EXECUTIVE SUMMARY

The Democratic Republic of the Congo (DRC) is a country located in Central Africa with a short Atlantic Ocean coastline. Neighboring countries include Angola, Burundi, Central African Republic, and Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia. The geography includes active volcanoes near the city of Goma, mountains in the east, and lowlands around the Congo River that experience seasonal flooding. The government system is a Republic. The Head of State is the President, and the head of government is the prime minister. The DRC has a mixed economic system which includes a variety of private freedoms, combined with centralized economic planning and government regulation. The Democratic Republic of the Congo is a member of the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of Central African States (ECCAS), and the Southern African Development Community (SADC).

The Democratic Republic of Congo’s population was estimated by the United Nations at 80,744,319 in December 2016, 39.2% of which resides in urban areas. The population density is 35 people per square kilometer. About 250 languages are spoken with French remaining as the official language and is the universal medium for business. Among the many African languages, Kikongo, Tshiluba, Lingala and Kiswahili are the other languages most commonly used.

OPPORTUNITIES

The country presents a lot of trade and investment opportunities for Zimbabwean businesses because of its huge population, untapped resources and prospects for growth in areas such as Agriculture, Mining, Pharmaceutical, Manufacturing, Engineering and Tourism. Companies are encouraged to conduct due diligence in case they want to form partnerships with the local businessmen. The findings also showed that it is advisable for businesses to set up operations in the DRC instead of operating completely from outside the country.

Dependence on International Trade

The DRC is a net importer of most of products consumed or used in the country. Its main imports include oil, pharmaceuticals, iron and steel products and edible oils, with its major import sources being Belgium, India, Kenya and South Africa. On the other hand, DRC exports minerals to countries such as China, India and South Africa.
Good political relations with Zimbabwe

Zimbabwe and the DRC currently enjoy good political relations. The relationship was strengthened when Zimbabwe assisted in the DRC civil war. The bond that was created at that time remains very strong and is evident from ordinary people to those in higher offices. Furthermore, both countries share common membership in the Southern Africa Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA).

Priority Sectors for the Government of DRC

The Government of DRC has identified agriculture, processed foods, construction and mining as priority sectors.

Financing and Exchange Controls

DRC has more than 20 commercial banks actively in operation. Some of the notable international financial institutions operating in the country include Stanbic Bank, Barclays Bank, Citi Bank, Ecobank, Rawbank and Trust Merchant Bank. Financial support is available for locally registered companies and includes bridging finance, advance cash payments against confirmed orders and foreign currency accounts to support the flow of transactions. Trade payments are instant and not subjected to exchange control applications. However, the DRC is mainly a cash economy, with the majority of the population (about 95%) being unbanked. This lack of trust in banks dates back in history to the time of the period of the pre-DRC days. The DRC government is working with the businesses and banks to restore confidence in the banking sector. Banks that are present in both countries have a better view and inclination to support trade transactions.

TRADE PROSPECTS AND OPPORTUNITIES FOR ZIMBABWE

Pharmaceuticals

Pharmaceuticals and medical supplies represent one of the major imports for DRC and represent a significant market potential for Zimbabwe pharmaceutical exports. These are licensed through the Ministry of Public Health which has provincial branches headed by a Provincial Pharmaceutical Inspector. Current import sources are India, Belgium, Thailand, Cyprus and Singapore. Zimbabwe and the DRC have largely similar disease patterns; as such, the DRC market avails a relatively familiar landscape for Zimbabwean pharmaceutical companies.

Processed foods and dairy products

DRC is a net importer of processed foods and dairy products, mainly imported from South Africa, Zambia, Brazil and Belgium. It is important to note that several consumers in the Katanga area indicated a general preference for Zimbabwean products. Products being imported include milk, yoghurt, cheese, chicken, polony, beef as well as tinned foods.
Other products on the import list include cereals, mayonnaise, tomato sauce, fruit juices and cooking oil. About 95% of the foodstuffs consumed in DRC are imported.

**Agricultural Implements**

DRC receives good rainfall during the rainy season, some areas in the equator region experience 2 rainy seasons and average rainfall is 1482mm per season. Lubumbashi area (which is in Katanga Province) receives an average of 1287mm of rainfall per year, with the rainy season running from October to April. Farming has been largely subsistence; as such most of it is not mechanised. Most of the agricultural output originates from the rural smallholder farmers. The government is currently working on a project to commercialise and modernise farming activities. This has created a need for appropriate technology in the agriculture value chain. Required products include hand-held farming equipment, tractors, cultivators and planters, among others. DRC does not have agro-implements manufacturers to support this initiative. Most of the DRC population does not have livestock such as cattle or donkeys to provide animal-drawn implements. This deficit therefore presents an opportunity for Zimbabwe to consider both livestock and agricultural implement exports.

**Agriculture Chemicals**

The DRC experiences an annual shortage of fertilisers and other agro-chemicals. The country depends on imports for most of its agro-chemical requirements. The majority of its supplies are imported from Zambia and South Africa. Most chemicals that are imported are for maize, soya beans and vegetables.

**Construction**

The DRC construction industry is booming, as clearly evidenced by some high-rising cranes in the city of Lubumbashi. The real estate sector is also growing with the construction of high-rise and garden apartments as well as residential housing. Most of the projects are open to international contractors, since the majority of local contractors lack either the financial capacity or the human capital required to undertake such projects.

**Other Opportunities**

The above-identified opportunities are not exhaustive; they were the ones considered broad-based and within the focus area of the survey, however, there are niche opportunities in other areas. For instance, the greater part of the farming community suffers from financial exclusion. This opens avenues for specific farming financial products, especially for those in the insurance business.
MARKET ENTRY STRATEGIES

This market offers a number of alternative methods for entry. These include distributor and dealer arrangements. In other sectors such as pharmaceuticals and construction, joint ventures and warehousing can also be viable options. Companies can also leverage on Zimbabweans living and working in DRC and use them as a springboard for gaining entry into the market. Although obviously significant due diligence will be required ahead of entering into any commercial engagements or commitments.

RECOMMENDATIONS

A paradigm shift is necessary in approaching the DRC market. The dynamic and cut-throat nature of competition in this market is not conducive for a fragmented approach. There is need for consented national effort from government, business support organisations, exporters and other facilitators in Zimbabwe to come up with a model that places exports at the core of the economic turnaround strategy.

It is however, imperative for exporters to collectively arrange a specific mission to visit and register with the Chamber of Commerce for entry into that market and to set up operations in the DRC. It is important that Zimbabwean companies seriously consider participating at the various fairs and expos that are held in Lubumbashi. The DRC Mining week is one of the main trade fairs that are hosted in Lubumbashi. This mining expo and conference provides market intelligent, strategic solutions and innovative technologies for operations in the DRC.

A major point of note is to avoid short-cuts, when getting into the DRC market as some of the assumed short-cuts are subsequently costly. Serious attention must also be placed on the requirements of the Tax Authorities.