

**COUNTRY PROFILE:****Democratic Republic of Congo****DATED:****November 2011****CREDIT GUARANTEE:**

IES/02: ATTACHMENT A

<i>Export Department Comment/Opinion</i>	Rating: Cover considered on a case-by-case basis. Fair exposure, low commitments. Not a claims free market (Euler Hermes:D ; Altradius: 6/6 ; Coface: D/D) Sanctions: Sanctions: Assets freeze and travel restrictions imposed on political and military leaders of foreign armed groups operating in the DRC.
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***Recent Political Highlights***

- Joseph Kabila has been head of state since 2001 and Adolphe Muzito has held the position of prime minister since 2008. The president is elected by a democratic voting process and the prime minister is elected by the president.
- The elections are due to be held on the 28<sup>th</sup> of November but the period leading up to the elections has been characterised by violence which included Congolese civilians being beaten up and even arrested for wearing opposition party t-shirts. A law has been put in place which bans insults against the current president; this allegation was made by the United Nations and anyone who contravenes this law is prosecuted. Election related violence is rife and approximately 188 cases were reported between November last year and September this year. Countries in the Southern African Development Community (SADC) are already in the country to provide logistical assistance. A SADC-led observer mission says that campaigns have been peaceful since their arrival. There is a high possibility that President Joseph Kabila will be re-elected for another term.

***Recent Economic Highlights***

- The Democratic Republic of Congo (DRC) has a population of 71,712,867. More than 75% of the population works in the informal sector and the per capita income is the lowest in the sub-Saharan region. The agricultural sector employs an estimated 75% of the working population and its overall contribution to GDP is greater than 30%.
- The mining sector is a potentially lucrative industry but the country does not have sufficient skills to develop this sector and therefore needs the help of foreign investors. In September, the IMF said that the country should increase transparency in the mining sector. The country possesses 4% of the world's copper reserves and it is currently one of the world's largest cobalt producers. China will loan the DRC \$367.5 million for the purposes of constructing a hydroelectric plant; the project duration is estimated to be three years. Although the DRC is rated third in the least desirable places to operate a mine, Chinese investments in the country still continue to rise; an example of this being an agreement which saw Minmetals Resources Ltd - a Chinese state-owned company - buy Anvil Mining Ltd. for \$1.3 billion.
  - Debt levels are decreasing and GDP as a percentage of debt is below 25%. Due to potential infrastructure projects, this figure might increase. The country received a three year Extended Credit Facility from the IMF; it is a loan programme aimed at reducing poverty and encouraging economic growth. The three year loan is to the value of \$561 million. The DRC also benefited from the Heavily Indebted Poor Countries (HIPC) initiative led by the IMF and the World Bank, receiving \$12.3 billion in debt relief in 2010. Several countries in the West are in the process of writing off DRC debt; this includes the U.S. who signed a bilateral debt cancellation agreement to the value of \$1.8 billion in April this year. The agreement cancels 100% of the debt that the DRC owed to the U.S.
  - The International Monetary Fund recently published findings on the implementation of an economic review programme in the DRC. The findings were that the government had managed to contain its spending which led to a fiscal surplus, but this was largely attributed to the government postponing civil servants pay and monies owed to domestic creditors.
  - GDP for 2011 has been estimated at 6.5% and 6.3% in 2012. The current account deficit is forecasted to fall from 2.8% of GDP in 2011 to 0.8% of GDP in 2012 as a result of an increase in mineral exports. The budget minister Jean-Baptiste Ntahwa Kuderwa, earlier in the year said that inflation for 2011 would average 9.9%. Other inflation forecasts placed 2011 inflation at an average of 10.2%. Fluctuations in global mineral and food prices at one point saw inflation exceed 19% this year.

***Latest Trade Developments***

- Major exports from DRC: diamonds, gold, copper, cobalt, wood products, crude oil, coffee.
- Major imports to DRC: foodstuffs, mining and other machinery, transport equipment, fuels.
- Main trading partners of DRC: China, South Africa, Zambia, Belgium, Zimbabwe, France.
- SA's exports to DRC in 2009 totaled R4.7 bn; in 2010 they were R6bn; and R5.2bn year to September 2011.
- SA's import from DRC in 2009 totaled R86.7m; in 2010 they were R103.77m; and R95.48m year to September 2011.

*Researched and compiled by Nthabiseng Ntuli, economic services – Credit Guarantee Insurance*