



TRADE POLICY REVIEW

REPORT BY

DEMOCRATIC REPUBLIC OF THE CONGO

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by the Democratic Republic of the Congo is attached.

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1 INTRODUCTION

1.1. The macroeconomic situation of the Democratic Republic of the Congo (DRC) has stabilized further since the country's first trade policy review (TPR) was conducted at the World Trade Organization (WTO) in 2010. Following the shocks caused by the international financial and economic crisis of 2008-2009, the economy has experienced a clear rebound. This reflects the Government's sustained commitment to the programme of structural and sectoral reform it implemented between 2009 and 2012 under the second IMF-supported Economic Programme that was superseded in 2013 by an independent Government economic programme.

1.2. The combined effects of these actions are evident in the trends in various macroeconomic indicators. Growth in the period under review averaged 7.8%, peaking at 9.5% in 2014. The initial projection for 2015 was 10.2% but that figure was revised downwards to 7.7%, reflecting the economic slowdown caused by the fall in commodity prices.

1.3. Thanks to Government efforts, overall inflation has gradually been brought down to a very low level. In contrast to 2009, when the average annual rate reached 46.1%, over the last three years the Government has managed to contain inflation at around 1%, and in 2015 the figure was 0.815%.

1.4. In terms of budgetary policy, Government spending and income have consistently trended upwards and the budget position has been balanced, although in 2014 Government financial operations recorded a slight deficit of around 0.29% of GDP. Over the period 2010-2015 the State has not had recourse to the Central Bank of the Congo (BCC) to finance deficits.

1.5. The DRC reached its HIPC completion point in July 2010. An analysis of the sustainability of the public debt in May 2014 shows that debt indicators have improved. In 2014 the stock of public debt stood at US\$6,324.97 million compared to US\$13,610.22 million in 2009.

1.6. Additionally, there has been a gradual correction in the external account imbalances. Following a deficit of 9.1% of GDP in 2010, the DRC balance of payments improved until 2014, recording surpluses as a result of the strong performance of exports of mining products. The overall balance of payments stood at +US\$116.7 million, equivalent to 0.3% of GDP.

1.7. Where the trade balance specifically is concerned, after the sharp fall that followed the collapse in commodity prices in 2009, the volume of trade in goods recovered, recording significant increases in exports and imports of 94.0% and 62.5% respectively in 2010. The value of overall trade continued to grow over 2010-2014 and consistently posted surpluses, the highest of which was CDF 739.9 billion in 2013. The three chief trading partners of the DRC over the period 2010-2015 were China, South Africa and the European Union.

1.8. In order to bolster these achievements, the DRC adopted new foreign exchange regulations. They were published on 28 March 2014 and entered into force in September that year. Their aim is to improve the regulation of foreign exchange transactions by adjusting to changes in the national, regional and international environment. The regulations enshrine the primacy of the national currency within the national territory as the currency for settling transactions, and provide that foreign currencies may not be used in transactions within the territory unless so agreed by the parties involved. Consequently, the new foreign exchange regulations require the payment of all fees, charges, duties and other taxes due to the State and its subdivisions, including those paid by mining and oil companies, to be made in the national currency.

1.9. Over the period 2010-2015, following the recommendations of its first TPR at the WTO (2010), the Democratic Republic of the Congo has implemented some important initiatives and reforms in order to increase the transparency and effectiveness of its trade policy, improve the business climate and spur domestic performance in private-sector competitiveness and investment.

1.10. To that end, legal certainty for investment in the DRC has been further consolidated, particularly by our accession to the Treaty on the Harmonization of Business Law in Africa (OHADA) on 11 February 2010 and to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards in June 2013.

1.11. In the context of accession to OHADA, a plan to revitalize the legal system was implemented during the period 2010-2015, in addition to the establishment of the Constitutional Court. This led the Government to construct and establish 8 commercial courts, bringing the number of such courts in the national territory to 11. The plan also included training abroad for 47 trainers in OHADA law, the training in DRC of 2,544 legal professionals and the opening of a Master's Degree course in OHADA law within the 3 national university institutes. The other focus of action in this field was to establish new notarial appointments and to set up and make operational 3 labour courts in Kinshasa (Matete, Gombe) and Lubumbashi.

1.12. Additionally, in response to observations made at the first TPR, the Government focused on taxation and parafiscal requirements, by revitalizing and increasing the efficiency of tax services, cutting some taxes and rationalizing levies. As part of that process the DRC adopted a national nomenclature of taxes and fees leviable by central government, the provinces and decentralized regional entities. Moreover, several levies were cut or abolished, reducing the total number to around 40 compared to the 117 identified during the TPR in 2010. By way of illustration we can cite the abolition of the duty on import transactions and the 90% cut in the fee for issuing a national identity number, from US\$200 to US\$30 for natural persons and from US\$100 to US\$10 for legal persons.

1.13. The Government also tackled the issue of the red tape associated with the pursuit of economic activity. To that end on 1 November 2012 it established a Single Window for Starting a Business to centralize the formalities involved, significantly reducing the timescales from 133 days in 2010 to 11 days in 2015 (*Doing Business 2016*). Similarly, the Government made the Single Window for Foreign Trade operational. This electronic platform for the completion of formalities related to foreign trade operations is currently being rolled out nationwide.

1.14. The period under review also included liberalization of several areas of trade in services in order to restructure them, open them up to private capital and improve performance. As a result, insurance was liberalized in the finance sector, as were power, water and hydrocarbons in the energy sector.

1.15. Reform of government procurement began in 2010 with a view to modernizing the country's procurement system and aligning it more closely with international standards. The same was true of State-ownership where the priorities were to reform State-owned enterprises, improve their management and performance, refocus the State on its normative and regulatory role, and promote the private sector.

1.16. The reforms of the economic environment led to the DRC being ranked among the Top 10 of the world's most improved countries according to the World Bank's *Doing Business 2015* Report. The reforms provide important business investment opportunities for domestic and foreign private investors and make for a deeper, more developed public-private partnership. The aim is to capitalize on the country's enormous potential with a view to becoming an emergent economy by 2030.

2 THE ECONOMIC POTENTIAL OF THE DEMOCRATIC REPUBLIC OF THE CONGO (DRC)

2.1. The Democratic Republic of the Congo (DRC) is the second-largest country in Africa, occupying an area of 2,345,095 km². Located in the heart of Africa, the country shares 9,165 km of borders with nine countries: the Republic of Congo to the west; the Central African Republic and South Sudan to the north; Uganda, Rwanda, Burundi and Tanzania to the east; Zambia to the south-east; and Angola to the south.

2.2. It has vast assets and natural resources in the soil and subsoil that make it an extraordinary land of opportunities for business and investment in a plethora of areas.

2.3. In terms of agricultural development, the DRC has 145 million ha of forest covering 1.4 million km² of the national territory spread across four major ecosystems with a varied topography and climate. It has 80 million ha of arable land, of which only 9-10% are currently under cultivation. It also has vast expanses of pasture capable of accommodating over 40 million head of cattle, and an estimated fishery potential of 700,000 tonnes of fish per year. Its drainage system accounts for over half (52%) of Africa's water reserves and

essentially consists of the 6,000 km Congo River Basin, major lakes and rivers on either side of the Equator, and receives plentiful rainfall (1,000 mm/year). The Congo River Basin covers an area of close to 3.75 million km², making it the world's second largest just behind the Amazon basin.

2.4. Combined with the Government's ambitions to increase production of food crops and perennial products and restore food security, this enormous potential affords huge opportunities for business initiatives and investment in fisheries, fish-farming, animal husbandry and agro-industry spearheaded by the creation of agro-industrial parks.

2.5. Additionally, although mining is the most buoyant sector of the Congolese economy, the country's colossal potential in this sector offers wider and greater opportunities for growth and development. This could entail the setting up of further handling and processing plants and the emergence downstream of industries that consume mineral raw materials, such as the cabling industry.

2.6. Opportunities such as these stem from the 1,100 minerals and metals recorded nationwide. The DRC has significant geological reserves including the world's second largest copper reserves estimated at about 75 million tonnes, a quarter of the world's diamond reserves (around 700 million carats), and a quarter of the world's gold reserves (\pm 750 tonnes). In addition there are significant reserves of cobalt, zinc, bauxite, phosphate, and manganese among others.

2.7. The DRC also has a genuine energy advantage in the Congo River. Its powerful average rate of flow (40,000 m³/day) has a hydroelectric potential of 100,000 MW, the highest in Africa (37%). A further 217 hydroelectric sites have been identified. In view of the country's and region's current energy deficit, there are several opportunities for investment in the construction of hydroelectric dams, and the cross-border transmission, distribution and marketing of electricity. The situation improved further when in 2015 the Government liberalized the whole sector in the context of its policy aimed at substantially increasing the available power ratings and boosting coverage rates; it is also taking steps to liberalize the regional electricity market.

2.8. In terms of hydrocarbons, the DRC's petroleum reserves account for 6% of all those in Africa and include three sedimentary basins (Coastal Basin, Central Basin, Western Basin), to which must be added the large gas fields in Lake Kivu. Given the scale of national consumption of oil products, and the country's geographical location, the DRC would be an excellent site for the development of a regional energy hub, particularly for the construction of storage, pipeline distribution and refinery infrastructure.

2.9. The services sector in the DRC is also buoyant and has great potential. For example the latest reforms and liberalization measures in the financial sector (banking, insurance, microfinance) have paved the way for establishing a more structured financial market offering investment opportunities in setting up or operating insurance companies, banks and other specialized financial institutions, and there is relatively strong scope for development.

2.10. As in other African countries, the telecommunications and ICT sector is developing rapidly, to the extent that improving the telecommunications infrastructure is a need that could be well served through private investment and public-private partnerships. Here too, opportunities lie in setting up businesses to develop IT applications and the Internet, and the roll-out of mobile telephony internet services.

2.11. The DRC also has immense potential for tourism of many kinds across 1,142 sites in 2014 combining biodiversity, 7 national parks and 57 exceptional reservations, its topography, varied climate, ethnic diversity and culture.

2.12. Today, thanks to Government efforts to repair the road and airport infrastructure, establish a national airline, and construct or renovate hotel accommodation, tourism is undoubtedly one of the most promising sectors for business development and investment for the future.

2.13. The construction and real estate sector is also growing rapidly as a result of high demand in major urban centres and the vast expanses of land available in each province on which to construct social housing and residential buildings. This sector also offers genuine opportunities for

the development of industry and related services. The Government is supporting this growth by cutting the cost of a construction permit by 50% and simplifying property registration procedures.

2.14. Finally, with a population estimated at over 71 million in 2014, and a steadily growing middle class, the DRC is one of the largest domestic markets in Africa for the production and consumption of services and manufactures. Moreover, its central location and connections with Africa's largest economic integration areas (COMESA, SADC, TRIPARTITE, ECCAS) make it the perfect hub for business development and investment in the region.

3 MEDIUM-TERM MACROECONOMIC APPROACH (2017-2021)

3.1. Despite the recent economic performance, there is still work to do to meet economic and social needs. In view of this fact, the Government has undertaken to adopt the National Development Strategy (PNSD) to act as a new framework to guide government action for the period 2017-2021.

3.2. As a result, in order to proffer urgent, structured solutions to people's needs, the Government intends to move the country from low-income to intermediate-income status by 2021, achieve emergent economy status by 2030, and finally to attain industrial economy status by 2050. As quantitative indicators of these ambitions, per capita GDP should increase from its current (2015) level of around US\$500 to US\$1,035 per capita by 2021, then to US\$4,000 per capita by 2030, attaining US\$12,000 by 2050.

3.3. Significant work will be required in order to achieve these ambitions. Assuming average annual population growth of 3% over the period 2017-2021 (compared to 3.17% between 2010-2015), average inflation of 2% (compared to 1.2% in 2015), stable exchange rates, and an improvement both in income redistribution factors and in the ripple effects of growth through the economy, an annual real increase of 14% in GDP would be required in order to bring current per capita GDP to the level projected for 2021. That means almost doubling average growth over the period 2017-2021 compared to the average recorded for the period 2011-2015.

3.4. For the period 2017-2021 inflation would be contained at around 1% while economic growth would be 9.2%.

3.5. In order to achieve those objectives, the Government intends to promote an economic diversification and industrialization policy that attaches greater importance to growth-generating sectors, including agriculture, and that prioritizes special economic zones (ZES).

3.6. Specific measures to control public spending and rapid-impact structural reforms will continue to be maintained in order to prevent public finances from being too thinly spread and to avert corruption, which undermines all efforts to improve revenue collection and promote development.

3.7. The Government will provide sustained support for productive public investment through ongoing improvements to the business climate in order to boost national investment and attract greater foreign direct investment, and through the exploration of new, innovative sources of external finance, not to mention the possibility of harnessing domestic savings.

3.8. Similarly the positioning of SMEs as one of the main drivers of the country's new economic policy is an overriding priority, which will require enhanced resources in terms of support and finance for local business people, especially young people and women.

4 PROSPECTS FOR REFORM OF THE CONGOLESE ECONOMY

4.1 Business environment

4.1. In order to enhance the business climate in the DRC, the Government intends to continue with and maintain the pace of reform.

4.2. Measures are envisaged in the area of justice to liberalize the offices of notary and bailiff, which have hitherto been performed by government services. Additionally, the Government plans to amend the law on the operation of the commercial courts, particularly with a view to reducing

the time taken to settle commercial disputes. In a similar vein, new labour courts will be established in other provinces.

4.3. In terms of business law, the actions that are planned relate to enhanced implementation of the law of the OHADA, an organization to which the DRC acceded in 2010. Accordingly, the legislative programme provides for the adoption of a law setting out procedures for implementing OHADA law. In order to enhance stakeholder capacity, the Government intends to continue with and step up awareness-raising and training in OHADA law for entrepreneurs nationwide. The reforms will also involve operational aspects, including the computerization of the Trade and Real Estate Credit Register (RCCM) and the establishment of an OHADA documentation centre that meets international standards.

4.4. On procedures and formalities, the Government will complete preparations to bring the Integrated Single Window for External Trade into operation. The Window will cover the full range of import and export formalities from pre-customs clearance, to clearance and post-clearance. Similarly, work to reduce the red tape and timescales involved in setting up a business nationwide will continue. Accordingly, satellite Single Window offices will be set up throughout the country.

4.5. In order to support public investment and further stimulate national and foreign direct private investment, the State has undertaken to adopt shortly a specific law on public-private partnerships.

4.6. Measures to simplify fiscal and parafiscal requirements will be enhanced in the near future. On finance, measures will also be taken to modernize the central credit registers when the second phase in the process gets under way, namely the establishment of a credit bureau.

4.7. The Government also plans to amend the Family Code in order to strengthen the legal capacity of married businesswomen and encourage women to enter business.

4.8. These reforms will be supplemented by other sector-based measures.

4.2 Trade

4.9. The Government's vision for trade policy over the coming years is to develop an economic environment in which domestic and foreign trade can develop unhindered, thereby ending the isolation of the national territory, integrating the domestic market, and strengthening the connections with regional and international trade channels. To that end the DRC will work to finalize the adoption in the near future of its National Trade Strategy Paper (DNSC) and will publicize and implement it.

4.10. With regard to formalities, apart from the Single Window for External Trade that will very soon become fully operational, the DRC will work to implement the WTO Agreement on Trade Facilitation (ATF) in conformity with the categorization exercise it has performed under that Agreement. The process of identifying assistance and support needs will be completed during 2016, and as a result the DRC will be able to request and receive support from technical and financial partners that support implementation of the ATF.

4.11. The Government also intends to complete the process to establish and set up a National Notification Committee to create a framework for consultation, agreement and analysis of trade facilitation issues, ultimately in the aim of improving the levels of notification to the WTO, chiefly in the priority areas identified, namely SPS and TBT measures, agriculture, and customs statistics. Technical support will help to speed up the process of achieving the desired outcomes.

4.12. The Government intends to step up economic and trade cooperation with its regional partners. It plans to introduce a preferential customs tariff in connection with its imminent participation in the COMESA free-trade area; step up its involvement in regional trade negotiations, including negotiations on services in the Southern African Development Community (SADC); contribute to the effective implementation of the Simplified Trade Regime (STR); and increase the number of Trade Information Offices (BIC) at borders.

4.13. The plans also focus on a number of concerns, including the finalization of the schedule of approved industrial products eligible for the ECCAS preferential tariff.

4.14. In terms of domestic policy, the Government plans to adopt actions to enhance integration within the local market. This will include developing infrastructure to support trade, specifically a transport network capable of facilitating the movement of goods between production areas, depots and areas of availability, and consumption centres.

4.15. There will be a policy to revitalize the domestic market upstream, based on improving and diversifying domestic supply in agro-industrial subsectors, improving the competitiveness of the private sector by tackling the high costs of factors of production, and gradually reintegrating the informal sector into the formal economy.

4.16. The completion of the procedures leading to the adoption of the Law on Competition and Consumer Protection and the Law on e-Commerce will strengthen the legal framework.

4.17. Where quality control is concerned, the country plans to boost the technical capacity of its services at points of entry in order to facilitate goods inspections at the border, especially for foods and medicines. There are plans to set up a national quality control laboratory for medicines. The Government also intends to deploy a strategy to increase local production of medicines.

4.18. Still in the area of controls, the Government will continue to boost the capacity of the Congolese Control Office (OCC). Work to that end will focus on the accreditation of activities associated with inspections, laboratories and metrology. It will also focus on providing continuing professional development for OCC staff, and on the construction of buildings to house new analytical laboratories throughout the country in order to bring the inspections service closer to production areas, points of entry, and reloading points. This is a formidable challenge and one where financial and technical assistance would help to heighten impact, given the DRC's size.

4.3 At sectoral level

4.3.1 Public finances

4.19. The DRC will continue with reforms in the area of public finance and intends to increase the pace of some of those already under way ranging from increased public expenditure to improvements in the quality of that expenditure. The main thrusts of the reforms will be: (i) effective application of the Law on Public Finance (LOFIP); (ii) rationalization of the payment procedure; (iii) strengthening of the chain of expenditure; and (iv) adoption of a new procedural handbook on the public expenditure system establishing a connection between officials who authorize payments and government accounting officers.

4.20. Strategy in the area of government accounting will focus on implementing the accrual method by (i) articulating the budgetary nomenclature with the chart of accounts; (ii) introducing an information system that establishes a connection between authorizing officials (income and expenditure) and the government accounts; (iii) creating a Directorate-General of the Treasury and Government Accounts (DGTCP) and rolling out the National Network of Government Accounting Officers (RNCP) throughout the national territory; and (iv) formulating the trial balance and the financial statements.

4.21. In order to improve the quality of expenditure, specific measures to support public spending and rapid-impact structural reform will be implemented, monitored and assessed by a high-level Steering Committee and a Task Force. The planned measures will relate *inter alia* to continued adherence to the expenditure chain, enhanced levels of investment expenditure and their rate of absorption and implementation.

4.22. In order to ensure these measures are successful and avoid compromising efforts to harness revenue and promote development, the Government intends to step up the fight against corruption.

4.23. The Government will also continue its work in the budgetary field by encouraging maximization of internal and external resources through the harnessing of private domestic

savings. The Government also plans to change the culture within public institutions and to support and rationalize public spending through measures to harmonize salaries and emoluments within those institutions, control officials' pay, and keep track of operating costs.

4.24. The greatest challenge in terms of the public debt is to safeguard its sustainability as established after the DRC reached its HIPC completion point, while ensuring coverage of the State's financing requirements. The plan to achieve that goal consists in: (i) drawing up and implementing a Medium-Term Debt Strategy 2016-2020 (SDMT); (ii) reforming the regulatory framework of the debt and setting out the aims that recourse to public debt seeks to achieve; (iii) establishing an annual Debt Sustainability Analysis (DSA) to be conducted by a national team; (iv) strengthening the institutional capacities of the institutions in the public debt chain; and (v) reforming the management structure of the public debt. The aim of the reform is to set up modern debt management instruments to improve governance in this area and closely monitor the development of the debt portfolio in relation to the State's solvency and immediate liquidity capabilities.

4.25. The process of diversifying sources of finance also includes plans to issue government securities on the domestic and international markets.

4.26. To that end, the Court of Auditors will have enhanced powers of inspection and assessment. For the period ahead, it has plans for several audit missions in respect of national structures or the efficiency of specific initiatives.

4.3.2 Government procurement

4.27. The Congolese Government will continue to implement the short-, medium- and long-term measures contained in the road map implementing the Law on Government Procurement of 2010.

4.28. The measures will supplement and update the regulations governing government procurement. Operationally, the plan is to formulate ethical procedures and policies for government procurement, provide technical support for government procurement bodies; and fully and effectively establish provincial and local bodies to ensure compliance with government procurement procedures.

4.29. In order to strengthen management, procedural compliance, and transparency in this area, the State also plans to move to paperless government procurement, introduce a procurement website connected to the associated regional and international platforms, and introduce an Automated Government Procurement System (SIGMAP)

4.30. Where controls and monitoring are concerned, regular annual audits of government procurement and system evaluations will be conducted, and mechanisms to prevent and combat corruption in government procurement will be set up. At the same time, there will be action to increase public accountability. Measures such as training and assistance in how to submit bids will also be implemented in order to increase the private sector's capacity to participate in government procurement.

4.3.3 State-owned enterprises

4.31. The first stage in the reform of State ownership, particularly State-owned enterprises, was legal reform. The second stage will focus on economic reform.

4.32. Measures will be taken to increase the competitiveness and profitability of the enterprises that remain under State ownership. The measures include improving management methods, identifying performance objectives, and developing public-private partnership targets.

4.33. Work will also focus on finalizing the reform of some State-owned enterprises that have a structural developmental impact and on completing the winding up of State-owned enterprises that have been dissolved.

4.34. The restructuring of State-owned enterprises will continue and an audit of the first stage will be conducted.

4.3.4 Domestic taxation

4.35. As regards domestic taxation, in the short term the Government plans to assess the reform that introduced value-added tax (VAT) in January 2012. The assessment should lead to improvements in VAT collection mechanisms and the diversification of VAT rates, for example reducing the rate on staple products such as foodstuffs.

4.36. There are also plans to introduce electronic declarations, corporation tax (IS) and personal income tax (IRPP).

4.37. Initially, on a trial basis, the migration to electronic declarations will apply to companies in the mining sector. Corporation tax will be levied only on profits made by companies, whereas personal income tax will be levied exclusively on the income of natural persons.

4.38. Similarly, the Government intends to increase effective recovery of the Professional Tax on Wages (IPR) levied in respect of all members of national and provincial public institutions and the staff of State-owned enterprises and establishments.

4.39. As far as non-tax receipts are concerned, the reforms under way will continue and are to be taken further in order to remove the obstacles hindering revenue allocation objectives. The measures will include technical capacity-building for the Directorate-General of Administrative and Government Property Revenue (DGRAD) and making recovery as effective as possible by increasing the computerization of services.

4.40. The nomenclature of taxes and fees leviable by central government and the provinces, adopted in February 2013, will be further simplified having regard to the criteria of lawfulness, payment for services rendered, absence of duplication and the rationale behind taxes and levies.

4.41. Additionally, the statistical system used by DGRAD will be developed so that it holds reliable, real-time data.

4.42. Specific measures will be taken in the mining sector, including the introduction of a procedural handbook on the collection of mining royalties, the modernization of the management of mining royalties, and the computerization of administrative documents.

4.43. The Government will beef up the system of positive and negative sanctions against the revenue authorities and economic operators by releasing amounts payable by way of reassignment to the revenue-generating services, punishing agents involved in fraud and corruption, and requiring a declaration of the assets held by officials working in the financial system before and after their term of office.

4.44. Technical assistance from international partners would unquestionably increase the pace of these reforms.

4.3.5 Customs

4.45. The Government intends to step up its action to further reduce the costs, clearance times and efficiency of customs procedures. To that end, there will be a strong focus on the customs measures in the Agreement on Trade Facilitation.

4.46. In the light of the DRC's participation in the regional free-trade organization COMESA, provisions are being drafted to bring Congolese customs tariffs into line with those of COMESA.

4.47. In terms of operational management, the Government plans to migrate from ASYCUDA++ to ASYCUDA World in some provinces where there is no computer connection as yet. That process will be supported through a training programme for users in the provinces in question.

4.48. Computerization of services will be stepped up, especially for customs valuation. To that end the DGDA has recently acquired IT equipment (servers and computers) to help update its IT network. The Government also intends to bolster the risk-management system. Additionally, a timetable has been laid down for establishing an electronic payment network for customs fees.

4.49. As regards customs cooperation, the DRC will continue its work to draw up new draft bilateral agreements with trading partners in Africa and internationally, including Morocco, South Sudan, Turkey and India.

4.50. The construction of one-stop border posts (PFAU) is planned for the North Corridor between Kasindi and Mpondwe (DRC-Uganda), Goma and Rubavu (DRC-Rwanda), and Kamvimvira and Gatuna (DRC-Burundi). In the latter two cases, discussions are under way with the countries concerned.

4.3.6 Industry, SMEs, traditional crafts and artisanal activities

4.51. In order to improve the economy's resilience and enable sustained growth, the Government will implement a policy to diversify and promote local industry.

4.52. As part of that strategy, it plans to implement a Master Plan for Industrialization based on promoting nine key industrial sectors, namely: timber, textiles, oils and fats, grain mill products and starches, buildings, public works and construction materials, farm and fishery products, metal processing, maintenance and packaging.

4.53. Pride of place will be offered to promising sectors including agriculture, thus strengthening its link with industry. Special economic zones will continue to be one of the cornerstones in implementing the strategy.

4.54. Moreover in legislative terms, the Government is planning to revise Law No. 82-001 of 7 January 1982 on industrial property in order to bring it into line with the relevant provisions of the TRIPS Agreement, and to accede to the Madrid Agreement and the Madrid Protocol. The DRC is also preparing to adopt a law on standardization and metrology and to revitalize and promote related activities. The plans include the adoption of standards in several fields such as hydrocarbons, cosmetic products, pharmaceutical products, textiles, electronic engineering, aromatic herbs and spices, the environment, beers, alcohols and liqueurs, etc.

4.55. In the area of SMEs and traditional crafts, the Government is pressing ahead with the adoption of a Code of Traditional Crafts and Artisanal Activities and a law on entrepreneurship in the DRC in the aim of improving the organization of those sectors and increasing the competitiveness of SMEs in the country. Those two instruments will comprise the National Strategy for SMEs that is awaiting adoption. Other actions are also envisaged under that strategy, including the establishment of a National Register of SMEs, a Guarantee Fund for SMEs, and an Opportunities Database for SMEs.

4.56. The institutional framework that provides financial support for the development of industrial companies will be reviewed following the establishment of a National Investment Fund, the reform of the Industrial Promotion Fund (FPI) as an investment bank, and the recapitalization of the Congolese Savings Bank (CADECO) and the Financial Development Company (SOFIDE). In the interim, the FPI will give priority to financing structuring, industrializing investment with knock-on effects on agriculture, and its activities will centre on capital expenditure.

4.57. Finally, in the short term the Government intends to implement a series of incentives for the private sector in cooperation with the Federation of Congolese Enterprises (FEC) and other similar organizations.

4.3.7 Agriculture, livestock, fishing and rural development

4.58. Beginning in 2016, the Government intends to take measures to increase economic diversification, with significant attention being paid to agriculture, which will have a higher share of the public expenditure budget. The actions planned for this sector aim to increase and diversify agricultural production. They are part of the overall framework for implementing the National Agricultural Investment Plan (PNIA 2013-20).

4.59. This is an important challenge that the country must address by 2020 in order to significantly reduce poverty levels among the rural population. To that end it will have to continue to raise substantial investment both domestically and from international donors and partners.

4.60. In the wake of the launch of the Bukanga Lonzo agro-industrial park in 2014, the Government plans in the short term to roll out similar parks in the other provinces, first and foremost at the 11 sites for which pre-feasibility studies are already available.

4.61. Through the components of the PNIA the Government also intends to modernize agricultural production systems in order to sustainably improve productivity of major crops, including coffee, cocoa, rubber, rice, maize and cassava, by means of better access to factors of production and markets as well as improvements to the legal environment and governance, with the overall goal of ending malnutrition and food insecurity.

4.62. In fisheries, a caged-aquaculture project along the Congo River will be launched in the very near future in Kinshasa, supported by Egypt.

4.63. In order to support the agricultural sector, the Government will take measures to provide greater assistance for small farmers, together with the establishment of an agricultural bank. Two laws will be adopted, one on seeds and one on agricultural credit. The latter will guarantee the funding that small producers receive from finance institutions.

4.3.8 Forestry and the environment

4.64. As far as the legislative framework is concerned, the implementing measures for Law No. 011/2002 of 29 August 2002 on the Forest Code will be implemented and supplemented. The Government is also drawing up a law on sanitation, and will address the issue of establishing a revamped and operational Forestry Register.

4.65. Additionally the Government plans to implement the National Programme on the Environment, Forestry, Water Resources and Biodiversity (PNEFEB). This single strategic framework for action is more exhaustive than any of the commitments assumed by the Congolese State.

4.66. Starting in 2016, the Government intends to strengthen the tax and parafiscal framework for the forestry sector. To that end, the activities of EITI/DRC will be extended to cover forestry.

4.67. Priority projects have been identified for the medium term and will be implemented over the coming years. They include the establishment of:

- timber production clusters in rural areas;
- a carpentry and cabinet-making centre;
- a regional development platform to pilot forestry development;
- a wooden-frame construction system for social housing;
- a rotary cutting plant to make packaging (requires modest investment);
- a special institute to train trainers of sawmilling;
- a pilot training centre for the woodworking industry alternating classroom and on-the-job training;
- a technological research centre for wood material and its utilization;
- a pilot electricity co-generation unit using products connected with the timber industry.

4.68. The State plans to reduce use of wood as a fuel by 25-30% by 2030, plant around 3 million ha of forest by 2025, establish an average annual growth rate in the forestry sector of 5%, and increase the volume of production in logs and commercial timber by around 10% per year. Additionally, as part of efforts to combat climate change, the DRC aims to implement mitigation action to reduce its greenhouse gas emissions by 17% by 2030.

4.3.9 Mining and hydrocarbons

4.69. In order to achieve its overall objectives, namely an improved business climate, harmonious coexistence of industrial and small-scale mining, development of the DRC's mineral potential, and better social and environmental conditions in mining areas, the Government's priorities in the mining sector will essentially focus on drafting the Strategic Mining Development Plan (2016-2021).

4.70. In the short term the Government will take measures to diversify mineral production based on the complex ores in the east of the country, gold and rare earths. A further purpose of the measures will be to certify reserves of minerals and hydrocarbons based on geophysical surveys and certification work. At the same time controls on the quality and amount of investment in mining will be enhanced.

4.71. In the interests of transparency and good governance in the mining and hydrocarbons sector, the EITI-DRC Executive Committee will now publish EITI reports prior to the October budget session so that they can be taken into account during Parliamentary debates on the national budget.

4.3.10 Electricity and water

4.72. Work will focus on implementing the electricity law and the water law adopted in 2014 and 2015 respectively liberalizing the two sectors and establishing the legal framework for far-reaching structural reform.

4.73. In order to improve the supply of drinking water and electricity in urban and rural areas, Government actions will focus on reinstigating work to repair and develop infrastructure and facilities managed by the national companies SNEL and REGIDESO. Additionally, consultations will be held on implementing a programme to supply electricity and potable water to rural areas.

4.74. Specifically in the area of electricity, in the short term the Government will continue the infrastructure work it has started in order to increase available capacity and improve coverage. The scheduled works include:

- the repairs under way at the power stations at Inga (Central Congo), Tshopo (Tshopo), Nseke and Nzilo (Katanga) which should increase generating capacity from 800 MW to 1,300 MW by end-2016;
- continuation of the work to construct the power stations Zongo 2, Kakobola and Katende which together should generate close to 230 MW by end-2017.

4.75. In the medium term the plan is to construct the low head Inga 3 power station, which should generate 4,800 MW, of which 2,300 MW will be to cover domestic demand. The aim of this set of projects is to increase national coverage from 15% to 18% by 2018 and to 50% by 2030.

4.76. Where electricity transmission is concerned, the State will take steps to process requests for medium-voltage connections on-line. It will also continue to install pre-payment meters through SNEL to cover payment of bills for power consumption.

4.77. Additionally, as a result of the liberalization of the sector, during 2016 the State plans to effectively establish the Regulatory Authority for the Electricity Sector (ARE) as the national market regulator.

4.78. The work to provide social access to drinking water for only US\$50 will continue in the areas covered by the scheme. There are also plans to construct a modular water treatment plant in Kinshasa capable of handling 330,000 m³/day. The first of the three planned modules will have a capacity of 110,000 m³/day.

4.3.11 Postal services and telecommunications/ICTs

4.79. Work to revitalize this sector began in 2015 and will continue through 2016. As part of its road map for the postal, telecommunications and new ICTs sector, the Government plans to broaden the sector's reach and its role as a driver of development and to maximize the effectiveness of the sector's achievements and potential for innovation.

4.80. That ambition is evident in the strategic objectives for the sector set out in the DRC Telecommunications and ICT Strategy Paper. In the short term the aim will be to complete the review of the legal framework and to increase the number of fixed or mobile telephone lines to at least 30 million across the whole country.

4.81. The State will also implement measures to speed up the move to digital terrestrial television (DTT) in order to free up frequencies that can be used for 4G.

4.82. Where market regulation is concerned, the DRC will take measures to improve governance and competition in the postal, telecoms and new ICTs sectors with a view to increasing investment and jobs.

4.83. Moreover, the Government envisages a key role for the ICT and postal sectors in bringing the 26 provinces together and promoting the country abroad. This will include computerization of State administrative bodies to ensure better security and traceability of information.

4.84. Finally, in conformity with its Postal Sector Policy Statement of February 2014, by 2020 the Government is seeking to achieve the following objectives:

- provide a universal postal service, a key aspect of bringing the provinces together. The planned coverage rate is 20%;
- improve accessibility of postal services by doubling the number of post offices;
- promote the use of ICTs across all the value chains in the postal services market.

4.3.12 Transport

4.85. In order to achieve the objectives of national and regional integration, the Government will continue its action in the area of road transport to put an end to the isolation of certain regions, primarily those that are densely populated or have significant agro-industrial potential, and border areas. Another goal will be multimodal road-rail-waterway complementarity. Additionally, in the short term the Government will finalize a road programme to maintain around 2,400 km of roads that are already built and repair a further 800 km of the network.

4.86. Ongoing efforts to improve the rail infrastructure will continue, thanks in particular to cooperation with the World Bank. Works to repair and/or strengthen lines scheduled as part of the Multimodal Transport Plan (PTM) will affect around 600 km of the network. Additionally, 187 km of track will be modernized and 300 km of track over several sections of line will undergo selective modernization.

4.87. For the maritime, river and lake subsector, the Government plans to continue works to improve navigability as part of the PTM. Buoyage work will soon begin on four stretches of inland waterways.

4.88. Further works to dredge the Congo River will also be carried out before access to Boma and Matadi maritime ports in order to offer shipowners a more commercially advantageous draught. The long-term plan is to construct a deep-water port on the coast at Banana.

4.89. With regard to cargo trade, the Government will support the national company *Lignes maritimes congolaises* (LMC) to purchase and operate three vessels. Monitoring of cargo for export will be improved using an Electronic Information Form (FRE).

4.90. In air transport, the State will continue its work to improve airport infrastructures and facilities. To that end, as part of the second agreement signed with the World Bank and the African Development Bank (AfDB), it will build a new fire station and a new control tower, and will repair the air terminal building at Kisangani International Airport. More generally, a plan will be rolled out for certification of airports in the DRC.

4.91. Finally, the Government will step up its efforts to increase radio communications coverage of airspace to 95% in 2016, consolidating the achievements of the three previous years when the radio communications coverage rate rose from 20% in 2013 to 75% in 2015.

4.3.13 Financial services

4.92. The Government will take measures to complete the reform of the newly liberalized insurance sector. To that end it will rapidly establish the Insurance Regulatory and Control Authority (ARCA) provided for in the new Insurance Code to regulate the national market in insurance. That process will be supported by a revitalization of the national insurance company SONAS in order to lay the groundwork for future competition.

4.93. Where credit is concerned, measures will be taken to implement OHADA Uniform Act 1 on securities and credit institutions. Additionally, further actions will include improvements in communication and the sharing of credit information, for example in order to inform lenders about the solvency of loan applicants.

4.3.14 Tourism

4.94. The outlook for this sector is set out in the Integrated National Masterplan for Tourism in the Democratic Republic of the Congo.

4.95. The plan envisages making the DRC the third most popular destination for tourism in sub-Saharan Africa by 2030. The associated action plan includes restoring national parks and access routes to promote green tourism. There are also plans to add value to the reserves and nature sites by improving and increasing accommodation in the vicinity.

4.96. The Government's vision will also result in measures to develop and improve the quality of tourism-related services such as tourism agencies and offices. The public authorities and services working in the field of tourism will be the focus of capacity-building work to provide them with the skills to conduct attractive tourism promotion programmes. The Government also plans to establish the Malebo International Tourism Fair, to be held for the first time in 2016.

4.97. Financial support for the sector will be stepped up and revitalized by refocusing the Tourism Promotion Fund on its primary objective.

4.98. Finally, the Government will pay special attention to making tourism sites secure.

4.3.15 Culture and the arts

4.99. In order to improve the focus of Government action in this sector, the plan is to draw up a cultural policy for the DRC in the medium term.

4.100. In terms of the legal framework, in the short term the Government will finalize the initiative to adopt a new legal framework on protection of copyright and related rights, in conformity with international provisions, including the TRIPS Agreement.

4.101. As regards institutions, the plan is to establish an authority to protect, regulate and enforce copyright and related rights, to be known as the National Copyright and Related Rights Observatory (ONPDA).

4.102. Operationally and functionally, the Government intends to convert cultural associations into creative cultural businesses, enhance the protection of cultural assets and step up actions to combat piracy and counterfeiting of intellectual works. The Government's plans also involve capacity-building for stakeholders in the sector, including administrative staff, operators and cultural performers.

4.3.16 Landed property

4.103. In conformity with its overall strategy to improve the business and investment climate, the Government will focus on further enhancing and protecting property. With the same objective in view, the Land Law will be amended. Other measures will concern the digitalization of property titles so that they can be better protected. Land reserves will be mapped in order to improve the planning involved in land applications.

4.104. Additionally, the Government will put measures in place to deter abuses by land title registrars and will work to improve the administrative aspects of dispute settlement in land matters.

4.105. The reforms will take account of regional and town planning requirements, and the requirements in the agricultural, forestry, environmental and mining sectors.

5 INTERNATIONAL AND REGIONAL TRADE COOPERATION

5.1. In order to facilitate its insertion into the global economy and regional integration processes, the DRC is involved in several trade negotiation rounds at international and regional levels. In particular, these include the multilateral negotiations at the WTO, negotiations for the Economic Partnership Agreement (EPA) with the EU and regional trade-liberalization negotiations.

5.1.1 The DRC and the multilateral trading system

5.2. The DRC is participating in the negotiations under the Doha Development Agenda (DDA) at the WTO and has on several occasions reaffirmed the need for a swift resolution to the Round, which is intended to make the multilateral trading system more effective and beneficial for developing and least developed countries (LDCs).

5.3. Therefore the DRC welcomes the progress made at the two most recent Ministerial Conferences at Bali and Nairobi. On the outstanding issues, the DRC reiterates its support for the positions expressed within the negotiating bodies by the various groups to which it belongs, including the African Group, the LDCs Group, the G77 and the ACP Group.

5.4. It draws particular attention to the fact that while avoiding a stalemate, the negotiations should not move away from the Doha mandate and the basic principles that put development at the heart of the Agenda's objectives. To that end, the DDA should achieve a comprehensive and balanced outcome that retains the single undertaking, enhances provisions for special and differential treatment, and is conducive to the effective integration and participation of the weakest economies in world trade.

5.5. With regard to implementing the Bali Package, the Government has opened its domestic procedure for the ratification of the Agreement on Trade Facilitation (ATF) and will complete it promptly. Additionally, in 2015 the DRC carried out the categorization exercise for ATF measures. The procedure for notifying it to the WTO is in train. Similarly, in view of the national background, a new draft decree was drawn up to establish a National Trade Facilitation Committee to replace the Foreign Trade Facilitation Committee that has been in existence since 1988 but is now obsolete.

5.6. The DRC also took part in the work of the LDCs Group that led to the Group's collective request on the waiver concerning preferential treatment for services and service-suppliers of LDCs. It welcomes the offers already tabled and hopes to see other countries follow suit by affording greater attention to the subsectors and modes in which the LDCs have interests and/or capacity.

5.7. Additionally, the DRC points to the need for the rapid implementation of the other LDC-specific decisions in the Bali Package, especially those concerning preferential rules of origin, duty-free and quota-free market access (DFQF) for LDCs, and the monitoring mechanism on special and differential treatment.

5.1.2 Negotiation of the Economic Partnership Agreement (EPA)

5.8. Together with the Central African Republic, Chad, Congo, Cameroon, Equatorial Guinea, Gabon, and São Tomé and Príncipe, the DRC is involved in the negotiations for the Economic Partnership Agreement (EPA) between the European Union (EU) and the Central Africa (CA) region as part of the CA negotiating delegation.

5.9. There were no negotiations between the parties between 2011 and 2015. However, the Central Africa region resumed preparatory work in 2014. The DRC took part in the various meetings.

5.10. It should be noted that the EU-CA EPA has two pillars, namely trade in goods and services, and measures to support development. The strategic thrust is to deepen Central African economic integration, liberalize trade with the EU, and build the production and exporting capacity of Central Africa.

5.11. The DRC hopes that there will be a rapid resumption of talks between the CA and EU partners with a view to concluding a regional EPA that protects the achievements of and prospects for integration in Central Africa and has full regard to the asymmetry between the two parties as well as the capabilities of the economies of Central Africa.

5.12. Therefore, it is also important to strike a balance between the levels of openness in the trade-related aspects of the regional EPA and the development aspects. Accordingly, the DRC reiterates its support for the establishment of an EPA Regional Fund (EPARF) financed by the EU as part of the EPA Regional Development Support Programme (PRADA) to absorb the net fiscal impact (NFI).

5.13. In terms of monitoring the negotiations, the National Development and Trade Policy Forum (FNDPC), the national Committee allocated to the task, has been restructured in order to increase the involvement of all national stakeholders in its activities. Additionally, its role has been expanded to cover all trade negotiations and trade policy review (TPR). The FNDPC received technical support under the OIF Hub & Spokes II Programme and financial support from the EDF National Authorizing Officer (EDFNAO) to help with the logistical arrangements for meetings, carry out studies or assist delegates attending meetings outside the DRC. However the FNDPC also faces other difficulties linked to its material resources and the regular funding of its operations.

5.1.3 Integration and regional trade negotiations

5.14. Located in the heart of Africa, the DRC shares nine land borders with several community integration areas of which it is a member, namely the SADC, COMESA, ECCAS and CEPGL. Accordingly, it participates in integration processes within those communities and has relations of cooperation with the member countries.

5.15. In that context, the DRC adopted a law on 1 December 2015 amending its customs tariff pursuant to the Treaty establishing the Common Market for Eastern and Southern Africa (COMESA). In so doing, DRC has opened the way to its first experience of participation in a free trade area. As a result it will afford trade preferences to the countries that are members of COMESA and will receive trade preferences from them. In contrast, the DRC is also a member of the SADC but has not yet acceded to its trade protocol and therefore does not participate in its free trade area.

5.16. Insofar as ECCAS is concerned, the DRC is a participant in policy harmonization processes. In that context it participates in the work to implement the ATF in respect of regional measures and measures requiring harmonized implementation.

5.17. The Democratic Republic of the Congo is a participant in the Trade Negotiations Forum (TNF) to liberalize trade in services in the SADC region. Those negotiations are part of the SADC Protocol on Trade in Services signed on 18 August 2012. The first round of TNF negotiations concerns transport, communication, finance, tourism, construction and energy.

5.18. Furthermore, the DRC is a signatory to the Sharm El Sheikh (Egypt) Declaration of 10 June 2015 launching the establishment of a free trade area among 26 southern and eastern African countries. The Tripartite Free Trade Area (TFTA) will bring together COMESA, the EAC and the SADC. Together with the more extensive Continental Free Trade Area for which the African Union (AU) has plans in 2017, this initiative will help the DRC *de facto* to obtain the optimum benefit from its membership of multiple regional economic integration areas.

6 CONCLUSION

6.1. The Democratic Republic of the Congo's first trade policy review acted as an important lever for the reforms carried out by the Government to revitalize the country's economic fabric and improve its business climate.

6.2. The recommendations made during that review helped the Government focus more keenly on matters of interest to national stakeholders and foreign trade partners alike in order to enable the country to participate better in international trade and the multilateral trading system, and increase its attractiveness to investors.

6.3. The fruits of this ongoing hard work are evident today in the improved health of the Congolese economy and its economic indicators.

6.4. However, the Government is only too aware that there is still much to be done and to achieve as it works towards its strategic development objectives. That is why it intends to capitalize on the outcomes of earlier reforms, primarily by taking them further and setting new reform objectives that will among other things help the country to become an integral part of global value chains, enhance the buoyancy of its domestic market and become further integrated into its local regional markets.

6.5. The end objective is still to achieve sustained growth conducive to development and well-being with a view to becoming an emergent economy by 2030.

ACRONYMS

ACP	African, Caribbean and Pacific States
AfDB	African Development Bank
ARE	Regulatory Authority for the Electricity Sector
AU	African Union
BCC	Central Bank of the Congo
CDF	Congolese Franc
COMESA	Common Market for Eastern and Southern Africa
DDA	Doha Development Agenda
DGDA	Directorate-General of Customs and Excise
DGRAD	Directorate-General of Administrative and Government Property Revenue
DNSC	National Trade Strategy Paper
DRC	Democratic Republic of the Congo
ECCAS	Economic Community of Central African States
ECGLC	Economic Community of the Great Lakes Countries
EDF	European Development Fund
EDFNAO	EDF National Authorizing Officer
EITI	Extractives Industries Transparency Initiative
EPA	Economic Partnership Agreement
EPARF	EPA Regional Fund
EU	European Union
FDI	Foreign Direct Investment
FEC	Federation of Congolese Enterprises
FNDPC	National Development and Trade Policy Forum
FPI	Fund for the Promotion of Industry
HIPC	Heavily Indebted Poor Countries Initiative
LDC	Least-Developed Country
LOFIP	Public Finance Law
NFI	Net Fiscal Impact
OCC	Congolese Control Office
OHADA	Organization for the Harmonization of African Business Law
ONPDA	National Copyright and Related Rights Observatory
PNEFEB	National Programme on the Environment, Forestry, Water Resources and Biodiversity
PNIA	National Agricultural Investment Plan
PTM	Multimodal Transport Plan
PRADA	EPA Regional Development Support Programme
SADC	Southern African Development Community
SIGMAP	Automated Government Procurement System
SME	Small and Medium-Sized Enterprises
SNEL	National Electricity Company
SOFIDE	Financial Development Company
STR	Simplified Trade Regime
TFTA	Tripartite Free Trade Area
TNF	Trade Negotiations Forum
TPR	Trade Policy Review
TRIPS	Trade-Related Aspects of Intellectual Property Rights
WTO	World Trade Organization
ZES	Special economic zones
