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DRIVING THE BUSINESS OF TRADE AND INVESTMENT

Country Targeting Strategy 2011/12

Country Intelligence

Democratic Republic of Congo



September 2011

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Country background and economic overview

Established as a Belgian colony in 1908, the Republic of the Congo gained its independence in 1960, but its early years were marred by political and social instability. Col. Joseph MOBUTU seized power and declared himself president in a November 1965 coup. He subsequently changed his name - to MOBUTU Sese Seko - as well as that of the country - to Zaire. MOBUTU retained his position for 32 years through several sham elections, as well as through brutal force. Ethnic strife and civil war, touched off by a massive inflow of refugees in 1994 from fighting in Rwanda and Burundi, led in May 1997 to the toppling of the MOBUTU regime by a rebellion backed by Rwanda and Uganda and fronted by Laurent KABILA. He renamed the country the Democratic Republic of the Congo (DRC), but in August 1998 his regime was itself challenged by a second insurrection again backed by Rwanda and Uganda. Troops from Angola, Chad, Namibia, Sudan, and Zimbabwe intervened to support KABILA's regime. A cease-fire was signed in July 1999 by the DRC, Congolese armed rebel groups, Angola, Namibia, Rwanda, Uganda, and Zimbabwe but sporadic fighting continued. Laurent KABILA was assassinated in January 2001 and his son, Joseph KABILA, was named head of state. In October 2002, the new president was successful in negotiating the withdrawal of Rwandan forces occupying eastern Congo; two months later, the Pretoria Accord was signed by all remaining warring parties to end the fighting and establish a government of national unity. A transitional government was set up in July 2003. Joseph KABILA as president and four vice presidents represented the former government, former rebel groups, the political opposition, and civil society. The transitional government held a successful constitutional referendum in December 2005 and elections for the presidency, National Assembly, and provincial legislatures in 2006. The National Assembly was installed in September 2006 and KABILA was inaugurated president in December 2006. Provincial assemblies were constituted in early 2007, and elected governors and national senators in January 2007. The next national general elections are scheduled for November 2011.

The economy of the Democratic Republic of the Congo - a nation endowed with vast potential wealth - is slowly recovering from two decades of decline. Conflict that began in May 1997 has dramatically reduced national output and government revenue, increased external debt, and resulted in the deaths of more than 5 million people from violence, famine, and disease. Foreign businesses curtailed operations due to uncertainty about the outcome of the conflict, lack of infrastructure, and the difficult operating environment. Conditions began to improve in late 2002 with the withdrawal of a large portion of the invading foreign troops. The transitional government reopened relations with international financial institutions and international donors, and President KABILA began implementing reforms, although progress has been slow and the International Monetary Fund curtailed their program for the DRC at the end of March 2006 because of fiscal overruns. Much economic activity still occurs in the informal sector, and is not reflected in GDP data. Renewed activity in the mining sector, the source of most export income, boosted Kinshasa's fiscal position and GDP growth from 2006-2008, however, the government's review of mining contracts that began in 2006, combined with a fall in world market prices for the DRC's key mineral exports inflicted major damage on the sector. An uncertain legal framework, corruption, a lack of transparency in government policy are long-term problems for the mining sector and the economy as a whole. The global recession cut economic growth in 2009 to less than half its 2008 level, but donor assistance and diligence on the part of the central bank have brought economic growth to 6% in 2010. This was after the financial crisis caused reserves to fall to less than one day's worth of imports in early 2009. The DRC signed a new Poverty Reduction and Growth Facility with the IMF in 2009 and received \$12 billion in multilateral and bilateral debt relief in 2010.

Country statistics

Indicator	Measure	Rank
Geography		
Area	2,344,858 sq km	11
	land: 2,267,048 sq km	
	water: 77,810 sq km	
	comparative: slightly less than ¼ the size of US	
Area comparative	slightly less than ¼ the size of the US	
Border countries	Angola 2.511km (of which 225 is the boundary of Angola's discontinuous Cabinda Province), Burundi 233 km, Central African Republic 1,577 km, Republic of Congo 2,410 km, Rwanda 217 km, South Sudan 628km, Tanzania 459km, Uganda 765km, Zambia 1,930km	
Coastline	37 km	
Natural resources	cobalt, copper, niobium, tantalum, petroleum, industrial and gem diamonds, gold, silver, zinc, manganese, tin, uranium, coal, hydropower, timber	
Land use	arable land: 2.86%	
	permanent crops: 0.47%	
	other: 96.67% (2005)	
Irrigated land	110 sq km (2008)	
Demographics and population development		
Population size	71,712,867 (July 2011 est.)	19
Population structure	0-14 years: 44.4%	
	15-64 years: 53%	
	65 years and over: 2.6% (2011 est.)	
Popn growth rate	2.614% (2011 est.)	24
Net migration rate	-0.54 migrant(s)/1,000 population (2011 est.)	140
Urbanization	35% (2010)	
	growth: 4.5% (2010 - 2015 est.)	
Sex ratio	0.99 male(s)/female (2011 est.)	
Life expectancy at birth	55.33 years (2010 est.)	199
Total fertility rate	5.24 children born/woman (2010 est.)	15
HIV prevalence rate	N/A	16
Literacy rate	67.2% (2001 est.)	

Indicator	Measure	Rank
School life expectancy	8 years (2009)	
The economy		
Currency	Congolese franc: 495.28/US\$ (2010 est.), 472.19 (2009 est.)	
GDP (PPP)	total: \$23.12 billion (2010 est.)	119
	growth: 7.2% (2010 est.); 2.8% (2009 est.) {Congo-Brazzaville: 9.1% in 2010}	32
	per capita: \$300 (2010 est.)	227
GDP composition	agriculture: 37.4%	
	industry: 26%	
	services: 36.6% (2008 est.)	
Labour force	23.53 million (2009 est.)	26
	N/A	
Labour force by occupation	agriculture: N/A%	
	industry: N/A%	
	services: N/A%	
Poverty rate	N/A% (2008 est.)	
Gross investment (% of GDP)	N/A%	
Public debt	N/A%	
Inflation rate	26.2% (2010 est.); 54.3% (2009 est.)	216
Commercial bank prime rate	65.2% (Dec 2009); 43.15% (Dec 2008)	4
Agricultural products	coffee, sugar, palm oil, rubber, tea, quinine, cassava (tapioca), palm oil, bananas, root crops, corn, fruits; wood products	
Industries	mining (diamonds, gold, copper, cobalt, coltan, zinc), mineral processing, consumer products (including textiles, footwear, cigarettes, processed foods and beverages), cement, commercial ship repair	
Electricity	production: 8.217 billion kWh (2007 est.)	97
	consumption: 5.997 billion kWh (2007 est.)	106
Oil	production: 16,360 bbl/day (2009 est.)	78
	consumption: 10,000 bbl/day (2009 est.)	146
	reserves: 180 million bbl (1 Jan 2009 est.)	61
	exports: 20.090 bbl/day (2007 est.)	88
	imports: 11,350 bbl/day (2007 est.)	138

Indicator	Measure	Rank
Natural gas	production: 0 cu m (2008 est.)	184
	consumption: 0 cu m (2008 est.)	196
Current account balance	-\$1.47 billion (2010 est.)	148
Trade	exports: \$3.8 billion (2009 est.)	117
	imports: \$5.3 billion (2009 est.)	112
Export commodities	diamonds, gold, copper, cobalt, wood products, crude oil, coffee	
Import commodities	foodstuffs, mining and other machinery, transport equipment, fuels	
Export partners	China 41%, Zambia 17.8%, US 12.4%, Belgium 8.6%, India 5.2% (2009)	
Import partners	South Africa 17.5%, Belgium 9.8%, China 9.8%, Zambia 9.2%, France 7%, Zimbabwe 6.3%, Kenya 5.3% (2009)	
Reserves of forex & AU	\$1.01 billion (2009 est.)	116
FDI stock	at home: \$951m (2009 est.); \$1.727 billion (2008 est.)	
	abroad: \$30 (2009 est.); \$54m (2008 est.)	
Communications		
Telephones	main lines in use: 40,000 (2009)	168
	mobile cellular: 10.163m (2009)	63
Internet	country code: .cd	
	hosts: 3,000 (2010)	146
	users: 290,000 (2009)	131
Transport		
Airports	198 (2010)	31
	with paved runways: 26	
	with unpaved runways: 172	
Pipelines	gas 37 km; oil 39 km; refined products 756 km (2010)	
Railways	4,007 km	43
Roadways	153,497 km	32
Ports and terminals	Banana, Boma, Bukavu, Bumba, Goma, Kalemie, Kindu, Kinshasa, Kisangani, Matadi, Mbandaka	

Data sources

Central Intelligence Agency [CIA]; *the World Factbook*. www.cia.org. Accessed: July 21, 2011

UNCTAD. FDI statistics. Accessed July 21, 2010

Trade Promotion