

COUNTRY PROFILE:**REPUBLIC OF THE CONGO**

PROC IES/02: ATTACHMENT A

DATED:**JANUARY 2008****CREDIT GUARANTEE:**

	<i>Country Rating</i>	<i>U/W Method</i>
<i>Short-term</i>	3C	No Restrictions

Recent Political Highlights

- ❑ Chief of state since October 1997 is President Denis Sassou-Nguesso. He began a seven-year term in March 2002 presidential elections and the next election is to be held in 2009.
- ❑ Legislative elections were held last year and the MCDDI and PCT formed an alliance, in effect making the MCDDI a pro-presidential party. The MCDDI party receives most of its support from Bakongo, the largest ethnic group in the Pool region and south-western parts of Brazzaville. It became the second largest party in the national Assembly after it obtained 11 seats in the 2007 legislative election. The PCT won 46 seats.
- ❑ The EIU expects President Denis Sassou-Nguesso and his ruling coalition to continue to dominating the political scene during 2008-09. Mr Nguesso is expected to maintain the cohesion amongst the pro-presidential parties, allowing him to win the 2009 presidential elections. The presidential poll, recently deferred until mid-August, is likely to confirm the dominance of Denis Sassou-Nguesso (and by extension, the ruling PCT). However, the apparent dominance of the regime is also a source of weakness, as this is not the broad-based government that has been hoped for, and rather than promoting reconciliation over the issues that caused the civil war, a one-sided settlement has been imposed.

Recent Economic Highlights

- ❑ An accurate assessment of population and other democratic data is difficult, given the large-scale displacement of people and data collection services, but the UN Population Fund estimates that the population of Congo reached 4.2 million in 2007. Population growth remains high and is expected to average 2.9% until 2010.
- ❑ Underfunding and lack of political will have left Congo's healthcare system in a disastrous state. In June 2007, a five-year, \$540 million National Health Care Development Plan was adopted to improve the management quality of the healthcare system. According to the health ministry, 781 women die for every 100,000 births. The infant mortality rate stands at 83 per 1,000, while 117 of every 1,000 children are expected to die before the age of five.
- ❑ The Congo's economy is based primarily on its petroleum sector, which is by far the country's major revenue earner. The country's abundant rain forests are the source of timber. Forestry led Congolese exports before the discovery of oil, but now it generates less than 7% of export earnings.
- ❑ According to the EIU, there is high risk that any new programme or targets agreed with the IMF during the outlook period will not progress owing to fiscal slippages associated with the electoral cycle. Real GDP is forecast to grow by 8% in 2008 owing to significant expansion in oil production, before slowing to a still strong 5.5% in 2009 as oil production growth slows down.
- ❑ United Arab Emirates Warid Telecom unveiled its services in Congo Brazzaville to become the nation's third phone operator. The company launched its services on January 10 forecasting investment of \$95 million over the next six years. Congo's mobile telecoms market is currently dominated by Celtel Congo, owned by Kuwaiti's Zain Group and South African MTN.

Latest Trade Developments

- ❑ Main exports: crude oil, timber, sugar, coffee and diamonds.
- ❑ Main imports: capital goods, foodstuffs, petroleum products, machinery, vehicles and spare parts.
- ❑ Major trade partners: Belgium, China, France, India, Italy, South Korea, US and Taiwan.
- ❑ Main industries: petroleum extraction cement, lumber, brewing, sugar, palm oil, soap, flour and cigarettes.
- ❑ South African exports to the Republic of the Congo totalled R427.6m in 2006 and R429m in the year-to-October 2007.

Sindiso Valerie Mposfu- Economic Researcher