

**Trade Policy Review Body  
25 and 27 October 2016**

## **TRADE POLICY REVIEW**

DEMOCRATIC REPUBLIC OF THE CONGO

MINUTES OF THE MEETING

*Chairperson: Ms Irene Young (Hong Kong, China)*

### **CONTENTS**

<b>1 INTRODUCTORY REMARKS BY THE CHAIRPERSON .....</b>	<b>2</b>
<b>2 OPENING STATEMENT BY THE REPRESENTATIVE OF THE DEMOCRATIC REPUBLIC OF THE CONGO .....</b>	<b>4</b>
<b>3 STATEMENT BY THE DISCUSSANT .....</b>	<b>10</b>
<b>4 STATEMENTS BY MEMBERS .....</b>	<b>15</b>
<b>5 REPLIES BY THE REPRESENTATIVE OF THE DEMOCRATIC REPUBLIC OF THE CONGO AND ADDITIONAL COMMENTS .....</b>	<b>31</b>
<b>6 CONCLUDING REMARKS BY THE CHAIRPERSON .....</b>	<b>36</b>

## 1 INTRODUCTORY REMARKS BY THE CHAIRPERSON

1.1. The second Trade Policy Review of the Democratic Republic of the Congo (DRC) was held on 25 and 27 October 2016. The Chairperson, Ms. Irene Young (Hong Kong, China), welcomed the delegation of the Democratic Republic of the Congo (DRC) headed by H.E. Mr. Zénon MUKONGO NGAY, Ambassador and Permanent Representative of the DRC to the UN and specialized institutions at Geneva; the delegation from Kinshasa; and the discussant, H.E. Ambassador Roderick VAN SCHREVEN (Netherlands).

1.2. The Chairperson recalled the purpose of the Trade Policy Reviews and the main elements of the procedures for the meeting. The report by the DRC was contained in document WT/TPR/G/339 and that of the WTO Secretariat in WT/TPR/S/339.

1.3. As agreed by Members earlier, the United Nations Industrial Development Organization (UNIDO) was attending this meeting as observer on an ad hoc basis.

1.4. Questions by the following delegations had been submitted in writing before the deadline: Brazil; Canada; Argentina; European Union; Chile; and the United States. The following delegations submitted written questions after the deadline: China and Kenya.

1.5. At the previous TPR meeting in 2010, Members had commended the DRC on its macroeconomic and structural reforms, including trade reforms. These efforts had not only contributed to the country's overall positive economic performance and its recovery from socio-political crises, but had also helped reduce its debt, through the Heavily Indebted Poor Countries initiative. However, at that time, Members had also noted a number of factors which had been undermining the competitiveness of the economy and its growth prospects. These included poor infrastructure; inaccessible and expensive financial services; inefficient state-owned enterprises; a large number of duties and disproportionate fees charged by several non-coordinated institutions; and poor governance. Members had encouraged the DRC to pursue reforms which could strengthen the fundamentals of its economy, and create a business environment conducive to foreign direct investment, so that the country could exploit its potentials, diversify its economy, and alleviate poverty.

1.6. Members were pleased to know that, since its last TPR, the DRC had recorded strong macroeconomic performance: it had consolidated its fiscal position, had achieved a small surplus, and had brought inflation down to a record low level of around 1%. GDP growth, mainly driven by copper production and the emerging services sector, had reached around 8% per year. However, economic growth had been non-inclusive, and poverty remained pervasive. The country's potentials, in terms of land and human resources, were still largely untapped, and its competitiveness remained hampered by structural bottlenecks such as a challenging business climate, electricity shortages and corruption. The financial position of the Central Bank of Congo was also fragile.

1.7. Taking the opportunity of this TPR, Members asked many questions about the DRC's long term economic and development strategies, including how it planned to improve the business environment for traders and investors, and how it would diversify its economic activities.

1.8. It was encouraging to know that the TPRM had served as a catalyst in the DRC's reform process. Following the TPR in 2010 and the follow-up workshop in Kinshasa a year later, the DRC had implemented various reforms to address concerns raised by Members. One example was the structural reform aimed at reducing state intervention in the economy, which had resulted in the liquidation or privatization of several state-owned enterprises. The country had also taken steps to modernize obsolete trade-related legislation, such as that governing public procurement. Meanwhile, it had adopted a new customs code, introduced a VAT system, and simplified the tax system.

1.9. All this was going in the right direction, but in some areas, significant progress was yet to be seen. It was clear from Members' advance questions that they still had concerns about the country's customs valuation and clearance procedures, its tax system, its SPS and technical regulations, etc., and they would appreciate further information on the planned reforms, including the trade facilitation programme.

1.10. As in the last TPR, Members noted DRC's overlapping membership in different trade agreements and the possibility of conflicting commitments. It would be useful for the delegation of the DRC to share with Members how this was being managed.

1.11. This meeting was a good opportunity for Members to discuss in greater detail issues of interest to them and to the DRC, and of importance to the multilateral trading system.

---

## **2 OPENING STATEMENT BY THE REPRESENTATIVE OF THE DEMOCRATIC REPUBLIC OF THE CONGO (H.E. MR. ZÉNON MUKONGO NGAY)**

2.1. I would like to begin by apologizing on behalf of Her Excellency the Minister for Trade, who would have liked to have been here to present this report in person today, but was unable to do so owing to time constraints.

2.2. I know that many of you are still wondering why this review, which was initially planned for June 2016, was postponed until today. The same time constraints were the reason why we requested that our second trade policy review be postponed. Nevertheless, I would like to reassure each and every one of you that my country, which attaches great importance to the work of the WTO, remains committed to implementing an effective trade policy that takes into account, among other things, the development of world trade and the competition that it creates.

2.3. Therefore, in spite of the major pre-election challenges facing our country, we could not afford to miss out on such a valuable opportunity to examine our trade policy and identify the challenges that it presents, in order to implement a trade strategy that meets the requirements of our development programme and responds to the modernization agenda driven by Head of State, His Excellency Joseph Kabila Kabange.

2.4. Before giving the floor to the Secretary General of the Ministry of Trade who is today's speaker, I would like to extend my heartfelt thanks to the Chairperson for her kind words about my country and delegation. I also thank His Excellency Ambassador Roderick Van Schreven, Permanent Representative of the Netherlands, for agreeing to present my country's trade policy.

2.5. On behalf of my Government, my sincere thanks also go the WTO Secretariat and its Trade Policy Review Division for its genuine cooperation during the preparatory phase of this review. Lastly, my country would like to extend its gratitude to WTO Members for the interest that they have shown in this review, as demonstrated by the number of written questions submitted and the large attendance at today's session. Thank you.

### **STATEMENT BY MS EUGÉNIE SALEBONGO BASOY (SECRETARY GENERAL FOR TRADE)**

2.6. The Democratic Republic of Congo is honoured to belong to an important institution such as the World Trade Organization. In accordance with the rules and principles governing the WTO, my country has established guidelines on economic and trade policy, including contained liberalization of the domestic market, gradual opening up of the different economic sectors, freedom of enterprise, and promotion of a favourable economic environment.

2.7. In order to transform these policy choices into specific action, my country has firmly undertaken reforms through the implementation of a series of measures and initiatives that have benefited almost all sectors, with the objective of improving the business climate, increasing the effectiveness of its economic and trade policies as a driving force that will enable the DRC to become an emerging economy by 2030.

2.8. The recent economic reforms were promoted and driven by the national authorities, in parallel with measures at the political level which have led to democratic progress, stability and the consolidation of social peace.

2.9. In practice, the economic reforms sometimes received support from international partners, and were based on the recommendations of the first trade policy review, as well as on other evaluation mechanisms such as the "Doing Business" index.

2.10. I will therefore make a point of sharing with Members the results that bear witness to the progress made in terms of the strengthening of the macroeconomic situation, the review of sectoral policies, and the status of trade negotiations and regional processes in which my country is participating. I will then turn to the economic outlook for the DRC.

2.11. As a result of sustained commitment and a package of measures, the DRC's economic situation has significantly improved since its first trade policy review in 2010. For example, in the period 2010-2016, gross domestic product (GDP), expressed in real terms, made a strong

recovery, rising from US\$15.67 billion to US\$22.78 billion, which represents a gross increase of 45.4%, while annual GDP growth was around 7.6%, with a peak of 9.5% in 2014. These levels are higher than the average in sub Saharan Africa.

2.12. The strengthening of the domestic economy can also be seen in the control over inflation. The Government succeeded in lowering the inflation rate to below 2% as from 2013, more specifically to 1.16% in 2013, 1.21% in 2014 and 1.81% in 2015, which represents a significant change compared with 2010 when the inflation rate was 23.5%. This was a major challenge for the Government, which was under great pressure to avoid the disastrous consequences of uncontrolled inflation on the national economic community, particularly on consumers and the general population.

2.13. Regarding debt, the DRC reached the completion point under the Heavily Indebted Poor Countries (HIPC) Initiative at the end of June 2010. The country therefore benefited from a significant reduction of its debts, which amounted to around US\$12.5 billion, thus lowering the external debt to GDP ratio from 67% in 2009 to 22.5% at end December 2011. In addition to the HIPC Initiative, other reductions were granted, particularly by multilateral and Paris Club creditors, enabling the country to move from a high to a moderate debt risk.

2.14. Furthermore, our country's foreign trade was able to recover after the major turmoil of 2009 caused by both the financial crisis and the fall in the country's raw material export prices. Both exports and imports experienced upward trends, and the total value of trade in goods between the DRC and the rest of the world has continued to increase, with a trade surplus during the period under review.

2.15. Regarding exchange rate policy, the DRC has adopted new exchange regulations, which were published in March 2014, replacing those issued in 2003 with the aim of better regulating foreign exchange transactions and adapting to changes in the economic and national, regional and international financial environment.

2.16. Generally speaking, the economic growth referred to above was mainly driven by the primary sector, with the mining sector playing a prominent role. Copper and gold production in particular recorded the highest growth for the period under review, with an increase from 497,000 tonnes to over 1 million tonnes for copper, and from 1.78 tonnes to around 23 tonnes for gold.

2.17. Nevertheless, the other production sectors did not lag behind. The agricultural, manufacturing, energy and services sectors also saw growth compared with six years ago. For example, the volume of communications in the telephony subsector experienced a twofold increase.

2.18. All these results were achieved thanks the measures taken by the Government to improve the economic environment, and by the vigorous reforms undertaken in the different sectors.

2.19. The Government's actions have resulted in, among other things, the simplification of procedures, the elimination of certain documents, the streamlining and even the removal of some taxes and levies, the adoption of a nomenclature of taxes to be collected at central and provincial levels, and the limitation of the number of entities present at the borders.

2.20. These measures also served to lay the foundations for the establishment of an integrated single window for foreign trade, which is now operational, although it has not yet been fully rolled out.

2.21. Moreover, during this period the DRC launched a process to strengthen the operational capacities of its control agencies, mainly the Congolese Control Office (OCC) and the Border Health Services, with the objective of protecting consumers and facilitating cross border trade.

2.22. Legal and judicial security for businesses was also strengthened through the establishment of new commercial courts, the accession of the DRC to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958), and the effective implementation of the

Treaty on the Harmonization of Business Law in Africa (OHADA Treaty), to which our country became party in 2010.

2.23. The Government has also addressed the matter of business startup formalities, and on 1 November 2012, established the Single Window for Business Startups in order to centralize these formalities. The results are now visible in the form of simplified procedures, shorter deadlines and lower costs.

2.24. In the financial sector, the liberalization of insurance in March 2015 is regarded as the key reform of the review period, given that, until then, insurance was a State monopoly held by the National Insurance Company (SONAS).

2.25. Furthermore, the Government's actions in the financial sector have led to the streamlining of banking institutions, now reduced to 18, compared with several dozen a few years ago. Nevertheless, banking remains open to competition and investment. The focus is on increasing the viability of banking institutions and use of the country's banking services, an objective that is closer to being achieved thanks to the rapid development of the mobile banking sub branch of the telecommunications sector.

2.26. The momentum of liberalization during the period 2010-2016 has also had an impact on strategic sectors such as electricity, water and hydrocarbons, which have now been opened up through the adoption of new sectoral laws, and have thus been added to the list of liberalized sectors that already included telecommunications, tourism, banking, construction and industry.

2.27. Government procurement has also been modernized through the entry into force of a new Government Procurement Code, which is based on international standards and confers autonomy on management, supervisory and regulatory bodies. The Directorate General for the Control of Government Procurement (DGCMP) was established as a result.

2.28. In order to sustain this momentum in the long term, the country has also adopted several policy documents and sectoral strategies. The Trade Strategy Paper, which was published in April 2016, aims to make the DRC's economy more competitive at national, regional and international level, and to improve the country's integration in international trade. Ultimately, this means creating the basic conditions needed to ensure the availability and quality of products on the domestic market, promoting the development of exports, and boosting economic growth and development.

2.29. Several priority actions were identified, which include strengthening the institutional framework for trade and sectoral policies; enhancing supply capacity and competitiveness; increasing market access; improving the functioning of the domestic market; and, of course, pursuing efforts to improve the business and investment climate.

2.30. The country also adopted the Strategic Plan for the Reform of Government Finances 2010-2015, with a view to strengthening the management of State resources. This Plan has resulted in several measures to increase the efficiency of the State services responsible for collecting revenue, programming, and implementing expenditure.

2.31. Value added tax (VAT) was introduced in 2012, and a nomenclature of taxes to be levied by central government and the provinces was adopted. The new Customs Code and Excise Code entered into force in 2011 and 2012, respectively. The Customs Code establishes rules and guidelines in line with the revised Kyoto Convention and takes into account, in many of its provisions, the customs measures provided for in the Trade Facilitation Agreement.

2.32. Tariffs have not varied, and the 0%, 5%, 10% and 20% bands remain in force. However, it should be noted that, as required under the COMESA Treaty, the DRC adopted a law in December 2015 to bring its tariffs into line with those of COMESA, with a view implementing this subregional organization's free trade area.

2.33. The public finance services' technical and operational capacities have been strengthened, particularly through the adoption of computerized management systems for the services responsible for customs, taxes, authorization of expenditure, as well as payroll services.

2.34. The reform of State ownership continued during the period under review, leading to the withdrawal of the State from some economic sectors, the restructuring of enterprises remaining in the hands of the State and the improvement of their management methods, and the establishment of public private partnerships.

2.35. With regard to agriculture, livestock farming, fishing and rural development, the Government's policy has aimed to revitalize this key sector in order to ensure food security, improve production, diversify exports, reduce poverty and precariousness in rural areas, and increase the contribution of agriculture to economic growth, in keeping with the country's rich potential.

2.36. In this regard, the Government's first initiatives included the adoption of an agricultural law in 2011 and the implementation of incentives such as exemptions for imports of agricultural inputs, equipment and new materials.

2.37. In May 2013, the DRC adopted the National Agricultural Investment Plan (PNIA 2013-2020), the main aim of which is to gradually establish some 20 agribusiness parks throughout the national territory. This Plan is now the national framework for the planning of domestic and external resources in the agricultural and other related sectors. Its objective is to promote sustained growth of 6% in the sector. The PNIA takes into account not only national agricultural policy objectives, but also other aspects such as the development of agricultural and agro industrial areas, research, training, governance and climate change adaptation.

2.38. The financing arrangements for the PNIA involve the allocation of a substantial part of the national budget for agriculture, in addition to the mobilization of private resources. These arrangements thus offer opportunities for national and foreign direct investment, and for the development of public private partnerships. In 2014, such a partnership enabled operations to begin at the first agro industrial park, that of Bukanga Lonzo.

2.39. Regarding the industrial sector, the Government intends to establish economic and industrial growth poles on the basis of comparative and competitive advantages in the different provinces. These objectives are also in line with those of the DRC's new industrial policy set out in the Industrial Policy and Strategies Paper (DPSI), which was adopted in 2011 and focuses on the promotion of four priority areas, namely: agro industry with an emphasis on agri food; mining and metallurgy; building materials; and packaging. One of the principal means of achieving these objectives is the implementation of a special economic zones (ZES) regime.

2.40. Another central element is the promotion of small and medium sized enterprises (SMEs), for which accompanying measures have been implemented, including the creation of incubation centres, tax relief under the Investment Code, support for the identification of opportunities, and the enactment of a leasing law that provides additional means of financing for SMEs/SMIs.

2.41. The policy option with regard to transport services remains the opening up of traffic in the various subsectors and the promotion of private investment with a view to expanding the delivery of services. In order to facilitate the movement of goods and individuals, which is a major challenge because of the size of the country, the Government has rehabilitated road, rail and air transport infrastructure. In 2015, it also launched a new national airline, Congo Airways, which, for the moment, only operates domestic flights.

2.42. I would like to end this review of sectoral policies with a few encouraging words about tourism in the DRC. The sector is fully open and our country has a vast, rich and diverse potential for tourism, owing to its biodiversity, exceptional parks and reserves, terrain, and culture, with a thousand different sites to visit.

2.43. Today, this sector, which has been seriously affected by the crises in our country, is undoubtedly one of the DRC's most promising areas for business investment and development in the years to come. The DRC therefore welcomes you as both tourists and investors in tourism.

2.44. I would now like to turn to the trade negotiations and regional integration processes in which our country is participating. It should be noted that the DRC is involved in the negotiations for the Economic Partnership Agreement (EPA) between the European Union and Central Africa.

The discussions with the European Union have come to a standstill, but Central Africa, on its part, has completed its preparations over the course of several meetings of the Regional Ministerial Committee.

2.45. The DRC is also taking part in the work of the COMESA EAC SADC Tripartite to establish a free trade area comprising the States from these three regional economic communities, and therefore is following with genuine interest the preparations for the creation of a continental free trade area within the African Union.

2.46. In the same context, the DRC will shortly become a participant in the implementation of the COMESA free trade area, as I mentioned earlier. The DRC is also involved in the process of establishing the Economic Community of Central African States (ECCAS) free trade area, which was initiated in 2004.

2.47. Furthermore, our country is actively participating in the negotiations on services liberalization in the SADC and COMESA, which aim to gradually liberalize the identified sectors in order to create a more integrated, more competitive and more attractive regional services market.

2.48. Our country is preparing to implement the Agreement on Trade Facilitation. In this regard, we have launched an information campaign for national stakeholders and carried out the exercise of categorizing the measures under the Agreement. We are making every effort with a view to their notification, the creation of a national trade facilitation committee, and the ratification of the Agreement, and these processes have already been initiated at national level.

2.49. However, it should be noted that, in spite of the significant progress recorded, our economy still faces challenges. It remains highly exposed to the external shocks that often affect economic indicators, as has been the case in 2016.

2.50. This state of affairs requires us to ensure the economic transformation of our country by becoming more involved in global value chains, reducing our dependency on mining commodities, speeding up the industrialization of the country, strengthening export performance, bolstering the domestic market, and increasing the contribution of the services sector to the creation of wealth. The underlying aim is to reduce poverty and precariousness among the population, create jobs and boost economic and social development as a whole.

2.51. In order to address these challenges, the Government has undertaken to implement the National Development Strategy as a new framework to guide government action over the period 2017-2021.

2.52. The Government thus intends to pursue and deepen its reforms. It will continue to pay serious attention to promoting public and private investment, will encourage public private partnerships and will step up its action to improve the business climate. It has also planned to adopt a specific law on public private partnerships and a law on competition and consumer protection.

2.53. Furthermore, the law on intellectual property will be amended, with a view to expanding its scope and strengthening protection in this area, and to fostering its economic role in industrial promotion and entrepreneurship. The Government is also planning to adopt a law on standardization and metrology in order to give the country a framework for the promotion of production activities, while ensuring greater protection of the population's right to health and security.

2.54. Regarding SMEs and traditional crafts, the Government has approved a national SME strategy and is preparing to adopt a Code of Traditional Crafts and Artisanal Activities and a law on entrepreneurship in the DRC, with the aim of making SMEs one of the main drivers of the country's economy. This will require enhanced resources in terms of support and finance for local business people, especially young people and women.

2.55. Concerning forestry and the environment, the Government intends to implement the National Programme on the Environment, Forestry, Water Resources and Biodiversity (PNEFEB), which is a single strategic framework for action incorporating the commitments undertaken by the



DRC Government to fight climate change and promote sustainable development. For example, the Government plans to reduce the use of firewood by 25-30% and lower its greenhouse gas emissions by 17% by 2030.

2.56. It also intends to prepare and implement the Strategic Mining Development Plan (2016-2021), which aims to improve the business climate and find a lasting solution to the difficulties in the sector, as well as enhance its potential for our country's economic development.

2.57. As regards the postal and new ICTs sector, the national strategy will seek to optimize its contribution to growth, strengthen its role in the interconnection and integration of production factors at domestic economic level, and capitalize on the opportunities available, particularly in terms of employment.

2.58. As can be observed, technical and financial assistance from partners and donors would be welcome, in order to speed up the implementation of these plans, extend their scope and ensure maximum success.

2.59. Madam Chairperson, this brings me to the end of the introductory remarks that I wished to share with Members on the trade policy and outlook of my country.

2.60. My delegation will be most interested to hear the contributions and recommendations that will be made during this exercise, because the neutral and constructive opinions of Members will provide our country with an ideal opportunity to collect highly useful information, which will make it easier for us to conduct our self-assessment of the policy measures described, highlight the areas for improvement, and help ensure that our Government's trade related activities are more efficient and coherent, with a maximum impact. Thank you.

### 3 STATEMENT BY THE DISCUSSANT

3.1. Firstly, I would like to thank you for entrusting me with the presentation of the second trade policy review of the Democratic Republic of the Congo.

3.2. Before addressing the more technical aspects of the trade policy that is relevant for the WTO, I would like to begin by recalling the economic and social progress recorded by the DRC since its first trade policy review in 2010. The country has experienced a period of mainly robust economic growth, as well as growth per capita. These two rates are well in line with the average growth rates for sub-Saharan Africa. Until the beginning of this year, this macroeconomic performance benefited from a relatively stable political situation, the undertaking of structural and economic reforms, and mining exports. This also enabled the DRC to improve its ranking on the Human Development Index, despite the weak position from which it started. However, it is uncertain whether it will be possible to maintain such a trend. The DRC remains one of the least developed countries.

3.3. It is clear that we must take into account the social and political instability recently experienced by the DRC, and its adverse impact on the business and investment climate, the development and implementation of policies, and consequently on human development. While it is not yet possible to accurately determine the economic impact of these persistent disturbances, a rapid return to stability is undoubtedly essential for the DRC to pursue its development.

3.4. Ultimately, and as the DRC's report rightly points out, the country needs stable, sustainable and very high economic growth in order to increase its per capita GDP and particularly to offset population growth. Such economic growth would enable it to graduate from its status as a low income country and improve the living standards of its population. Nevertheless, only inclusive growth could enable the country to effectively respond to the needs of the most disadvantaged, and would result in improved human development indicators. As pointed out by the World Economic Forum, the unequal distribution of wealth in the DRC seriously weakens its economic potential.

3.5. The main aim of the DRC's trade policy is to reduce poverty by: (1) pursuing trade liberalization; (2) increasing privatization; (3) implementing sectoral reforms, particularly in the areas of agriculture, mining, industry and services; and (4) promoting export diversification. The National Trade Strategy Paper that the DRC is to publish shortly will focus on participation in world trade. It is paramount for this strategy, which is part of a major development plan to be implemented by 2035, to focus on the possibilities offered by globalization, such as participation in value chains and integration in a regional economy. Access to markets, in particular that of the European Union, is only one part of this solution. The country particularly needs to have products that can compete on the international market, and therefore reforms must be carried out. While WTO Members can provide market access, it is up to the DRC to ensure the production of goods for export.

3.6. The DRC has identified the key areas for reform, which include: (1) industrialization; (2) increased productivity in the mining sector; and (3) the development of its agricultural potential. The achievement of these objectives and the strengthening of the DRC's position in global value chains represent a major challenge. While the Government and Parliament have drafted a number of clear laws and strategic documents, issues remain concerning their implementation, which requires particular attention.

3.7. The DRC has not escaped unscathed from the recent fall in global commodity prices, and the ensuing deterioration of market conditions, which threaten to undo much of the macroeconomic progress made since its last review. The DRC's dependency on mining exports, which represented 90% of total exports in 2014, remains very high and has increased significantly since 2008. The decline in export revenue has affected foreign exchange reserves, which were already low, and has had repercussions for public finances and the financial sector. Foreign exchange reserves are currently equivalent to around four and a half weeks' worth of imports of goods and services, which is very little, and which has visibly weakened the national currency. The deterioration in the terms of trade has led to a significant devaluation of the Congolese franc.

3.8. The rate of growth expected for 2016 appears to reflect the consequences of recent developments in the DRC. In its latest World Economic Outlook, the IMF predicts that GDP growth will amount to 3.9% in 2016 instead of the 5.1% forecast in June, and compared with the 6.9% recorded in 2015. The outlook for 2016 is therefore not very encouraging. Net foreign direct investment flows were expected to remain at 4.9% of GDP, but this forecast must be revised in light of the current situation. On the other hand, while the fiscal balance appears to be under greater threat than in most sub-Saharan African countries, it should remain positive thanks to subsidies.

3.9. The economic vulnerability resulting from the current decrease in revenue from the mining industry, which clearly demonstrates the need for diversification, is mainly a structural issue. Diversification provides economies with a more stable foundation and protects them from domestic and external vectors of instability. When reserves are low and are insufficient to withstand market fluctuations, a diversified export basket may mitigate the effects of a slowdown in international trade.

3.10. I know that I am not the first discussant this year to encourage a delegation to diversify its economy, but I cannot ignore this economic rationale, particularly given that the DRC's natural and human resources offer a number of possibilities in this regard. The DRC is holding all of the cards.

3.11. In addition to the country's abundant mineral reserves (cobalt, copper, diamonds and gold), agriculture is also of great interest. There are multiple opportunities for improvement in this sector, starting with an increase in yields, that is to say an increase in productivity and acreage. Given the population growth of around 3%, the National Agricultural Investment Plan for the period 2013-2020 is based on 6% agricultural growth, which would allow for imports of agricultural products to be reduced and which may contribute to expanding the country's range of exports. As 80% of the population makes a living from agriculture, the development of this sector, which is crucial for inclusive growth, should be the number one priority for the country, and will have a positive impact on employment.

3.12. Population growth is both a threat and an asset for economic growth. Our national hero, footballer Johan Cruyff, said that every disadvantage has its advantage. Population growth is a challenge, but the DRC's population is particularly young, as it is composed of 43% of individuals under the age of 15 years, who will therefore soon be of prime working age. The DRC's population is expected to increase from 70 million at present to 195 million by 2050. It will be an enormous challenge to keep up with such growth. Addressing the needs of this large and young population will first of all require the creation of jobs, and increased investment in sectors such as mobile telephony and financial services. Rapid population growth also means that efforts in the area of education need to be stepped up. Although the challenge may create difficulties, it could help unlock the DRC's true potential.

3.13. The DRC has a number of assets that may be of interest to investors. To improve the business climate, structural issues that hinder foreign investment must be addressed. Such issues include: poor infrastructure, endemic corruption at all levels of the Government, the ineffectiveness of institutions, limited access to financing, the lack of skilled labour, an unpredictable political and security climate, and constant tensions, particularly in the eastern part of the country. Foreign investors, and also domestic investors, often face red tape, bribery and a subjective interpretation of regulations, particularly with regard to fiscal matters. For years, the World Economic Forum has stressed that revenue inequality poses the greatest danger to stability. In other words, to ensure stability and economic growth, the public needs to be reassured that wealth is distributed equally and that everyone can benefit from development, and, in particular, that their children will have a better future. Combatting inequality and corruption are key to achieving this objective. The fact that the DRC does not benefit from the IMF Extended Credit Facility discourages foreign lenders, which is understandable. It is the Government's responsibility to make the DRC more attractive to investors and the IMF.

3.14. Telecommunications is one of the sectors in which market liberalization has been successful. The extensive pan-African telecommunications network attracts foreign investment, provides the Government with revenue, and enables the public to communicate. It establishes contact between farmers and their markets, which is a considerable advantage to a country such as the DRC, which is the size of Europe. Development of the services industry, in particular telecommunications, transport and trade, has enabled the non-mining private sector to post higher growth than the

mining sector. The economy in that sector has therefore already entered into a phase of diversification.

3.15. Furthermore, the financial and banking sector remains underdeveloped and, so far, has focused on the provision of basic services. It could be both a source and a catalyst of growth. However, if it is not sufficiently developed, it could halt economic development due to a lack of resources. This is also the case for manufacturing industry, which is still in its infancy. The development of manufacturing should improve the current account, lead to an increase in foreign exchange reserves, and ensure protection against exchange rate fluctuations.

3.16. The DRC's trade balance is in deficit, and this imbalance is much more pronounced in trade in services than in trade in goods, which is not uncommon in a developing country. The share of imports of goods and services in terms of percentage of GDP fell from 42.3% in 2008 to 30.9% in 2013. It is likely that imports will increase when international oil and food prices rise again, which could to a certain extent outweigh the increase in revenue created by the upward trend in mineral prices. On the one hand, an increase in mineral prices is advantageous to the DRC, but on the other hand, if there is an increase in import prices, a balance will need to be found. A rise in imports is not necessarily negative if it is linked to the purchase of capital goods such as machine tools. Capital goods, unlike consumer goods, contribute to growth in economic potential and the diversification of industry.

3.17. Regarding trade policy, the effectiveness and efficiency of government action could be considerably improved. Efforts might therefore be made to ensure better coordination and harmonization between the central government and decentralized administrative entities.

3.18. More specifically, I have noted that customs tariffs in the DRC have increased in several sectors, such as food, beverages, tobacco, textiles, clothing, paper, printing items and chemical products. High tariff barriers for manufactured products generally reduce the competitiveness of domestic producers. The tariffs applied on raw materials used by industry are also relatively high. The temporary ban on imports of sugar and cement in the west of the DRC, which was decided upon recently, is a good example of this. This form of protectionism is not conducive to enhancing the investment climate in the DRC. Instead of protecting domestic producers, it would be better to open up the country to foreign stakeholders, as competition could boost innovation and exports.

3.19. With regard to customs duties, the DRC still levies high taxes and charges on imports for the inspection and control of goods. VAT refunds are significantly delayed on a regular basis. A national identity number is needed in order to engage in trade. This practice should be reconsidered. In general, border procedures are very long and the average cost of transporting containerized goods is high compared with other sub-Saharan African countries, which hampers regional trade. Thanks to the creation of a single window in Kinshasa, the processing period has been reduced from five months to three days, which is clear proof of success.

3.20. It is unfortunate that the DRC is one of the least active WTO Members in terms of notifications, and even more so since this attitude has changed little since the last review. LDC status is not a justification for this shortcoming. I therefore ask the DRC to be more disciplined in this regard. This would show its trade policy review in a more favourable light, and enhanced transparency could foster the country's integration in world trade and respect among other WTO Members.

3.21. The DRC shares a border with nine countries and is a major stakeholder in the region. Its exports to other African countries have increased significantly since 2008, and in 2014 accounted for almost 24% of total exports, which is an extremely positive development. Strengthening its regional integration would be beneficial for the country. It should be noted that, in August 2016, the DRC adopted 98 new COMESA harmonized standards, bringing the total number of adopted standards to 370, in line with the objective established in 2008. Nevertheless, it is important to further improve cross border infrastructure, by drawing on examples such as the one stop border posts that have been established in the eastern part of the country.

3.22. Consequently, the DRC is encouraged to ratify the Agreement on Trade Facilitation and to notify its Category A commitments. This will no doubt be of considerable benefit to the country in

terms of trade facilitation, and it would be interesting for the DRC to be a part of the process undertaken to that end.

3.23. Concerning the protection of intellectual property rights, the DRC could move forward with the implementation of agreements in this area.

3.24. As regards monetary policy, the limited presence of financial institutions, the high level of dollarization and the importance of the informal sector have contributed to reducing the influence of the Central Bank. The authorities have announced the launch of a de dollarization process. However, to foster the deepening of the financial sector and economic growth, the reforms to strengthen the financial system must be moved forward more rapidly. The financial sector is essential for development.

3.25. The DRC's fiscal policy aims to rationalize tax exemptions, better organize the duty and tax system, expand the tax base, improve VAT performance, modernize the administration of tax and customs revenue, and increase the contribution of the mining sector. However, the tax reform is facing obstacles, particularly in terms of capacity constraints and the opposition of those directly affected by a reform.

3.26. In terms of business climate, the DRC is ranked in 184th place out of 189 countries in the World Bank's Doing Business 2016 report, which means that it is more competitive than only five other countries, and that it lags behind another 183. Despite this ranking, considerable improvements have been noted. The simplification of registration processes and the reduction of the minimum capital requirement have made it easier to start up a business. The price of building permits has also been halved. Moreover, the Treaty of the Organization for the Harmonization of Business Law in Africa (OHADA) entered into force in the DRC in September 2014. However, the business climate is suffering as a result of the introduction of a new employers' social security contribution, which has complicated the taxation of businesses. Visas for foreign workers are granted for a maximum of three months and their salaries are taxed at a higher rate than that in force for local salaries.

3.27. Corruption is an immense challenge which requires the full attention of the Government. The DRC is ranked 147th out of 168 countries in Transparency International's Corruption Perceptions Index 2015. The weakness of the judicial system and the absence of efficient accountability and control mechanisms foster corruption.

3.28. The new Government Procurement Code aims to encourage transparency, the use of invitations to tender, and application of the criterion of national and regional preference. These new rules ensure the equal treatment of bidders and the ethical and transparent implementation of procedures. I congratulate the DRC on this Code.

3.29. Since the last review in 2010, the DRC has converted 21 State owned enterprises into public institutions, which has increased transparency in the industries concerned and may have a positive effect on the business climate. Despite the delays experienced in the privatization programme for the period 2010-2015, the DRC should continue along this path of reform.

3.30. The overriding challenge for the DRC, which is a least developed country, is to guarantee the country's stability and development. The DRC clearly has enormous potential, given its geographical location, natural resources and the opportunities open to it, particularly in terms of hydropower. It has made encouraging progress in the past few years and, to date, has been moving steadily forward according to the Human Development Index.

3.31. However, much work remains to be done to ensure stable and inclusive economic growth. In addition to the need to rapidly restore a climate of stability, the diversification of exports and an improved agricultural sector are also major priorities, in order to feed a young and increasingly growing population, and to ensure, through the development of trade in agricultural products, decent living standards for 80% of the population. The DRC also needs to industrialize, which requires several billion dollars' worth of investment but would improve domestic and cross border trade. This is why it is essential to enhance the business climate and to attract sustainable investment, for example in the telecommunications sector and other infrastructure. In sum, a

sound and coherent trade policy, together with better governance and greater institutional capacity, would enable the country to take a step forward.

3.32. It has been a great pleasure to take a close look at the DRC's economic and trade policies. The DRC, in a certain way, is blessed by the gods. It possesses an enormous wealth of raw materials, which in the distant future, will be needed at global level. It also has an impressive agricultural potential, sustainable energy resources thanks to its river, breath taking nature and a young and dynamic population which aspires to a better future. In short, the DRC Government has an excellent hand of cards and the country has enormous assets. It is up to the Government to play its cards right for the well-being of the whole population. To conclude, I would like to thank the Secretariat for preparing the report and I hope that this review will be fruitful.

## 4 STATEMENTS BY MEMBERS

### BRAZIL

4.1. It is a matter of great satisfaction for Brazil to take part in the second Trade Policy Review of the Democratic Republic of the Congo. In recent years, the government of the DRC has adopted important measures to achieve macroeconomic stabilization, attract foreign investment and expand economic activities, especially in the agricultural and industrial sectors. Moreover, key developments were observed in the country's infrastructure, as well as in the health and education systems.

4.2. Brazil commends the Government of the DRC for the promotion of economic diversification and industrialization, through the adoption of the Strategic National Development Plan. The plan, which sets the goal of modernizing and industrializing the country by 2035, is a fundamental initiative to reduce poverty and promote sustainable development. Investment in the agricultural and energy sectors envisaged in the plan will certainly contribute to the strengthening of the Congolese economy.

4.3. The DRC, however, still faces important challenges, including uneven income distribution and high unemployment rate. The DRC remains a least-developed country, with a low GDP per capita. The heavy reliance on mining hinders development in other economic sectors, especially in agriculture, which accounts only for 3% of export revenue but employs approximately 75% of the active population.

4.4. In spite of those challenges, Brazil highlights the immense economic potential of the DRC. The country has the largest energy potential of the continent, significant mineral reserves and a rich environmental diversity, including the second largest area of forest cover in the world. Furthermore, the DRC is home to the fourth largest population in Africa, estimated at over 71 million people. Brazil is confident that by promoting initiatives such as the aforementioned Strategic National Development Plan, the DRC will have the opportunity to fully realize its potential, allowing the country to promote economic development and to ensure a better future for the Congolese population.

4.5. Brazil and the DRC share similarities in several areas, such as the size of our population, the tropical climate, territorial vastness, the extent of our respective forest cover, abundance of natural resources and two of the world's largest river basins. The challenges of the international agenda provide the two countries with unprecedented opportunities of joint action for promoting common interests in many issues. We identify potential for cooperation and partnership in areas such as health, agriculture, conservation and sustainable use of forests and integration of the territory. In terms of educational cooperation, the DRC is already the fourth largest recipient of Brazilian scholarships under the PEC-G programme, benefiting more than 400 Congolese students.

4.6. Likewise, trade and investment relations between Brazil and the DRC have also a huge potential for growth. In 2007, bilateral trade flows reached the modest sum of US\$209 million. Two-way trade unfortunately suffered a decline as a result of the global crisis in 2008, and is still struggling to recover. Trade between Brazil and DRC in 2015, for example, reached US\$82.6 million, a growth of 46.9% when compared with 2014.

4.7. The basket of Brazilian exports to the DRC is highly concentrated on commodities, mainly beef and sugar, and our imports are basically made up of copper. There are certainly opportunities for the diversification of our bilateral trade flows. In this regard, I would like to highlight that, in 2015, chemical products entered for the first time the list of Brazilian exports to the DRC, accounting for 7.3% of total exports.

4.8. Brazil continues to follow with interest domestic developments in the DRC regarding its trade policy. We have submitted questions on the National Agricultural Investment Plan and we are thankful for the replies provided.

## CANADA

4.9. Canada and the Democratic Republic of the Congo (DRC) have a good relationship. As a development partner and the largest private investor in the DRC, Canada is proud to contribute to the rapid growth of your economy and is pleased to take part in the second trade policy review of the DRC.

4.10. As stated in the Secretariat report, during the review period the DRC undertook structural and economic stabilization reforms that contributed to sustained economic growth at an average annual rate of 7%, with inflation falling from 7.1% in 2010 to 2.45% in 2016. The DRC should be gratified by these achievements.

4.11. And yet the country is still far from reaching its full potential.

4.12. In 2015, the DRC was Canada's ninth largest trading partner in Sub Saharan Africa, with total bilateral trade of Can\$98.3 million, imports into Canada (71.2 million dollars) accounting for the bulk of this amount. Overall, mining assets of Canadian firms in the DRC amount to over 3.4 million dollars a relatively substantial figure. Nonetheless, Canadian enterprises continue to report that it is particularly difficult to operate in the DRC's business environment. I would therefore like to highlight a few of the obstacles to trade and investment in the DRC. There are two primary obstacles arising from the basic conditions prevailing in the country, that is, the political and security situation.

4.13. First of all, mention has to be made of the negative impact of the political uncertainty on the DRC's business climate. Despite the agreement postponing presidential elections, the current unpredictability concerning the presidential and legislative elections, scheduled for 2016 under the Constitution, is a serious disincentive to investment.

4.14. The second obstacle is the uncertainty in terms of security. Despite one of the UN's largest peace operations in close to 20 years, there is still fighting in the east of the country.

4.15. The DRC is known for its vast natural and especially mineral resources. Unfortunately, this has proved a mixed blessing for the country's population. Redistribution remains inadequate and corruption is rife across the economy. It is important to recall that as long as enterprises are not treated in accordance with recognized international standards, the DRC will have trouble attracting investors willing to settle in the country. We note the reforms undertaken to facilitate business, but these will have to be implemented without delay, accompanied by legal safeguards.

4.16. Lastly, at a time of declining raw material prices, the Government's intention to revise its Mining Code and increase royalties gives cause for some concern. This would discourage investment and lead to job losses in a sector that accounts for one quarter of the DRC economy. A balance needs to be found between revenue generation for economic and social development and the establishment of a framework conducive to investment over time.

4.17. That being said, Canada believes in the future of the DRC, which is a partner targeted for development aid. The Canadian Government has provided assistance amounting to more than 92 million dollars over the past year, much of it going to women and children and the provision of humanitarian aid.

4.18. Together, we will encourage respect for and the use of international institutions to strengthen sound management and transparency in the world of business and international trade.

## ARGENTINA

4.19. Argentina is interested to note the economic development of the Democratic Republic of the Congo, and is paying special attention to the effects that this might have on development for the country's population. It should be emphasized that the DRC has moved up 12 places in the Human Development Index since 2010, despite the difficult economic environment that has affected all countries since 2009 and the recent decline in oil and raw material prices.



4.20. Argentina highlights the importance of stepping up efforts to diversify the country's economy. The DRC has great agricultural potential, and boosting this sector, with the help of innovation and making use of the country's vast forest and lake resources as well as its favourable climate and soil conditions, would have a positive impact on its inhabitants. This would be consistent with the DRC Government's objective of inclusive growth and better distribution of wealth.

4.21. Moreover, we hope that the strong performance of the DRC since its first trade policy review in controlling inflation and reducing the public deficit will contribute to the country's endeavours to consolidate peace and drive economic development forward. These are, and always will be, goals supported by Argentina.

4.22. As stated in its written questions, Argentina takes an interest in the policies laid down by the Government in its Strategic National Development Plan and in the steps the Government intends to take in order to modernize and industrialize the country. We have also submitted questions about the DRC's trade and investment regime, especially concerning the measures planned with a view to improving the business environment; and we would be interested to know what are the objectives of the law on genetically modified organisms.

4.23. We have already mentioned the importance of the agricultural sector and would emphasize that this sector could become one of the cornerstones of bilateral cooperation with Argentina. We reiterate our willingness to work in support of developing agricultural production in the DRC through potential exchanges with research centres in Argentina. We would also like to expand trade relations between the two countries.

4.24. Lastly, we reiterate our appreciation of this renewed opportunity to share views and observations on trade policies and practices, and draw attention once again to the importance of this exercise in transparency from every point of view. We wish the authorities of the Democratic Republic of the Congo a successful conclusion to this review.

## EUROPEAN UNION

4.25. This is the second trade policy review of the Democratic Republic of the Congo. In recent years, the DRC has experienced relatively strong growth averaging 7%, but there have been reports of a potential downturn. The country remains one of the poorest in the world. Strong democratic growth compels the authorities to do better and to do more in order to alleviate poverty and reduce unemployment particularly among young people which stands at around 60%.

4.26. In 2014, mining and quarrying provided 90% of exports compared to only 70% in 2008. Predominance of the mining sector shows how important it is for the country to start diversifying its economy. The country has enormous potential in terms of water (50% of all of Africa's reserves) and forest resources, and opportunities for developing its agriculture. Diversification of economic activities is therefore one of the priorities of the EU's aid programmes for the DRC. The authorities seem to expect a great deal from investment in agriculture. In that connection, the EU would like to know more about how the authorities intend to implement the plan, especially as regards the land tenure regime and the regime governing the acquisition of agricultural land.

4.27. Despite a difficult environment, the authorities have undertaken a number of reforms regarding customs procedures, government procurement, taxation, and streamlining of procedures for starting a business and trading. However, a huge amount of work remains to be done before the country can achieve the sustainable development goals set by the United Nations at its General Assembly in 2015.

4.28. The overall lack of infrastructure (in the areas of transport and energy in particular) is a serious impediment. The EU would welcome further details on the way in which the authorities intend to regulate public private partnerships following recent experiences in that respect. On a more general note, the EU believes that the country's current political impasse can only be resolved through a substantive, inclusive and transparent dialogue in line with United Nations Security Council Resolution 2277.

4.29. As regards trade relations between the EU and the DRC, the latter is eligible under the "Everything But Arms" initiative, which allows it to export free of duty to the EU. The 11th EDF (2014-2020) has earmarked €620 million for technical assistance. Technical assistance has encompassed a large number of areas to facilitate economic development and trade. By way of illustration, it includes in particular customs procedures (a programme in cooperation with UNCTAD), training in OHADA law for judges, enhancement of product quality (especially agricultural products) and training in SPS matters.

4.30. The questions submitted by the EU largely reflect the analysis of the economic situation to which I have briefly referred. It is essential for the DRC to be in a position to attract investors. Appropriate measures need to be taken as a matter of urgency to improve the business climate, combat corruption, and develop infrastructure essential for trade. These factors are key to the success of the DRC's trade strategy plan and beyond, and to ensuring the country's development and stability.

4.31. Turning to the DRC's replies to our questions and the Trade Facilitation Agreement, the EU notes that the internal ratification process is under way and that a study to identify needs for assistance with Category C measures is under review. We encourage the DRC to ratify the Agreement as soon as possible.

4.32. Lastly, the EU would also be interested to learn once this exercise is over and in the light of our current work relating to the sixth appraisal of the trade policy review mechanism – about the experience that the DRC will have gained from this two day review, which we hope will prove as beneficial as possible.

## CHILE

4.33. For this second review, Chile submitted 16 questions concerning the following topics, among others: safeguard measures; State trading, State-owned enterprises and privatization, strategic sectors; reforms of the DRC economy (business environment, trade environment, customs, agriculture, fishing and forestry); and the country's regional integration processes.

4.34. We congratulate the Democratic Republic of the Congo for its demonstration of transparency in putting itself forward for scrutiny by its peers, a decision that will undoubtedly contribute to strengthening the system.

4.35. Before turning to the report, I would like to mention that in recent times Chile's foreign policy has moved increasingly closer to the African continent. A number of different measures have contributed to this, such as our accreditation to the African Union, our participation in the South America Africa Forum (ASA), the visit by President Michelle Bachelet in August 2014, the opening of trade offices, the dispatch of public private trade missions to various African countries, and the provision of more extensive resources to promote cooperation, technical assistance and the building of human capital.

4.36. Chile's strong desire to make a contribution to the objectives of the multilateral trading system and improve trade links with the African countries most in need is also evidenced by Chile's Law of 28 September 2013 eliminating tariffs for the 48 least developed countries. This unilateral, non-reciprocal tariff preference regime for LDCs provides for a zero rate on imports of originating goods from this group of countries. The regime is in force and fully operational.

4.37. Although trade between Chile and the DRC is limited, we are sure that there will be opportunities for it to grow in the coming years, and are therefore interested in this exercise.

4.38. We are most interested to note the economic and trade developments and the structural and economic stabilization reforms that have taken place in the Democratic Republic of the Congo since 2010. The successful strategies used by the DRC have led to 7% average growth over the review period. The DRC has also performed well in terms of its macroeconomic policies, bringing inflation down to its lowest level in 50 years in 2014 (1.03%), reducing the public deficit, recording balance of payments surpluses, and building up reserves.

4.39. It is essential to diversify the production matrix, since the economy relies heavily on its mining sector, which accounts for 24% of GDP and 85% of export revenues. We accordingly urge the DRC authorities to continue to push forward reforms to that end.

4.40. We also think it is appropriate to mention that the country should forge ahead on the road to development by improving infrastructure, transport and governance, by ensuring sound public finance management, and by achieving inclusive growth and a better distribution of wealth. We hope that by the time of its next trade policy review Kinshasa will have secured a better ranking in the Human Development Index and will have made progress in achieving the new Sustainable Development Goals.

4.41. Chile hopes, moreover, that the new Strategic National Development Plan for the Democratic Republic of the Congo will boost the modernization and industrialization of the country and that the DRC will have reduced poverty and become a continental power by 2035. The Secretariat report clearly states that the country has potential for growth in various fields, including agriculture.

4.42. Rapid expansion of the services sector in general is noteworthy. Although growth in some areas such as mobile telephony has been strong, further efforts should be made to modernize and expand the banking system and thus facilitate the integration of more small and medium-sized enterprises in the economy.

4.43. The report indicates that the DRC is a net importer of services, but since this is a buoyant sector, the trend could well be reversed in the future, and taking full advantage of the regional and bilateral preferential agreements signed by the country can contribute to this end. The creation of an export promotion mechanism or the provision of export assistance will also have a positive impact.

4.44. The fact that the Democratic Republic of the Congo has simplified trade related procedures and documentation is a welcome development. The same should be done with the tax system, which involves a multitude of levies.

#### UNITED STATES

4.45. We thank the Government of the Democratic Republic of the Congo for the helpful background report it submitted for this review, and look forward to a constructive exchange of information regarding the Democratic Republic of the Congo's trade policies and practices. We also thank the Secretariat for its comprehensive report. It is our hope that this review will serve to recognize and reinforce the trade policy advances that the Government of the Democratic Republic of the Congo has made, as well as to identify areas in which further attention and action are required.

4.46. We appreciate the special circumstances affecting the Democratic Republic of the Congo's trade policy environment, including the vastness of the country, its status as a least-developed country, and the enormous post-conflict development challenges it faces. We recognize that more can be done to help diversify the economy. Much of the growth in the Democratic Republic of the Congo in recent years can be attributed to rapid expansion in the country's mining sector, which accounts for about 85% of export revenues. In spite of the huge potential for growth in the agriculture sector, it remains underdeveloped; the manufacturing sector is in its infancy.

4.47. We also recognize that the Democratic Republic of the Congo, an original Member of the WTO, has demonstrated a commitment to open markets, and to implementing structural reforms that have enabled the country to begin to recover from the economic stagnation brought on by years of armed conflict and civil strife. However, the Secretariat's report notes that there has been no significant change in the regulatory environment for investment since the last TPR in 2010. We would especially urge the Democratic Republic of the Congo to ratify and accept the WTO Trade Facilitation Agreement as soon as possible.

4.48. The United States has submitted a number of questions seeking clarification and elaboration on some of the points made in both the Government and Secretariat reports and we look forward to reviewing the government's responses.

4.49. To conclude, the United States stands ready to work with the Democratic Republic of the Congo, and appreciates the opportunity to participate in this review of Congolese trade policy. We look forward to our dialogue with the Government, both within the WTO and on a bilateral basis.

#### CHINA

4.50. China is very pleased to witness the rapid development of the D.R. Congo since its last review, with its average annual GDP growth reaching about 7%. We also appreciate the fruitful endeavor of the D.R. Congo to suppress high inflation and budget deficit. That being said, the heavy dependence on certain sectors such as mining, the lack of infrastructure and the weakness of its human development indicators still constitute barriers for the future development of the D.R. Congo.

4.51. In this regard, China encourages the D.R. Congo to continue its structural reforms, including promoting industrialization, perfecting governance, improving infrastructure, as well as facilitating trade and investment.

4.52. China is the largest trade partner of the D.R. Congo, with our bilateral trade reaching US\$4.06 billion last year. Our cooperation in investment also enjoyed rapid development, as our non-financial investment in the D.R. Congo accumulated to US\$1.06 billion by April 2016, making China the largest source of FDI of the D.R. Congo. During the meeting between President XI Jinping and President Kabila last September, China has expressed its strong commitments to further expand our bilateral cooperation, especially cooperation in infrastructure, industrial capacity, and agriculture.

4.53. Meanwhile, we urge the D.R. Congo to take concrete measures solve some of our specific concerns, including facilitating work visa application, streamlining customs clearance procedures, and improving the payment of certain contracting project.

4.54. The Doha Ministerial Declaration, as well as the Nairobi Ministerial Declaration clearly stated that we shall "continue to make positive efforts designed to ensure that developing countries, and especially the least-developed among them, secure a share in the growth of world trade commensurate with the needs of their economic development". The TPR of the D.R. Congo shed a light on the specific difficulties of LDCs during the slow and uneven recovery, which deserve our special attention. China is ready to work closely with Members, taking effective measures to fulfill the mandate of the Ministerial Decisions, and keep the centrality of development in the WTO's work.

#### KENYA

4.55. Kenya and DRC have long-standing warm and cordial relation, which has deepened over the many years to diplomatic and economic engagement. Bilateral relation has further been strengthened through regular high level visits from both countries.

4.56. We note from the Secretariat report that during the period under review, DRC introduced a number of structural and economic stabilization reforms, enabling it to achieve sustained economic growth during the review period at an average annual rate of 7%, being one of the highest growth on the continent. We therefore encourage DRC to sustain the process of implementation of reforms in order to realize its full economic growth potential.

4.57. The economy of the DRC is heavily dependent on the mining sector, which accounts, on average, for approximately 24% of GDP and about 85% of export revenue. Excessive dependency on commodities has left the country exposed to external shocks particularly due to volatility of world commodity prices.

4.58. There is no doubt that addressing development challenges such as reducing reliance on the mining sector, diversifying the economy, upgrading infrastructure, improving management of public finance among others will inject more dynamism into the economy consolidate the rate of growth above the current rate of 7%.

4.59. We commend the DRC for the steps it has taken in simplifying its procedures and documentation in relation to trade as well as undertaking other reforms aimed at improving business environment. The DRC should be supported in this regard including provision of financial and technical assistance to implement its commitments under the WTO Trade Facilitation Agreement.

4.60. On the bilateral front, the DRC is a strategic partner of Kenya in many areas, particularly trade and security. Trade between the countries has grown steadily over the review period. The DRC is Kenya's top ten export market in the world.

4.61. Total trade between Kenya and the DRC has been rising from US\$162 million in 2010 to US\$210 million in 2015. Kenya's value of export in 2015 amounted to US\$209 million while imports amounted US\$1.4 million. Key exports to DRC comprise of tobacco, iron and steel products, plastics, soaps, footwear, sugar confectionery, tubes and pipes. While key imports comprise of crude vegetable materials, medicinal and pharmaceutical products and wood.

4.62. Strong economic relations have been cemented by key factors such as trade agreements. The DRC is a member of COMESA as well as of EAC-COMESA-SADC Tripartite Free Trade Area. It is also closely connected to Kenya and to a larger extent East Africa through road network. Eastern Congo partially relies on the port of Mombasa and Kenyan infrastructure for imports and exports.

4.63. In conclusion, Kenya welcomes the efforts by the DRC in enhancing its overall economic growth and development through multilateral, regional and bilateral initiatives.

## INDIA

4.64. As per the Secretariat's report, since the last trade review in 2010, the Democratic Republic of the Congo has achieved sustainable economic growth at an average annual rate of around 7%. The report mentions that the Democratic Republic of the Congo still faces development challenges including heavy dependence on the mining sector, needs to upgrade its infrastructure, Governance problems and weakness of Human Development Indicators. We commend the Government of the Democratic Republic of the Congo for taking measures to address these challenges including a number of structural and economic stabilization reforms, controlling the overall inflation and increasing the transparency and effectiveness of its trade policy. As a result, the growth during the period has averaged 7.8%. Congo is blessed with abundant natural resources including favourable climate and fertile soil, and mineral and petroleum resources. Given these resources, the country has tremendous potential for economic growth and development.

4.65. India has always enjoyed cordial and friendly relationship with the Democratic Republic of the Congo. India's contribution in the decolonisation process and its participation in the peace keeping operations in the 1960s in the newly independent Congo are recalled with fond memories. India is amongst the largest contributors of peace keepers in Congo with large contingent of Indian troops, military observers and police personnel currently deployed under UN Peace Keeping Operation in the country (MONUSCO).

4.66. Several bilateral exchanges have taken place between both countries in recent years including in the spheres of economic and commercial cooperation.

4.67. The trade between India and Congo though modest has been growing steadily and stood at US\$415.39 million in 2015-16. India has extended the following lines of credit to the Democratic Republic of the Congo:

- US\$33.5 million for setting up a cement plant and acquisition of buses for transport sector (2005-06).
- US\$25 million Rural Water Supply Project was completed in 2011.
- US\$42 million Kakobola 9.3 MW Hydro-Electric Power Project, Bandundu Province (2010).
- US\$168 million Katende Hydro-Electric Power Project (64 MW), Kasai Occidental Province.
- Agreement for another LOC of US\$34.50 million for Development of Power Distribution Project for power generated at Kakobola Hydro-Electric Project (signed in May 2015).

- Agreement for another LOC of US\$109.942 million for Transmission Line and Distribution System Project in Kasai provinces for evacuation of electricity from Katende Hydro-Electric Project (signed in May 2015).

4.68. Under the ongoing development partnership co-operation, India is in the process of setting up of an IT Centre of Excellence in Kinshasa. Tele-education and Tele-medicine projects have also been implemented by India under the Pan-African e-network project for capacity building, more than 350 slots have been offered to professionals from the Democratic Republic of the Congo under the India Technical Economic Cooperation Programme from 2007 to 2016.

4.69. Indian companies Bharti Airtel has invested in the communication network in Congo. Tata Motors and Mahindra & Mahindra have also set up distribution centres. There is considerable potential to strengthen cooperation between both countries in the areas of railways, agriculture, mining, SMES, and auto-mobiles. We are also looking forward to conclude the revised Bilateral Investment Promotion and Protection agreement with Congo at an early date which will give a further fillip to investment between the both countries.

4.70. To conclude, we look forward to working with the authorities of the Democratic Republic of the Congo in further expanding our trade and investment ties for mutual benefit.

## BURUNDI

4.71. Burundi and the Democratic Republic of the Congo are two neighbouring countries linked by their geographical proximity and their history. They enjoy friendly neighbourly relations and cooperative ties in several fields. These relations were formalized by the signing of a trade agreement between Burundi and the DRC in Kinshasa on 29 June 1966, a general agreement on economic, technical, scientific, social and cultural cooperation between the Government of the Republic of Burundi and the Executive Council of the Republic of Zaire, signed in Kinshasa on 26 June 1980, and many other events, including exchanges of high-level visits.

4.72. The delegation of Burundi welcomes the rebound experienced by the DRC economy after the country's first trade policy review (despite the 2008-2009 global financial and economic crisis) and as a result of the Government's sustained commitment to pursuing its programme of structural and sectoral reforms, implemented between 2009 and 2012 under the second IMF supported Economic Programme, and above all the ongoing independent Government economic programme.

4.73. The Democratic Republic of the Congo has introduced a number of structural and economic stabilization reforms which have enabled it to achieve sustained growth at an average annual rate of 7% since 2010, and its generally restrictive monetary policy brought inflation down from 7.1% in 2010 to 1.03% in 2014, its lowest level in 50 years.

4.74. Over the period 2010-2015, some important initiatives and reforms aimed at increasing the transparency and effectiveness of its trade policy, improving the business climate and spurring domestic performance in private sector investment and competitiveness led the DRC to launch the single window for foreign trade, which serves as an electronic platform for the completion of formalities relating to foreign trade operations, and above to ensure the smooth running of newly established enterprises.

4.75. Burundi is pleased to note that in spite of external shocks, in particular the fall in the DRC's raw material export prices, strong performance by the capital and financial account have enabled the country to achieve balance of payments surpluses and to build up reserves.

4.76. My delegation also notes the implementation of the recommendations put forward at the DRC's first WTO trade policy review, with the introduction of a number of initiatives and reforms aimed at increasing the transparency and efficiency of the country's trade policy, at improving the business climate and at spurring domestic performance in private sector investment and competitiveness.

4.77. Those same recommendations have helped the DRC Government to focus more keenly on matters of interest to national stakeholders and foreign trading partners alike in order to enable



the country to participate more effectively in international trade and the multilateral trading system, and to increase its attractiveness to investors.

4.78. Burundi notes that agriculture in the DRC is poorly developed in relation to the country's potential (on average contributing 18% of GDP and just 3% of export earnings). The manufacturing sector is embryonic (10% of GDP) owing to supply side constraints such as the poor state of transport infrastructure, unreliable availability of inputs such as electricity, and a financial system that is mainly focused on import/export activities.

4.79. In view of the foregoing, my delegation encourages the DRC to overcome all the challenges before it, in particular those of safeguarding public debt sustainability and of consolidating its Strategic National Development Plan, so as to be in a position to graduate from emerging economy status in 2030 to industrial economy status by 2050.

4.80. The delegation of Burundi also encourages the DRC in its process of notifying the WTO of the measures in the categories provided for under the Trade Facilitation Agreement.

#### THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU

4.81. It is clear from their report that the DRC Government has been making substantial efforts to stabilize the business climate. Certainly, inflation has been contained and economic growth has been sustained in the period under review. We note, as well, that it has been making active efforts to improve the business environment, for example by providing greater legal certainty, establishing a Single Window for starting up a business, and by introducing reforms to ease formalities and financial burdens for business operators. It seems, however, that there is still some way to go with further reforms, and some industries still await liberalization.

4.82. The Secretariat's report also mentions that the DRC has been entering into public-private partnership (PPP) contracts, but no regulatory framework or specific laws yet exists to govern these types of partnership. We would encourage the DRC to strengthen this mechanism in order to accelerate infrastructure development.

4.83. And this leads me to a more general point concerning future development. As the Democratic Republic of the Congo proceeds to create a more prosperous and stable economy, which offers more job opportunities as well, the more imperative it will be for it to establish a policy of reducing its reliance on the mining sector, and to diversify the economy.

4.84. In the same way, while we applaud the DRC's continued progress with integrating into the global economy, its base of trading partners remains very limited. We would like to see the DRC continue to develop its regional and bilateral trade cooperation, while at the same time actively participating in the regular work of the WTO, expanding its economic cooperation with other Members, and continuing to diversify its market.

4.85. The total value of two-way trade between the DRC and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu in 2015 amounts US\$41 million. Nevertheless, even though our bilateral trade may have been limited so far, possibly due to the geographical distance that separates us, the world trade mechanism still binds us firmly together, and we are sure there are abundant opportunities for further trade and economic cooperation between us in the future, especially as the DRC looks to further diversify its economy. Indeed, we look forward to the possibility of working more closely with the DRC in the near future, particularly in the area of applications, tourism and construction.

4.86. We certainly expect this review to stimulate some very interesting and productive discussion.

#### MADAGASCAR

4.87. Madagascar welcomes the structural, sectoral and economic stabilization reforms implemented by the DRC despite the 2008 international financial and economic crisis and other challenges facing the country, which enabled it to achieve economic growth of 7.7% in 2015 and 9.5% the previous year.

4.88. Madagascar is pleased to note the country's efforts to reduce the deficit and contain inflation, which has stood at around 1% over the last three years and was brought down to 0.815% in 2015.

4.89. My delegation also welcomes the tax reforms undertaken by the DRC and the streamlining of its tax system. It is reassuring for Madagascar to see all these measures being introduced by the DRC at national level.

4.90. We are attending this review as a friend, fellow country and partner of the DRC that shares the use of the French language and forms part of the same continental bloc, both countries being members of the same regional organizations, i.e. COMESA and the SADC. Our two countries would gain by strengthening their bilateral cooperation, improving the flow of trade between them, and making the most of investment opportunities that may arise.

4.91. The Democratic Republic of the Congo is a country with vast economic potential, if only because of its mining and mineral resources. My delegation commends the country for its strong commitment to driving forward the reforms undertaken to boost its economic, social and sustainable development with a view to achieving the Sustainable Development Goals by 2030.

4.92. My delegation also encourages the Democratic Republic of the Congo to pursue its trade policy objectives, which are to use trade to help reduce poverty through, inter alia, trade liberalization and commitment to the multilateral trading system, diversification of exports, sectoral reforms and trade facilitation.

4.93. Madagascar urges the technical and financial partners to support the Democratic Republic of the Congo in its continuing efforts to foster economic growth.

#### SINGAPORE

4.94. We congratulate the DRC for the measures put in place to improve its economy in recent years, and its achievement of an average annual rate of 7% GDP growth during the review period. We applaud the DRC for the significant improvements made to its Human Development Index ranking. Efforts to reduce inflation have also paid off, with inflation figures reducing drastically from 7% in 2010 to just over 1% in 2014. We note also that the DRC has put in place some measures to better facilitate the flow of trade and investments, including the establishment of a Single Window for Starting a Business, as well as the Single Window for Foreign Trade.

4.95. We note that both the Secretariat and the national reports have highlighted the tremendous growth potential the DRC holds, with its natural resources, favourable climate and fertile soil and vast territory. We hope that the DRC can continue to make reform efforts to diversify its economy, eradicate trade and investment barriers and integrate into the multilateral trading system and global value chains.

4.96. We are confident that as the DRC integrates deeper into the global economy, our bilateral economic relations will also grow in tandem. Last year, total bilateral trade was S\$14 million. We hope that bilateral negotiations on an Avoidance of Double Taxation Agreement can soon commence, and are awaiting the DRC's positive response on this matter. This will help to foster even stronger bilateral links.

4.97. We encourage the DRC to better tap on the WTO and relevant technical assistance as part of its reform efforts. This especially in the case of the implementation of the WTO Agreements and the fulfilment of its notification and transparency obligations. We also strongly encourage the DRC to ratify the TFA and to submit its Category B and C notifications as soon as possible. The TFA will be an important tool to help DRC achieve its objectives of allowing domestic and foreign trade to develop unhindered, and integrating the DRC market with regional and international ones. We also encourage the DRC to accept the Protocol amending the TRIPS Agreement as soon as practicable.

#### KINGDOM OF MOROCCO ON BEHALF OF THE AFRICAN GROUP

4.98. It is a great pleasure for the African Group to take part today in this trade policy review of an African country, the Democratic Republic of the Congo. I am convinced that this is an



opportunity for Members of our Organization to take stock of the economic and trade reforms carried out by our friend and fellow nation.

4.99. The Democratic Republic of the Congo is the second largest country in Africa and the continent's fourth most populated country. It has great potential, a favourable climate, and abundant forest, petroleum and mining resources. The DRC also has a genuine energy advantage in the Congo River, which is the second largest river in the world.

4.100. At the economic level, the Democratic Republic of the Congo has introduced a number of structural and economic stabilization reforms that have enabled it to post sustained growth at an average annual rate of 7% since 2010. A generally restrictive monetary policy brought inflation down from 7.1% in 2010 to 1.03% in 2014, its lowest level in 50 years.

4.101. The resilience of the economy in spite of external shocks, in particular the fall in the country's raw material export prices, is the result of strenuous efforts which now translate into improved economic indicators.

4.102. Over the period 2010-2015, the Democratic Republic of the Congo implemented some important initiatives and reforms with a view to increasing the transparency and effectiveness of its trade policy, improving the business climate and spurring domestic performance in private sector investment and competitiveness.

4.103. Among these initiatives were the creation of the Single Window for Starting a Business to centralize the formalities involved in setting up a business in the DRC, the introduction of the Single Window for Foreign Trade, which will very soon become fully operational, and the DRC's resolve to implement the WTO Agreement on Trade Facilitation (TFA) in conformity with its categorization of measures under the Agreement.

4.104. The Government intends to drive forward an economic diversification and local industry promotion policy in order to improve the economy's resilience and enable sustained growth. This policy is based on promoting specific priority industrial sectors, such as timber and textiles. Pride of place will be given to growth sectors, including agriculture.

4.105. The African Group welcomes the DRC's vision of free trade as a necessary condition for strengthening competitiveness and productivity over the long term.

4.106. 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 negotiations for the Economic Partnership Agreement (EPA) with the EU and regional trade liberalization negotiations.

4.107. The DRC is a member of several regional organizations, such as the Economic Community of Central African States (ECCAS), the Common Market for Eastern and Southern Africa (COMESA), and the Southern African Development Community (SADC).

4.108. The country is also engaged in the negotiations under the COMESA SADC East African Community (EAC) tripartite initiative, which led to the launching of the Tripartite Free Trade Area in June 2015, as well as in the negotiations to establish the Continental Free Trade Area under the African Union by 2017.

4.109. The DRC has been a WTO Member since January 1997. Like those of the African Group, its main interests lie within the scope of the DDA. It is among the few African countries to have ratified the WTO Trade Facilitation Agreement.

4.110. The DRC also took part in the work of the LDC Group that led to the Group's collective request on the waiver concerning preferential treatment for services and service suppliers of LDCs.

4.111. The country has considerable long-term economic potential, with enormous assets and natural resources in the soil and subsoil that make it an extraordinary land of opportunities for business and domestic or foreign investment in a plethora of areas.

4.112. However, reforms and the creation of an investment friendly environment will be necessary if the DRC is to make the most of these opportunities. There have been improvements and advances thanks to the policy and economic reforms adopted so far, but relative to the country's potential, further progress will have to be made in order to achieve greater integration in global value chains and in African regional markets.

4.113. Lastly, I wish to congratulate the Government of the DRC for its efforts over the past few years to create conditions conducive to the development of trade and investment.

#### GABON

4.114. We endorse the statement made by Morocco on behalf of the African Group.

4.115. The reports produced by the Democratic Republic of the Congo and the WTO Secretariat show that the country under review today has posted more than 7% annual growth since 2010 as a result of structural reforms.

4.116. Gabon welcomes these reforms, which have led, among other things, to the creation of an Investment Code aimed at facilitating and encouraging domestic and foreign investment in various spheres such as infrastructure improvement, economic utilization of natural resources and the establishment of a sound industrial base, as well as a Government Procurement Code whose objective is to encourage transparency and the use of tendering.

4.117. My country also welcomes the changes made to the tax system, with the introduction of value added tax (VAT) to replace the previous turnover tax (ICA), and the streamlining of procedures.

4.118. Gabon is pleased to underscore its excellent political, economic, trade and cultural relations with the Democratic Republic of the Congo. Cooperative ties between the two countries are developed within the framework of the high joint commission and the Economic Community of Central African States (ECCAS).

4.119. Our countries are linked by several agreements, including a cultural agreement of 3 May 1972, a customs agreement, and an agreement on technical, scientific and sociocultural cooperation.

#### CONGO

4.120. Both the history and the geography of the Republic of the Congo and the DRC compel our populations to live together and to engage in many different forms of exchange. Hence the need to further increase trade cooperation has led to determined efforts on the part of our respective governments in recent years to create conditions conducive to our populations' wellbeing and to achieve acceptable levels of economic and social development.

4.121. My delegation is pleased that in its report the DRC reaffirmed its commitment to regional integration within the Economic Community of Central African States (ECCAS), to which both our countries belong and whose strategic vision is to build and foster an economic area of peace, solidarity and prosperity.

4.122. These endeavours by our States form part of the dynamics of intra African trade, which is one of the major challenges of international trade today.

4.123. In this connection, I would emphasize that the Democratic Republic of the Congo, with its manifold potential, including a market of more than 75 million consumers, can turn the country into a driver of economic growth in the Central African sub region.

4.124. My delegation is pleased to note that the DRC economy recorded average annual growth of 7% between 2010 and 2016, despite the fall in raw material prices. The country's monetary policy brought inflation down from 7.1% in 2010 to 1.03% in 2014, its lowest level in 50 years.

4.125. Nonetheless, we encourage the Government of the DRC to diversify the economy, whose growth depends on the mining sector, with an average contribution to GDP of over 24%, and to address the challenge of upgrading infrastructure.

4.126. The Congo welcomes the tax and trade reforms introduced by the Government of the DRC, with, *inter alia*, the introduction of value added tax, the enactment of the new Customs Code in 2012, the streamlining of procedures for business startups, and the adoption of the 2012 version of the Harmonized Commodity Description and Coding System.

4.127. To conclude, my delegation commends the Government of the DRC for its determination to improve the country's investment climate and to consolidate the peace and security achieved so far.

## MOZAMBIQUE

4.128. The second Trade Policy Review of DRC takes place at a moment when the International Community is committed to the implementation of the various internationally adopted Policy instruments, since 2015, which require a lot of work from all of us.

4.129. We notice that the macroeconomic situation of DRC since its first trade Policy revision has stabilized though some slowdowns were evident in the indicators of the macroeconomic trends. We hope that the Government efforts that led to significant good achievements in the trade in goods will continue fostering exports, as well as the economic development in general.

4.130. We are pleased to see that the DRC liberalized several areas of trade in services and we appreciate the reforms carried out, which led the country to be among the top 10 in the World Bank Doing Business Rank in 2015.

4.131. The Democratic Republic of the Congo, our sister country, has been involved in various regional economic efforts and arrangements. To focus some, we can refer to the current negotiations in view of establishment of the Tripartite SADC-COMESA-East African Community Free Trade Area.

4.132. The Democratic Republic of the Congo is also engaged in the ongoing negotiations for the establishment of the Continental Free Trade Zone of Africa.

4.133. We very much hope to see investment to flow in DRC, thus, to enable the country to benefit from the existing opportunities, as well as from more public-private partnerships in view to a more diversification of the economy.

4.134. The adoption by the Government of the Medium Term Macroeconomic Approach and the Development Strategy aims at fostering development to meet economic and social needs.

4.135. Despite the fact that the country is blessed with diversified natural resources and potentialities in different domains, my delegation recognizes that challenges are enormous.

4.136. Therefore, we would like to stress that DRC deserves to be assisted. We call upon partners, developed countries and others, to direct their resources through investing in different economic sectors already identified by the Government.

4.137. We also call upon WTO and WTO Members to allocate and direct financial and other useful resources for technical assistance to help the DRC in fostering and developing the necessary capabilities for development to flourish, and thus, helping in the job creation and poverty reduction.

## ZIMBABWE

4.138. Since the last Trade Policy Review of the Democratic Republic of the Congo which was held in 2010, we are pleased to note that the DRC introduced structural and economic stabilization reforms which have enabled the country to achieve a robust and sustained economic growth averaging an annual rate of 7%, and is well above the population growth rate of 3%. The DRC has

also managed to substantially rein in inflation from 7.1% in 2010 to 1.03% in 2014. This achievement is highly commendable.

4.139. We note, however, that in spite of this remarkable achievement, the DRC still faces challenges as a result of heavy reliance on the mining sector, which accounts for 24% of GDP and 85% of export revenue. This lack of diversification of the economy has made the country's exports vulnerable to external shocks due to price volatility on global markets. The agriculture sector remains underdeveloped whilst the industrial base is still weak due to constraints such as infrastructure and erratic electricity supply, amongst others.

4.140. It is, however, encouraging to note that the DRC has developed a Strategic Mining Development Plan to further develop the mining sector and has also crafted a strategy for the expansion of the hydro-electricity plant. The Government of the DRC has also liberalized the electricity sector in order to attract investment in hydro-generation, cross-border transmission, distribution, and marketing. We encourage the DRC to diversify their economy in order to derive greater economic benefits and call upon the donor members and development partners to provide technical assistance and funding towards implementation of the economic reforms.

4.141. At bilateral level, Zimbabwe and the DRC enjoy cordial political and economic relations. Trade between the two countries is based on the Most Favoured Nation principle. The DRC is yet to ratify the Bilateral Trade Agreement signed with Zimbabwe in August 2002 and in this regard, we encourage the DRC to ratify this Agreement.

4.142. Total trade between the two countries stood at about US\$24 million in 2010, however this declined to just over US\$3.5 million in 2015. Trade continues to be hampered by cumbersome customs procedures and other non-tariff barriers at the DRC border post. Zimbabwe and the DRC are both members of COMESA and SADC.

## JAPAN

4.143. It is a pleasure for Japan to take part in the TPR meeting for the Democratic Republic of the Congo (DRC). We, the DRC and Japan, have been important partners for years. Japan will make continuous efforts to maintain and further develop the strong ties between us.

4.144. Let me begin by touching on the general economic situation.

4.145. According to the Secretariat report, thanks to a number of structural and economic stabilization reforms, the Congolese economy has been achieving sustained economic growth since the last review.

4.146. The country's average annual economic growth rate during the review period was 7% and its position on the Human Development Index improved to 176<sup>th</sup>, both of which are commendable achievements. Moreover, Japan commends the Government of the DRC on its achievement of balance-of-payment surpluses in some years, resulting in its successfully reducing the public deficit.

4.147. As is often the case with natural-resource abundant countries, the Congolese economy has had a problem with high dependency on the mining sector, which has made its economy vulnerable to exogenous shocks. Japan believes that a well-diversified economy is key to unleashing the country's potential. In this sense, Japan positively evaluates the Government of the DRC for its efforts aimed at economic diversification, such as establishment of the Single Window for Business Startups and the Multilateral Investment Guarantee Agency (MIGA). Japan hopes that those efforts by the Government will have fruitful outcomes.

4.148. Now let me briefly touch upon the DRC's trade policies at the WTO.

4.149. The DRC has been engaged in activities at the WTO, as one of its original Members. Lately, Japan believes that the DRC had actively participated in the TFA negotiations, but unfortunately the DRC has not yet ratified this agreement. Japan urges the DRC to continue making efforts toward ratification.

4.150. One more thing Japan would like to point out is concerning the country's fulfillment of its notification obligation. With just one notification since its previous review in 2010 and a total of ten since its accession to the WTO, the DRC has one of the lowest numbers of notifications among all Members. Consequently, the country's trade policy remains something of an unknown quantity to the WTO Membership. Japan expects the DRC to make efforts to maintain the transparency of its trade policies.

4.151. Finally, let me make a couple of comments on specific concerns that we have.

4.152. First, I will speak briefly about the investment environment in the country. Japan believes that the DRC has serious problems with its environment for trade and investment, which are reflected on the recent "Doing Business" survey by the World Bank.

4.153. Japan understands that the DRC has launched other reforms to facilitate doing business, including reducing the cost of obtaining a construction permit and the cost of registering a new building; abolishing or reducing the various costs associated with registering a new business; and abolishing a long list of "nuisance taxes". However, in reality, foreign exporters and investors are still required to undergo cumbersome procedures and there have been cases of unclear payments. Japan encourages the DRC to make continuous efforts to improve this situation.

4.154. Secondly, Japan is concerned with the country's lack of statistics, which has been pointed out from various sectors. Statistics are a basis and essential indicator for foreign investors when they make decisions. Japan was glad to read news that the National Institute of Statistics reached an agreement to establish statistical data with the World Bank last year, and encourages the DRC to make continuous efforts in this area.

4.155. Finally, Japan is concerned that the DRC has maintained its restrictions on certain agricultural products since the Fukushima accident. At a time when many Members have already withdrawn their restrictions, Japan hopes that the DRC will take appropriate measures based on scientific evidence as early as possible.

4.156. Allow me to add that our comments in regard to these concerns are made as a friend to the DRC. Keeping this in mind, we hope that the DRC will seriously take our comments into account, and address possible problems.

4.157. In conclusion, I would like to express our strong wish to continue cooperation between the Democratic Republic of the Congo and Japan.

## ANGOLA

4.158. Angola and the DRC not only share a discontinuous, 2,511 km long international land border but also various common historical linguistic communities. Political relations between the two countries are strong and are only just beginning to address the matter of formal bilateral trade. However, it goes without saying that official trade figures do not reflect the full breadth of bilateral trade relations, since the bulk of our trade is informal. Thus, thousands of people trade along the border between the two countries every day.

4.159. As indicated in the Government and WTO Secretariat reports, the DRC has huge economic potential. 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.

4.160. The DRC is the second largest country in Africa in terms of area and has 80 million hectares of arable land, of which only 10% are currently under cultivation.

4.161. Moreover, its mining potential is unique. The DRC has substantial geological reserves, including the world's second largest reserves of copper, 25% of world diamond reserves and 25% of global gold reserves, not to mention other substantial mineral reserves.

4.162. Despite this potential, the DRC faces enormous challenges. Wars and conflicts, among other factors, have prevented the population from benefiting from the country's natural resource endowment.

4.163. Thus, the DRC still has progress to make in the areas of health and primary education, in spite of its efforts in these spheres. The informal sector still represents a sizeable share of economic activity, accounting for about 80% of all non-farming jobs. Agriculture, which employs roughly 75% of the active population, is primarily focused on subsistence farming.

4.164. We are convinced that the Government and people of the DRC will succeed in overcoming these challenges. We commend the DRC for all the reforms that are being introduced, mainly with a view to consolidating peace, security and stability and achieving macroeconomic stabilization.

4.165. We hope that the new Strategic National Development Plan for the DRC, put forward by the Office of the President of the Republic on 22 February 2016, will achieve the goal of modernizing and industrializing the country.

4.166. Africa and the world need a strong Democratic Republic of the Congo. The country is centrally located in geographical terms, sharing borders with no less than nine countries – a strategic geographical position conducive to large scale trading activity. It also belongs to three of the eight Regional Economic Communities recognized by the African Union, namely ECCAS, COMESA and the SADC. The DRC will therefore be able to play a major role in African economic integration.

#### UGANDA

4.167. The Democratic Republic of the Congo is potentially the wealthiest country in the continent of Africa but yet still remains amongst the least-developed countries. Despite all efforts to carry out economic reforms, there are still some challenges, some of which are ingrained in the history of the country. For example, lack of developed technical and human resource capacity-building is a big challenge to the country. Market access for DRC's goods and services is yet another challenge. The latter is more compounded by the absence of efficient and effective infrastructural development such as having good roads, railways, or even motorways.

4.168. Above all, we do realize that the wealth of the country is generally and largely unexploited and needs to be diversified. We really appreciate the efforts by the Government of the Democratic Republic of the Congo to uplift the economy of the country.

4.169. The Democratic Republic of the Congo's role in regional economic fora like COMESA, SADC and others, and its role in the multilateral trading system like the WTO, will enable it to achieve the desired objectives for socio-economic development of the people of that country.

---

## **5 REPLIES BY THE REPRESENTATIVE OF THE DEMOCRATIC REPUBLIC OF THE CONGO AND ADDITIONAL COMMENTS**

5.1. I am delighted to be taking the floor once again, by way of response, on the occasion of the second trade policy review of my country, the Democratic Republic of the Congo. My delegation has replied to a number of written questions relating to concerns expressed on the first day and undertakes to respond to any pending or insufficiently answered questions within the coming month.

5.2. My delegation reiterates its congratulations to the WTO Secretariat for the quality of its report and for its outstanding cooperation. I would also like to congratulate you, Madam Chair, on your leadership and the excellent way in which you conducted the first day of our proceedings. The same goes for the Ambassador of the Netherlands, His Excellency Mr Roderick Van Schreven. The quality and pertinence of his statement bear witness to his perfect knowledge of my country's economic situation, its potential, its performance and the challenges of its socio economic development.

5.3. Special thanks are due to those WTO Members whose statements bore witness to the friendship towards my country and interest in the DRC. I can assure you that the Democratic Republic of the Congo greatly welcomes these congratulations and words of encouragement, which not only confirm that my country is on the right path, but also, and above all, come as a source of further motivation and energy to pursue our efforts and deepen our reforms.

5.4. In this connection, the comments and recommendations made on the first day aptly provided important insights that awaken our attention to specific issues. And here I am thinking of enhancement of the business climate, trade policies and practices, and sectoral policies, which I would now like to address in further detail.

5.5. As a preliminary point, however, I would like to emphasize that the DRC is a post conflict country. Although the security situation has greatly improved, the Government, with the help of the United Nations, is making every effort to eliminate the pockets of insecurity in the east of the country.

5.6. At the political level, the Government, with the help of the country's driving forces and support from the international community, has found a compromise with a view to organizing elections as soon as possible.

5.7. To return to the three issues mentioned earlier, and specifically to the question of enhancement of the business climate, I would emphasize that this is a process in which the Government is firmly engaged. In my previous statement, I spoke of the reforms already implemented. I can reassure our partners that matters such as the issuing of work permits will receive the closest attention.

5.8. As regards the fight against corruption and good governance, the Government is making these a number one priority. Measures have been taken to bolster the structures responsible for these issues. They include:

- the establishment within the Government of an Observatory of the Code of Professional Ethics, which is tasked with promoting ethics and combating anti values;
- the establishment of a unit, attached to the Head of State, that deals with good governance, the fight against corruption, money laundering, and the financing of terrorism;
- the launching of the Anti-Corruption Project under the UK DFID funded ESSOR programme, to support DRC institutions in creating an environment conducive to investment;
- the DRC's accession to the United Nations Convention against Corruption (UNCAC).

5.9. To simplify the tax system and in addition to the measures already adopted, the DRC is considering further reforms to streamline the system by establishing two types of tax, i.e.

corporation tax and personal income tax, and further eliminating a number of redundant taxes provided for in the 2013 laws on the nomenclature of duties, taxes and fees.

5.10. As regards foreign trade formalities, the automation of customs procedures, the introduction of a risk management system, supplemented by the integrated single window for foreign trade, which is now fully operational, will answer the concerns expressed, especially those relating to transaction costs, timeframes and streamlining of procedures.

5.11. With respect to trade policies and practices, due note has been taken of the questions raised by various speakers regarding the notification requirement, the ratification of the Trade Facilitation Agreement, the identification of technical assistance needs, statistics, the DRC's membership in several Regional Economic Communities, the broader range of trading partners, and informal trade.

5.12. In this connection, I would like to inform you of the following:

- In order to improve its level of notification commitment, the Government recently set up a national multi sectoral notification commission, tasked with coordinating and strengthening synergy in this respect. Priority areas, i.e. SPS measures, TBTs, trade statistics and agriculture, have also been identified.

5.13. The DRC intends to make more extensive use of existing mechanisms so as to receive appropriate technical assistance in addressing the notification challenge.

- The DRC reiterates its support for the Trade Facilitation Agreement and is in the process of ratifying it. An ad hoc unit has been set up to monitor the process and establish the National Trade Facilitation Committee. However, technical assistance is already considered necessary for the needs self-assessment in order to ensure optimum implementation.
- The predictability and transparency of trade is a subject of concern to the Government. Qualitative improvement of our statistics is one of the goals pursued through the integrated single window for foreign trade, introduced in order to bolster existing structures, such as the Directorate General of Customs and Excise, the Centre for Research and Analysis of Trade Statistics, the Central Bank of the Congo, and the National Institute of Statistics. This new setup called for the establishment of a committee bringing together the various institutions that issue statistics, so as to ensure better coordination and the adoption of a framework document on the harmonization and standardization of national statistics.
- As regards the DRC's membership in several Regional Economic Communities, it should be noted that the country is sufficiently engaged in the rationalization and harmonization process through the COMESA–EAC–SADC Tripartite, on the one hand, and the ECCAS CEMAC Bipartite, on the other, as part of the establishment of the Continental Free Trade Area.
- The DRC has also implemented initiatives with a view to intensifying trade with other partners. Building on the results achieved, the trade policy paper adopted at national level contains a significant trade expansion and diversification component, aimed at effectively meeting the challenges of the DRC's extended range of trading partners.
- As part of the small scale trade formalization process, the DRC has taken advantage of international and regional cooperation. Worthy of mention in this connection are developments such as the official launch in the DRC this past October of the information campaign on the COMESA Simplified Trade Regime for cross border trade, and the implementation of the first phase of the Great Lakes Trade Facilitation Project, financed by the World Bank.

5.14. With regard to sectoral policies, the Government has undertaken and is pursuing several reforms in sectors identified as high priority for the diversification of the national economy.

5.15. As to agriculture, the National Agricultural Investment Plan provides for modernization of the sector in order to increase its productivity and contribution to growth, and thus strengthen the



foundations of our economy. The DRC is willing to cooperate in agricultural research with other partners in order to improve yields and increase crop resistance to diseases.

5.16. The Industrial Policy and Strategy Paper focuses on the following four priority segments: agri-food, mining industry, packaging, and construction materials, in order to develop local resources and broaden the industrial base. It also lays emphasis on the establishment of Special Economic Zones and the development of small and medium-sized enterprise incubators.

5.17. Diversification will also extend to the services sector, in particular the tourism segment, where the DRC intends to make the most of its huge potential in order to turn the country into a prime tourist destination and make tourism one of the pillars of the new national economic strategy.

5.18. This determination to diversify was also reaffirmed by the adoption in January 2016 of emergency measures to stabilize and revive the economy following the fall in raw material prices.

5.19. As regards basic economic infrastructure relating to transport and energy, the various sector specific policies for trade, agriculture and industry rightly include infrastructure components in support of developing these sectors.

5.20. As to the issue of genetically modified organisms (GMOs), a draft law has been drawn up with a view to regulating the matter.

5.21. The draft revision of the Mining Code pursues a whole number of objectives that are not limited to the tax regime, such as the following:

- adjustment to the provisions of the Constitution of February 2006;
- incorporation of principles, criteria and requirements drawn from several regional and international initiatives concerning the traceability of minerals in conflict or high-risk areas;
- strengthening of environmental management measures;
- the issue of corporate social accountability; and
- the situation of local communities affected by mining projects.

5.22. It should be emphasized that this process is taking place in a tripartite (government industry civil society) framework where consensus is highly important. The draft law revising the Mining Code is already before the National Assembly. In any event, everyone's interests will be taken into account.

5.23. As regards the land tenure regime and the acquisition of land, the Government is considering introducing reforms, and a commission has been set up for the purpose.

5.24. I cannot conclude my remarks without re-emphasizing that, as an LDC and a post conflict country, the DRC has managed to revitalize its economy and has achieved results that have been acknowledged during this review, such as maintaining macroeconomic stability, posting growth rates above the average for Sub Saharan Africa, and controlling inflation.

5.25. Nonetheless, a number of challenges have also been identified, and major efforts will continue to be made in the context of both ongoing and future reforms.

5.26. This two-day review has been a highly rewarding experience, providing input and contributions that are essential for evaluating and setting the direction of reforms and their implementation. The DRC takes this opportunity to highlight the relevance and benefits of the trade policy review mechanism, which in every respect remains a tool for promoting good trading practices within the Membership.

5.27. It would be desirable for this mechanism to be accompanied by technical assistance programmes to help implement the recommendations made. The Democratic Republic of the Congo calls on international partners and donors alike to accompany the country on the path to reform and to bolster the effectiveness of its trade policy, so that the latter becomes a driver of poverty reduction and a lever for economic growth, in tune with the DRC's vision of becoming an emerging economy by 2030. Thank you.

## DISCUSSANT

5.28. Two days ago, we began the review of the trade policy of the Democratic Republic of the Congo. Twenty one delegations took the floor, bearing witness to the importance of and the interest shown by the international community in the DRC's economic development.

5.29. Both neighbouring and far flung countries expressed interest in seeing further sustained progress in the DRC. Statements focused on the need for: (1) sustainable trade; (2) diversification; and (3) economic growth. All the statements by WTO Members on Tuesday were, I think, positive and in favour of strengthening bilateral trade relations with the DRC. Some mentioned specific sectors or sectors of industry in which they envisioned opportunities for future cooperation, while others laid emphasis on cooperation in the regional context or at global market level.

5.30. Thank you, Madam Secretary General, for your comments and dedication to the sustainable development of your country's economy. It is encouraging to hear you renew your commitment to implement the reforms necessary to further stabilize the national economy, a process that has been under way since the DRC's first trade policy review in 2010.

5.31. I would like to highlight two common denominators that struck me as I listened to delegates' statements.

5.32. First, looking back, there has been recognition of a number of favourable developments since the previous review, such as sustained GDP growth and the very low level of inflation in your country, which is a significant achievement. Members clearly welcomed the reforms undertaken by your Government that have contributed to this positive trend.

5.33. Second, looking ahead, there is the positive view taken by Members regarding the DRC's economic potential. In the words of one of the delegates: "The DRC is the richest country in Africa; what needs to be done is to discover its wealth". Now, to discover that wealth, there is still work to be done. This also clearly emerged from our discussion on Tuesday.

5.34. To emphasize my point, I would once again like to quote Johan Crujff, the world famous football player, who is not only a national hero in the Netherlands but also a very shrewd manager: "Sometimes something's got to happen before something is going to happen". I shall try and apply the wise words of a football player to the realm of trade policy.

5.35. First, sustainable, inclusive and stable growth can only be achieved through diversification. Dependence on the mining industry makes the DRC vulnerable to external shocks. As mentioned in the 2010 review, using the potential offered by agriculture, forestry and services is essential for the future and for sustainable development. I believe that the Government of the DRC can do more to promote diversification, and you have undertaken to do so.

5.36. Second, enhancement of the business climate in the DRC is not only an end in itself but also a prerequisite for diversification. Domestic entrepreneurs need better access to financing and the Government can do more to facilitate and regulate public private partnerships, thus creating a stable business environment for international investors. Maintaining stability is critical in this respect.

5.37. Third, the country's wealth should not lie in the hands of a small group but should benefit the population as a whole. Only then will we be able to speak of sustainable economic development. Eliminating corruption, ensuring transparent customs procedures and establishing sound legal frameworks to prevent abuse of power are all essential, not only to attract foreign direct investment but also to provide proper incentives for entrepreneurs and support efforts to

formalize the informal economy. Madam Secretary General, you have put forward several measures that are being introduced by the Government, for which I congratulate you.

5.38. Receptiveness is necessary in order to derive full benefit from the strong recommendations made this week. I congratulate the Government of the DRC for the way in which this trade policy review has been tackled, with willingness to provide additional information and respond to the various questions from WTO Members.

5.39. I am confident that you will provide Members with the information needed to follow up on their additional questions. I also hope that the transparent and constructive attitude shown by the Government of the DRC and WTO Members over the past few days will continue both on a bilateral basis and within the WTO. I have taken due note that the DRC will be making significant efforts as regards notifications.

5.40. As far as I am concerned, the end of this review is a new first step towards more extensive engagement between the DRC and its trading partners. Reports, notifications and ratification of the Trade Facilitation Agreement are essential to the process. I unreservedly encourage the Government of the DRC to follow up on and make the most of the recommendations put forward during this review. Your ongoing reforms will require a rigorous approach, in which your bilateral partners and international organizations are ready to help.

5.41. To conclude, I thank the delegation of the DRC for its efforts during this review, and my thanks to you all for your active contribution. An enormous number of statements were delivered on the Tuesday, all worded in fairly strong terms and important. I sincerely hope that the 2022 review will conclude that economic growth in the DRC will indeed have been sustained, that wealth will have been more equitably shared and poverty reduced, and that the DRC will be playing a more active role in international trade. I also sincerely hope that we will be able to conclude that further trade policy reforms have contributed to achieving this objective, and that the WTO played a part in the process.

5.42. I wish you a safe journey home.

## 6 CONCLUDING REMARKS BY THE CHAIRPERSON

6.1. This second Trade Policy Review of the Democratic Republic of the Congo (DRC) has provided a good opportunity for Members to better understand recent developments in the country's trade policies and practices, as well as the challenges it faces. We owe this to the informative documentation prepared for the meeting, and the active participation of the DRC delegation led by Mr. Zenon Mukongo Ngay, Ambassador of the DRC to the UN in Geneva, the discussant, Ambassador Roderick VAN SCHREVEN (Netherlands), as well as the 21 delegations which had taken the floor.

6.2. It is encouraging to know that following the recommendations made by Members in the DRC's last TPR, there had been positive developments on various fronts. In its introductory statement, the DRC delegation informed Members that its authorities had streamlined the country's tax system; introduced a VAT; and enacted a new customs act, a new excise act, and a new procurement code. The business environment had improved as a result of the progressive establishment of single windows for conducting international trade and setting up enterprises. New sectoral policies had been adopted, such that several economic activities, including insurance services and hydrocarbon trade, were now open to competition. The delegation also reported the accession of the DRC to the Organization for Business Law in Africa (OHADA); and the establishment of new trade tribunals. In 2015, the DRC also adopted a new law aimed at aligning its national tariff with the common external tariff of the Common Market for Eastern and Southern Africa (COMESA).

6.3. At this meeting, Members commended the DRC on its strong economic performance over the review period, noting also the marked improvement in the country's Human Development Index ranking. They recognized the DRC's efforts in implementing macroeconomic and structural reforms, and expressed an interest in the new Strategic National Development Plan which set the goal of modernizing and industrializing the country by 2035.

6.4. However, Members also commented that the DRC's economy needed diversification; its growth was not inclusive enough, and that much of its abundant natural resources and economic potentials remained untapped. They were of the view that the business environment could be further improved by enhancing legal certainty and addressing infrastructural constraints such as electricity supply, and structural bottlenecks in the bureaucracy. They hoped that trade barriers could be removed, and cumbersome procedures streamlined, to make the DRC a more attractive place for foreign investment.

6.5. Members also noted that the DRC was still maintaining a long list of taxes on trade. Some sought clarification about the DRC's Public-Private Partnership initiative, its land tenure system, and its plan to achieve the United Nations Sustainable Development Goals.

6.6. Regarding the DRC's participation in the WTO, Members urged the country to accelerate the ratification of the Agreement on Trade Facilitation, and to fully meet the notification requirements and other commitments such as those related to trade procedures, technical requirements, and intellectual property protection.

6.7. Before the end of this session, the DRC has responded to most of the 88 advanced written questions posed by Members. The review will be successfully concluded when all the outstanding questions are answered.

6.8. This TPR has shed light on areas requiring the Government's attention, which may help the DRC further develop its economy and liberalize its trade regime. In her responding statement, the Head of the DRC delegation said the country welcomed with enthusiasm Members' encouragement, which would inject additional motivation and energy to the DRC's reform efforts. I hope fellow WTO Members can also help by opening their markets to the goods and services of interest to the DRC, and by being more responsive to its technical assistance needs.

---