invested in infrastructure as well, including a yard and facilities worth USD 50 million for our subcontractor Boscongo, which can be used to contain large equipment and conduct piping and welding operations. We have also financially supported the development of the ILOGS industrial base.

Last but not least, there has been a big investment in training. We are mostly oriented towards professional formation, and in 2016 we trained 130 technicians. There has been a proper handover between teams in Moho Nord that took charge of local content. This process lasted a few years, and its objective was the capitalisation of the added value of such experience.

We are very proud that, despite the oil downturn, we can keep our local content objective, especially when it comes to conducting a tender process for subcontractors. We also keep asking participating companies to subcontract a part of their activities to small and medium-sized companies.

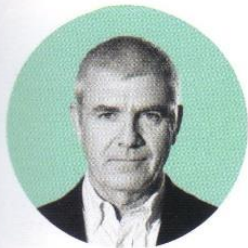
The government prioritises local content, giving instructions regarding its formation, training and development. However, the new [hydrocarbons] code seems to deal in that the government might not be able to apply all the stated measures. There will be more effort in that direction, but there won't be 100% compliance.

Local content has become a concern for the government. In the year 2000, lawmakers established a minimum of 30% local content. These measures have existed since then, but they have never been rigorously applied.

Since 2016, we have been asking all oil companies in Congo to act in conformity with the law. There are companies demanding the renewal of production agreements, but the ministry is rejecting renewals for companies that do not respect the rules on local content. However, there are huge investments to be made in exploitation and exploration, which may be a challenge for local companies.

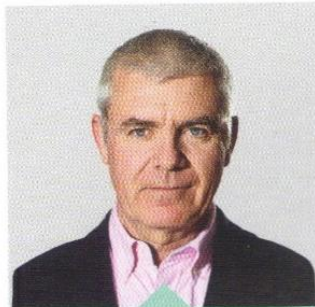


Roland BEMBELLY
Partner
CABINET GOMES



Patrick NEGRE
Regional Director
SARENS GROUP

It can be challenging to work on logistics in a country where it is difficult to find good expertise. We spent a lot of time training people, and I am very glad that our best operators were Congolese. I am currently the only European in my organisation in Africa and am very proud of having accomplished this increase in local workforce. Our internal policies go beyond local content. We do not need rules or regulations, it is a personal and human concern. We are currently training 15 people in Congo, and we should have some 500 local employees on the continent.



Patrick NEGRE
Regional Director
SARENS GROUP

Heavy lifting

TOGY talks to Patrick Negre, regional director at Sarens Group, about the effect of low oil prices on the import of technology to the Republic of Congo. Sarens is a provider of cranes and heavy lifting technology for industrial infrastructure projects including oil and gas developments.

How do you anticipate the oil and gas industry will fare in the coming years?

I am quite pessimistic about 2017-2018. There is going to be tough competition because there are big fleets of cranes in the country and there is huge competition dropping prices significantly. We have identified some big projects and fortunately they require equipment that is not yet present in Congo, such as cranes of up to 600 tonnes in capacity. We are in a good position to help our clients obtain this equipment, but I see 2017 as a grey period.

We were expecting an oil price of more than USD 60 per barrel by the end of 2016, but that was overly optimistic. If we do not reach that price at some point in 2017, we will also be in the grey zone. That is not specific to Congo but to all oil- and gas-

reliant countries. I have a completely different view on the Ivory Coast, for instance, because it has a completely different development programme that is not dependent only on oil and gas.

How do you see your business prospects in Congo?

Congo is one of the most interesting oil markets in Equatorial Africa. It is a very small country full of resources and reasonably stable in terms of governance with the potential to become a regional power.

We have been active in Congo for 10 years and spent time understanding the Congolese market. We now have very tight partnerships with organisations of influence in the country and are downsizing our organisation to make it more reliable, efficient

and adaptable to the market. Those who have been in the oil and gas industry for a long time know that it is a cyclical market. We are at the bottom, but we know it will get better. We do not know how long it will take, but we will be patient. ■

About Sarens Congo

Sarens is a Belgian company that supplies cranes and other heavy-lifting equipment to the industrial sector and oil and gas industry. The company entered Congo in 2006, and since then has been developing its business primarily through contracts with Boscongo, the largest fabrication yard in the country, and ILOGS, the state-owned offshore oil and gas logistics base.

SECTOR VOICE



Yann LEMAIRE
Manager
BOUARA & CIE

What are the challenges associated with finding foreign partners?

International companies should put in place a database of local competencies. The contact administrators change regularly and many times international operators do not have any knowledge of the existing local companies. These people come from Europe and don't know the Congolese companies. When they arrive here, they go for Western companies because it is reassuring for them. For them, it's only an issue of being reassured, but that is not a guarantee of competencies. The state should protect local companies.