ANNEX 2 CONGO

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1 ECONOMIC ENVIRONMENT

1.1 Main features of the economy

1.1. With its abundant natural resources and workforce, the Congo has significant potential for steady and rapid growth. The major challenge facing the Government is to consolidate high growth of around 6% so that it can focus on better redistribution of wealth.[1] Since the previous review of the Congo's trade policy (TPR) in 2006, the Government has initiated a wide-ranging programme of structural reforms and enhanced governance to consolidate peace and promote the Congo's economic and social development.[2] Against that background, it drew up a Poverty Reduction Strategy Paper (PRSP) for the period 2008-2010. The strategy was formulated in anticipation of reaching the completion point of the HIPC Initiative, which occurred in January 2010; this relieved pressure on the Congo through the cancellation of a significant share of its external debt of around CFAF 3 billion, or approximately 32.4% of GDP.

1.2. The Congo's economy is heavily dependent on the petroleum sector, which contributes on average over 60% to GDP and around 90% to export receipts. Agriculture is underdeveloped relative to the country's potential (5% of GDP on average). The manufacturing sector is in its infancy and accounts for around 10% of GDP because of supply-side constraints such as the poor state of transport infrastructure, the non-availability of inputs such as electricity, and a financial system that mainly focuses on import-export activity. Services account for around 24% of GDP (Table 1.1). The petroleum sector's dominance masks the relative importance of other activities in the Congolese economy, particularly in terms of employment and poverty reduction. For example, logging and agriculture in the Congo contributed only 1% and 5% to GDP respectively, yet these two sectors currently employ over one third of workers.

1.3. In addition to its abundant natural resources and workforce, the Congo's other major asset in the subregion is the Pointe-Noire Autonomous Port (PAPN), a deep-water port from which hydrocarbons are shipped; the PAPN could in the future allow the Congo to play an important role in transit trade in the subregion. However, the infrastructure needed to take full advantage of the port; for example, the road and rail networks – where they exist – are in a poor state. Upgrading these infrastructures is a pivotal component of State action, according to the Interim Poverty Reduction Strategy Paper (I-PRSP).[3]

1.4. The Congo has achieved some significant results in the consolidation of peace and enhancement of participatory democracy as demonstrated for example by the peaceful nature of the last legislative and presidential elections and the establishment of a more serene political climate (Chapter 2). Survey results – especially those of the Congolese Survey of Households (ECOM2-2011) – show that strong economic growth has had contrasting outcomes in terms of improved living standards for the country's population and reduction of poverty. By way of illustration, the economic position of households has improved and unemployment has fallen significantly from 19.4% in 2005 (ECOM1-2005) to 6.97% in 2011 (ECOM2-2011). However, the surveys also show that unemployment among young people aged 15 to 29 remains high (twice the national average) and that employment is still unstable, as shown by the high level of under-employment, especially among the young (almost 40%). The surveys also show that both access to and the quality of essential services are still well below the population's expectations and the Government's ambitions, especially with regard to health, water, sanitation, education and energy.

1.5. According to the Congolese authorities, one of the country's priorities is to address these major challenges by bringing about economic diversification to generate stable jobs and by improving productive and social services. Against that background, and buoyed by the significant achievements of recent years, the Government has decided to broaden and strengthen the strategic framework for combating poverty through a national development plan (PND) consistent with Enhanced Strategic Planning (ESP) and Results-Based Development Management (RBDM).

[1] The average figure; it is higher than the average for Sub-Saharan Africa, which is around 5%.
[2] National Development Plan of the Congo (PND Congo) 2012-2016 Summary: DSCERP 2012-2016.
[3] Republic of the Congo (2011a).

1.6. The place of the informal sector in economic activity in the Congo is not insignificant. According to the authorities, employment in the informal sector accounts for around 77% of total employment in the country and contributes between 30% and 35% to the country's GDP. Historically, this sector developed as a result of the unsatisfactory economic performance of the postcolonial State model, the mixed outcomes of the structural adjustment policies that succeeded it and finally the series of socio political crises the country experienced, especially during the 1990s. It is also the result of over-rigid, lengthy and bureaucratic official procedures that increase transaction costs; direct gains limited by transport costs (toll bridges, barges, taxis, etc.); unstructured ad hoc trade (cash transactions, no official accounting system); individualization (family trading, few cooperatives).

1.7. The Congo is a member of the Central African Monetary Union (UMAC), whose body of existing texts has been incorporated into the Central African Economic and Monetary Community (CEMAC) (common report, Chapters 1 and 2).

Table 1.1 Selection of macroeconomic indicators, 2005-2011

	2005	2006	2007	2008	2009	2010	2011
Miscellaneous [a]							
GDP at market prices (CFAF billion)	3,211	4,043	3,564	4,557	4,410	6,083	7,182
GDP excluding petroleum and mining	1,151	1,269	1,392	1,530	1,672	1,839	2,072
Petroleum GDP	2,060	2,774	2,172	3,027	2,738	4,243	5,110
GDP at market prices (US$ billion)	6.1	7.7	7.4	10.2	9.3	12.3	15.2
GDP excluding petroleum and mining	2.2	2.4	2.9	3.4	3.5	3.7	4.4
Petroleum GDP	3.9	5.3	4.5	6.8	5.8	8.6	10.8
GDP at market prices (€ billion)	4.9	6.2	5.4	7.0	6.7	9.3	10.9
GDP excluding petroleum and mining	1.8	1.9	2.1	2.3	2.5	2.8	3.2
Petroleum GDP	3.1	4.2	3.3	4.6	4.2	6.5	7.8
Real rate of growth % [a]	7.7	6.2	-1.6	5.9	7.5	8.7	3.4
Per capita GDP (US$)	1,723	2,131	1,993	2,653	2,369	3,038	3,677
Per capita GDP (€)	1,385	1,698	1,457	1,812	1,706	2,293	2,644
Shares of GDP at current prices [a]	**(percentage of GDP)**						
Primary sector	68.7	72.6	65.8	70.6	66.6	73.4	74.6
Agriculture, livestock, hunting and fishing	3.8	3.4	4.2	3.7	4.2	3.3	3.2
Agriculture and livestock	3.1	2.7	3.4	3.0	3.5	2.8	2.6
Hunting	0.3	0.3	0.3	0.3	0.3	0.2	0.2
Fishing	0.5	0.4	0.4	0.4	0.4	0.3	0.3
Forestry and logging	0.7	0.6	0.7	0.6	0.3	0.3	0.3
Extractive industries	64.1	68.6	61.0	66.4	62.1	69.8	71.1
Crude oil	64.1	68.6	61.0	66.4	62.1	69.8	71.1
Other extractive industries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Secondary sector	7.7	6.9	8.8	7.7	8.8	7.1	6.8
Manufacturing industries	4.0	3.6	4.6	4.0	4.5	3.6	3.4
Food manufacturing	3.2	2.8	3.6	3.0	3.4	2.6	2.5
Other manufacturing industries	0.8	0.8	0.9	0.9	1.2	0.9	0.9
Electricity, gas and water supply	0.7	0.6	0.8	0.7	0.7	0.6	0.6
Construction and public works	3.0	2.7	3.5	3.1	3.6	2.9	2.8
Tertiary sector	21.5	18.8	23.2	19.9	22.6	17.9	17.0
Transport and telecommunications	4.6	4.0	5.1	4.4	5.1	4.1	3.9
Transport	3.1	2.8	3.5	3.2	3.7	2.9	2.9
Telecommunications	1.4	1.2	1.5	1.3	1.4	1.1	1.1
Commerce, restaurants and hotels	6.2	5.4	6.8	5.9	6.8	5.5	5.3
Government authorities	5.0	4.3	5.1	4.2	4.7	3.7	3.3
Other services	5.8	5.0	6.2	5.3	6.0	4.7	4.4
GDP at factor cost	97.9	98.2	97.9	98.2	98.0	98.3	98.3
Import duties and taxes	2.1	1.8	2.1	1.8	2.0	1.7	1.7

	2005	2006	2007	2008	2009	2010	2011
National accounts (current market prices) [a]				**(percentage of GDP)**			
Gross domestic expenditure	62.0	61.8	79.9	59.9	73.8	64.9	58.5
Consumption	37.4	33.1	39.3	34.4	48.9	43.0	36.1
Public (State)	10.1	9.1	11.6	9.8	12.1	9.1	7.1
Private	27.3	24.0	27.7	24.5	36.8	34.0	29.0
Gross investment	24.5	28.7	40.6	25.5	24.9	21.8	22.4
Gross fixed capital formation	24.1	28.5	40.0	25.3	24.6	21.8	22.4
Public (State and government authorities)	4.6	5.9	7.8	6.7	10.6	9.0	11.3
Private (businesses and households)	19.5	22.6	32.2	18.6	14.0	12.9	11.0
Petroleum sector	15.7	20.1	28.7	14.2	10.1	8.9	7.3
Mining sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other sector (excluding petroleum and mining)	3.8	2.5	3.5	4.4	3.9	3.9	3.7
Changes in inventories	0.4	0.2	0.6	0.3	0.2	0.0	0.0
Net exports	38.0	38.2	20.1	40.1	26.2	35.1	41.5
Exports of goods and non-factor services	79.2	79.3	79.9	98.4	96.2	96.6	90.9
Goods	75.5	76.1	75.8	94.7	91.6	93.1	87.7
Crude oil	69.0	70.2	68.3	89.6	86.8	88.5	83.5
Other	6.5	5.9	7.4	5.1	4.8	4.7	4.2
Non-factor services	3.6	3.2	4.1	3.6	4.6	3.5	3.2
Imports of goods and non-factor services	41.2	41.2	59.8	58.3	70.0	61.5	49.4
Goods	21.5	17.3	30.3	27.4	33.8	30.4	25.0
Petroleum sector	4.7	3.9	11.2	10.3	8.9	8.7	7.0
Other	16.8	13.4	19.1	17.1	24.8	21.7	17.9
Non-factor services	19.7	23.9	29.5	30.9	36.2	31.1	24.4
Public finances				**(percentage of GDP)**			
Revenue and grants	40.3	44.3	43.9	54.0	30.4	36.6	40.2
Own revenue	39.5	44.3	43.9	54.0	30.0	36.6	39.8
Petroleum revenue	32.6	37.9	36.0	46.5	21.2	28.9	31.8
Taxes on petroleum companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Petroleum fee	3.5	15.1	3.8	4.9	2.1	9.3	8.1
Petroleum bonuses	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Petroleum dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Production-sharing (Profit-Oil)	1.0	0.8	0.8	1.1	0.2	0.3	0.2
Cargo	27.6	21.5	30.9	39.9	18.5	18.7	23.0
Other (provision for investment)	0.4	0.5	0.5	0.6	0.4	0.6	0.5
Non-oil revenue	6.9	6.5	7.8	7.6	8.8	7.7	8.0
Tax revenue	6.6	6.2	7.4	6.7	8.1	7.3	7.7
Taxes and charges (domestic)	5.2	4.8	5.9	5.3	6.5	6.0	6.2
Direct	2.7	2.6	2.6	2.4	2.8	2.7	2.8
Indirect	2.5	2.2	3.3	2.9	3.8	3.4	3.5
Customs revenues	1.3	1.3	1.4	1.3	1.5	1.3	1.4
Import duties and taxes	1.3	1.3	1.4	1.3	1.5	1.3	1.4
Export duties and taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Registration revenues	0.0	0.0	0.1	0.1	0.1	0.0	0.0
Registration duties and charges	0.0	0.0	0.1	0.1	0.1	0.0	0.0
Other combined taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-tax revenue	0.3	0.3	0.4	0.9	0.7	0.4	0.4
Grants	0.8	0.0	0.0	0.0	0.3	0.0	0.4
Expenditure and net lending	23.2	27.4	32.9	27.2	25.3	20.1	23.8
Current expenditure	17.9	18.4	22.0	17.2	14.3	11.2	9.6
Salaries and wages	4.0	3.3	4.0	3.6	4.0	3.0	2.9
Other current expenditure (primary)	8.9	10.6	15.2	10.3	8.7	7.3	6.6

	2005	2006	2007	2008	2009	2010	2011
Interest due on public debt	4.9	4.4	2.8	3.3	1.7	1.0	0.1
Domestic interest	0.9	0.7	0.5	0.2	0.2	0.0	0.0
External interest	4.0	3.7	2.4	3.1	1.4	0.9	0.1
Capital expenditure	5.3	8.9	10.9	10.0	11.0	9.0	14.2
On domestic resources	4.8	8.7	10.4	8.6	10.6	8.5	11.4
On external resources	0.5	0.2	0.4	1.4	0.4	0.5	2.8
Net loans	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Overall balance (commitments-based, including grants)	17.1	17.0	11.0	26.9	5.0	16.5	16.4
Overall balance (commitments-based, excluding grants)	16.3	17.0	11.0	26.9	4.7	16.5	16.0
Prices and interest rates							
Inflation (CPI, % change)	3.1	6.5	2.7	7.3	5.3	5.0	1.3
Discount rate (annual percentage)	5.5	5.3	5.3	4.8	4.3	4.0	4.0
Interest rate (term deposit)	4.9	4.3	4.3	3.8	3.3	3.3	3.3
Exchange rate							
CFA franc per U.S. dollar (annual average)	527.5	522.9	479.3	447.8	472.2	495.3	471.9
Nominal effective exchange rate (2000 = 100)[b]	115.0	115.0	118.0	122.0	122.0	115.0	117.0
Real effective exchange rate (2000 = 100)[b]	115.0	117.0	119.0	125.0	129.0	125.0	124.0
External sector	**(Percentage of GDP unless otherwise indicated)**						
Current account balance	13.8	8.4	-15.9	4.8	-24.7	-12.6	-9.0
External debt stock/GDP	110.7	84.8	104.4	58.2	59.1	..	..
Ratio of external debt service to exports of goods and non-factor services	16.0	13.7	11.3	8.0	5.3	..	..
Ratio of debt service to income	33.0	25.3	20.6	12.7	13.4	..	..
External reserves (in c.i.f. import months)	6.1	8.9	8.2	13.6	12.9	..	..

.. Not available.

a Estimated using data for 2008-2011.
b An increase indicates an appreciation.

Source: Information provided by the Congolese authorities; BEAC, online information. Viewed at: http://www.beac.int/index.php/statistiques/; World Bank, World Development Indicators. Viewed at: http://databank.worldbank.org/ddp/home.do; IMF, International Financial Statistics. Viewed at: http://elibrary-data.imf.org/; and IMF World Economic and Financial Survey, Regional Economic Outlook April 2012.

1.2 Recent economic trends

1.8. Economic growth in the Congo is highly susceptible to fluctuations in the petroleum sector. However, the increasingly encouraging performance in the non-petroleum sector augurs well for economic diversification. Between 2008 and 2011, the Congo experienced average annual growth of 7.0%, led by both the petroleum sector (9.6%) and the non-petroleum sector, whose share is growing (4.0% in 2009, 6.4% in 2010 and 8.0% in 2011). The performance in the petroleum sector is the result of the rise in petroleum output, reflecting the performance of the fields at M'boundi, Nkossa Sud, Kombi, Likalala, Loango and Zatchi, and the opening of the Moho Bilondo field, in a context of favourable movement in international prices of crude oil. In 2012, the country achieved record output of around 350,000 barrels/day.[4]

1.9. The performance of the non-petroleum sector is also good and encouraging. Following a temporary dip in 2009 as a result of the global crisis that particularly affected logging (-42.0%), the non-petroleum sector recovered with solid growth that rose from 4.0% in 2009 to almost 8.0% in 2011, according to estimates. These positive trends are the result of sustained growth in certain activities over recent years, especially telecommunications (10%), agriculture (3.9%),

[4] Online information from the General Directorate of Treasury of the French Republic. Viewed at: http://www.tresor.economie.gouv.fr/pays/Congo.

manufacturing industry (5.4%), and transport and commerce (11.7%). They are evidence of the revitalization of economic activity in the non-petroleum sector and are undoubtedly the result of the structural reforms that have been undertaken together with the efforts made to strengthen economic infrastructures.[5]

1.10. After growing at an average annual rate of around 7% during the five years since the country's last TPR, the Congolese economy expanded by 3.8% in 2011, a rate that is markedly lower than the 8.7% recorded in 2010. This is the result of less activity in crude oil extraction following the fall in output. Output was 14.9 million tonnes in 2011 compared to 15.9 million tonnes the preceding year, a drop of 4.1%. By contrast, the agriculture, livestock and fisheries sector grew by 0.7 percentage points reflecting the positive performance in food production resulting from agriculture support programmes (PNSA). The Congolese authorities have undertaken to provide greater support for the primary sector, principally agriculture and fishing, in conjunction with improving living standards for the country's population and combating poverty. The recovery in forestry and logging is still fragile. The 1.3 percentage point share of the secondary sector can be attributed to the positive trend in growth in the construction, public works and extractive industries. The tertiary sector performed well with a contribution of 2.4 points: the trends in commerce, restaurants and hotels were positive, and there was growth in the transport and telecommunications sectors (Table 1.2 and Chapter 4).

1.11. Therefore, in 2011 the Congolese economy developed in favourable conditions characterized chiefly by the rise in the prices of the country's main raw material exports, especially crude oil and logs. The main features of the macroeconomic situation were a slow-down in growth and an improvement in the public accounts against a background where inflationist pressures were controlled. However, there were peaks and troughs in the external accounts.

1.12. Inflation was kept well under control and the trends in its structural components are encouraging. Following the strong pressures generated by the rise in international food and petroleum prices in 2008 (6.3%), inflationary pressures receded considerably in 2009 (4.7%) before stabilizing at around 4% between 2010 and 2011. According to the authorities, this favourable trend is a combination of three factors. The imported component of inflation receded in 2010 and 2011 leading to lower growth in the prices of food and petroleum products. Additionally, the structural component of inflation (factor and transaction costs) also fell as a result of the combined effects of structural reforms and the infrastructure enhancement programme, especially through the improvement in urban centres' supply routes for food products and progress in provision of electricity, resulting in a drop in commercial costs. Finally, the monetary component of inflation was controlled through the Community monetary policy (common report, Chapters 1 and 2) and the prudent budgetary policy implemented by the authorities as part of the economic programme. The Government prevented demand pressures by containing growth in overall expenditure as a result of the relative contraction in current expenditure to the benefit of investment, and saving a proportion of petroleum receipts through the establishment of reserves for the future (Fiscal Revenue Stabilization Fund and Future Generations Fund lodged at the BEAC). The accumulation of further reserves in the Fund would appear doubtful given the paucity of the country's basic infrastructure.

1.13. State revenue rose considerably as a result of the boom in global petroleum prices (in CFAF) since the last TPR in 2006, as well as the increase in petroleum production (Table 1.2); there was also a marked increase in non-petroleum revenue. The sharp reduction in the overall financial balance of commitments (excluding grants) reflected the rise in State revenue and the comparatively lower rise in expenditure.

1.14. Budgetary policy therefore consisted in re-establishing the balance in the public finances, focusing on improving non-petroleum revenue collection, and reducing the growth trajectory for current expenditure. This sound policy allowed increased expenditure on investment, while continuing to save a significant proportion of petroleum revenue both for "financial stabilization" needs and to provide security for future generations in the event of a fall in petroleum resources in the long term.[6] The share of non-petroleum revenue rose from 22.5% to 27.4% of non-petroleum GDP between 2008 and 2011. This made it possible to stabilize or even to improve the overall balance (cash basis), which rose from a 4.1% deficit in GDP in 2008 to a 15.9% surplus in 2010;

[5] Republic of the Congo (2011b).
[6] Republic of the Congo (2011b).

the surplus for 2011 is estimated at 14.3%. Debt fell considerably when the country achieved the completion point of the HIPC in January 2010: the debt burden fell from 65.5% of GDP in 2008 to 23% in 2011 and debt servicing fell from 5.2% in 2008 to 3.4% of exports in 2010, thereby confirming the positive outlook for reducing the State debt (Table 2.1).

1.15. The Congo enjoys a trade surplus in foreign trade and balance of payments, chiefly a result of the favourable trend in world prices for crude oil and timber. According to the authorities, terms of trade remained positive (+22.1% in 2011 compared to 27.8% the previous year), as a result of the significant increase in export prices (+24%) stemming from the increase in prices for crude oil and timber, whereas the rise in import prices was low (+1.6%).

Table 1.2 Balance of payments, 2007-2012
(CFAF billion)

	2007	2008	2009	2010	2011	2012
Current account balance	-565.0	219.8	-1,091.3	-768.4	-645.1	-69.6
External trade balance	1,614.6	2,594.4	1,444.9	1,814.1	2,211.3	3,207.5
Exports (f.o.b.)	2,744.5	4,042.5	2,752.3	3,341.2	3,904.6	4,645.2
Primary products	2,607.5	3,922.5	2,656.9	3,217.9	3,767.1	4,483.6
Crude oil	2,479.3	3,810.1	2,567.6	3,097.2	3,636.1	4,347.6
Manufactures	137.0	120.0	95.4	123.3	137.5	161.6
Imports (f.o.b.)	-1,129.9	-1,448.1	-1,307.4	-1,527.2	-1,693.3	-1,437.7
Balance of non-factor services	-1,314.7	-1,195.4	-992.2	-1,124.7	-1,157.0	-1,373.7
Credits	124.9	142.5	153.7	186.7	224.9	215.4
Debits	-1,439.6	-1,337.9	-1,145.9	-1,311.5	-1,381.9	-1,589.1
Freight and insurance (net)	-187.7	-257.8	-230.2	-264.0	-295.9	-319.8
Services provided or received by government (net)	5.5	5.8	6.1	6.1	6.5	8.1
Travel (net)	-65.8	-74.2	-80.9	-66.9	-76.1	-82.4
Other business services (net)	-1,029.1	-827.8	-655.5	-758.2	-760.9	-925.4
Other transport and insurance (net)	-37.6	-41.4	-31.7	-41.7	-30.6	-54.2
Balance on income	-846.9	-1,158.2	-1,542.1	-1,444.1	-1,685.1	-1,888.1
Credits	11.2	25.7	11.0	10.9	15.7	12.4
Debits	-858.0	-1,183.9	-1,553.0	-1,454.9	-1,700.9	-1,900.6
Current transfer balance	-18.1	-21.0	-2.0	-13.7	-14.3	-15.2
Capital and financial operations account	826.1	762.5	1,263.2	1,487.2	1,653.4	1,487.4
Capital account	15.2	18.0	84.0	87.1	100.1	131.0
Financial account	810.9	744.5	1,179.2	1,400.1	1,553.3	1,356.4
Direct investment	1,006.5	1,010.5	1,202.0	1,471.9	1,573.2	1,047.0
Portfolio investment	-0.7	-1.0	0.0	-0.6	-0.6	-0.6
Other investment	-195.0	-265.0	-22.8	-71.3	-19.3	310.1
Errors and omissions	-178.8	357.0	0.0	0.0	0.0	0.0
Overall balance	82.2	1,339.2	171.8	718.8	1,008.3	1,417.8
Finance	-178.8	357.0	0.0	-718.8	-1,008.3	-1,417.8

Source: Congolese authorities.

1.3 Trade and investment performance

1.16. Asia (mainly China) continues to be one of the Congo's major trading partners. The volume of trade in goods has not grown a great deal during the period under review (Chart 1.2).

1.17. Hydrocarbons are still the predominant element in the Congo's export structure, accounting for 87.5% of exports in 2007 and 67.7% in 2010 (Chart 1.1). The next most important export is timber, far behind hydrocarbons. The main destinations for the Congo's exports were the European Union (8.8% in 2007 and 21.4% in 2010); China (48% in 2007 and 20.9% in 2010), the United States of America (11% in 2007 and 10.4% in 2010); the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (7.4% in 2010); and Angola (13.1%) (Chart 1.2).

1.18. An analysis of the import structure highlights the relative diversification of products, with a large share of manufactures (86.6%), particularly machinery and transport equipment, as well as medicines and food products, as the Congo strongly depends on outside sources for these products (Chapter 4.2, Chart 1). The European Union is the Congo's leading supplier (31.6% of the total in 2010); other African countries only provide a small share of the Congo's total imports (Chart 1.2).

1.19. The volume of foreign direct investment (FDI) has risen continually since the last TPR but its share in GDP has fallen markedly since 2008 (Table 1.3).

Table 1.3 Trend in foreign direct investment in the Congo, 2006-2010

	2006	2007	2008	2009	2010
FDI, net inflows (% of GDP)	19.2	31.4	20.9	2.1	2.8
FDI, net inflows (BDP, US$ billion, current)	1.5	2.6	2.4	21.7	23.4

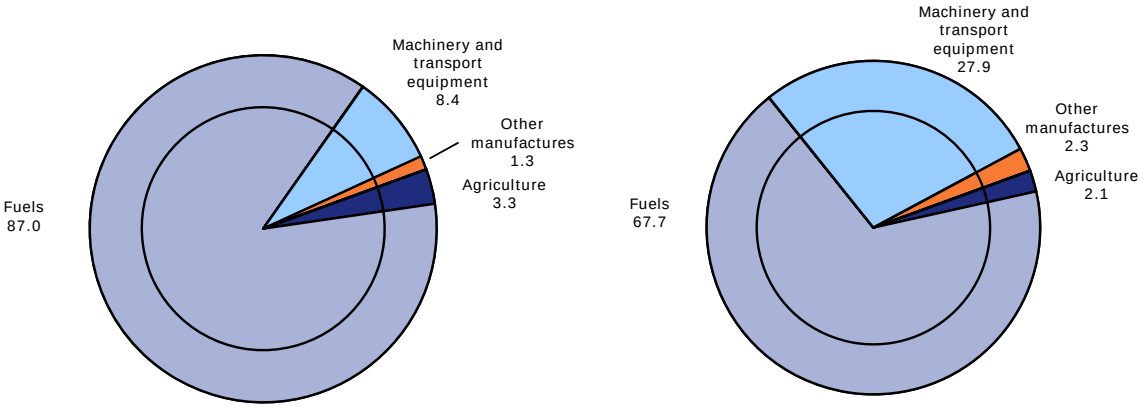
Source: Information provided by the Congolese authorities.

1.20. According to the authorities, estimates put cross-border trade in the informal sector at 96%. Knowledge of its extent, its determinants and its consequences is inadequate, a fact that is not only conducive to under-estimates in figures entered into the national accounts but also impedes formulation of appropriate economic policies and strategies to exploit its potential impact on food security. Although the intra-Community institutional fabric was designed with a focus on governing formal trade, it is also the institutional bedrock underpinning informal cross-border commercial transactions between the Congo and the other CEMAC countries. On that basis, the informal sector can be a factor in development, particularly in reducing poverty.

Chart 1.1 Structure of trade in goods, 2007 and 2010
(%)

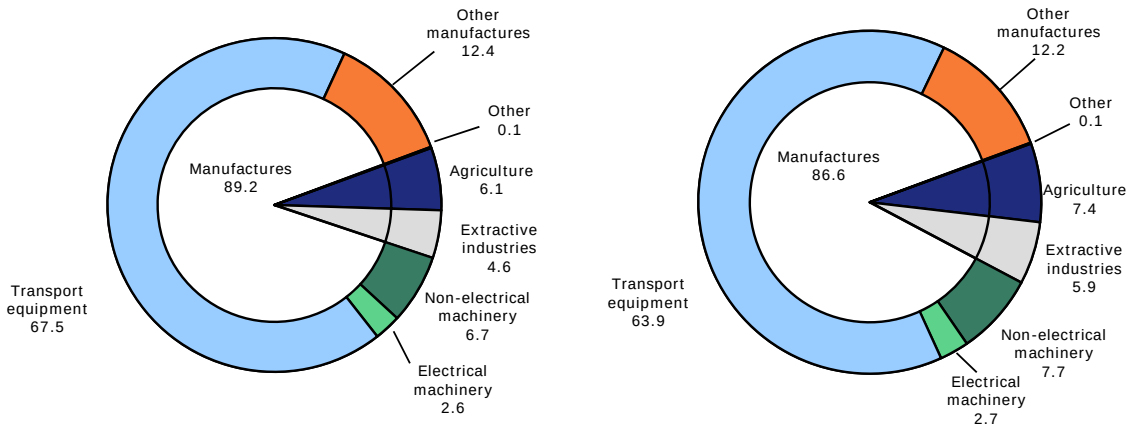
2007 **2010**

(a) Exports (f.o.b.)



Total: US$6.3 billion **Total: US$6.9 billion**

(b) Imports (c.i.f.)



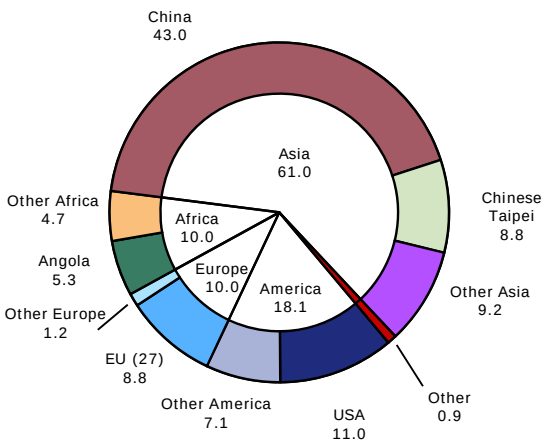
Total: US$3.9 billion **Total: US$4.4 billion**

Source: Secretariat calculations based on data from the UNSD Comtrade database (SITC Rev.3).

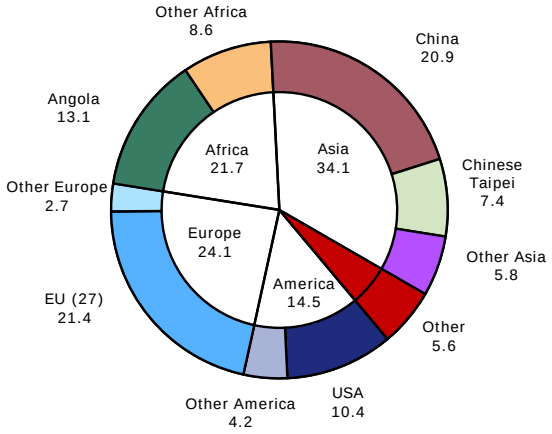
Chart 1.2 Direction of trade in goods, 2007 and 2010
(%)

2007 **2010**

(a) Exports (f.o.b.)

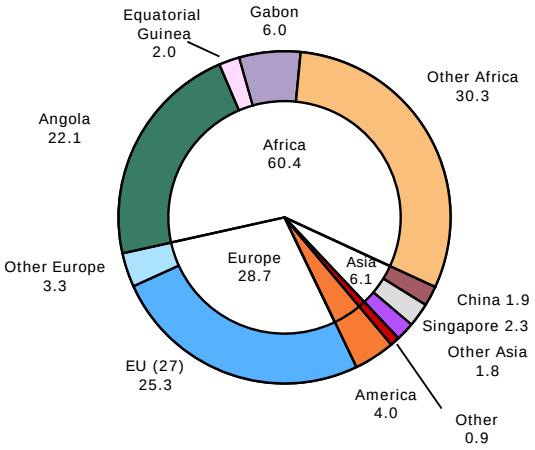


Total: US$6.3 billion

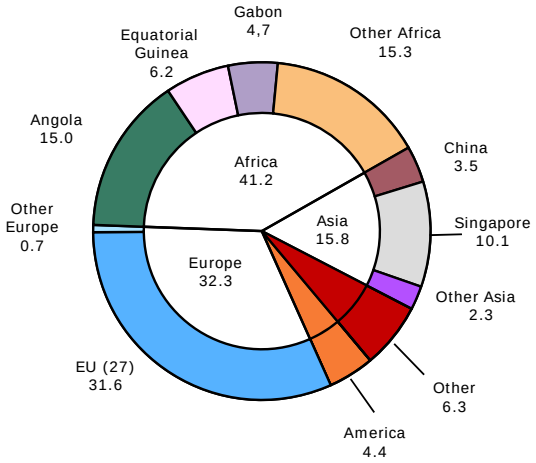


Total: US$6.9 billion

(b) Imports (c.i.f.)



Total: US$3.9 billion



Total: US$4.4 billion

Source: WTO Secretariat calculations based on data from the UNSD Comtrade database (SITC Rev.3).

1.21. Cross-border trade in the Congo essentially occurs in and around the four principal border areas listed below:

- To the North: along the border with Cameroon (especially at Ouesso and Souanké);
- To the West: along the border with Gabon (between Lékéti-Boundji and Ewo);
- To the East: along the border with the Democratic Republic of the Congo (DRC) (along the Congo river between Mindouli and Ngabé);
- The South: on two borders, one with Cabinda (at Nzassi) and one with Gabon (Ngongo).

1.22. This essentially informal trade involves many actors, especially women. The nature of the products traded varies depending on the border zone in question.

1.23. In the northern part of the Congo at the border with Cameroon, the products traded include both local (unprocessed) products (onion, haricot, potato, groundnut, bissap, etc.) and imported products (beers, rice, wine, flour, cement, sandals, used clothing, paint, hardware, etc.).

1.24. In the West of the country, especially the border with Gabon, the trade chiefly involves manufactures and agricultural products (imports) and agricultural and livestock products (exports).

1.25. In the South, especially Kouilou (at Nzassi), on the border with Cabinda, the products exported are timber, medications, and food; and the products imported are cement, chickens, fish, meat and onion.

1.26. Finally in the East of the country, especially with the DRC (along the River Congo), many products are traded, including agricultural products, pharmaceutical products, sheep and manufactures. The cross-border trade here is definitely the most dynamic in terms of actors and volume, even if in formal terms it is still regarded as insignificant.

1.27. In short, exports from the Congo's formal sector to other Sub-Saharan African countries currently account for only 3% of total exports. However, the country recognizes that its future prosperity will depend to a great extent on its capacity to exploit the potential inherent in informal trade at subregional level as it is today.

1.4 Outlook

1.28. Encouraged by the progress it has made, the Government has embarked upon a second stage in its programme, based on the new social plan, *Le Chemin d'avenir* (Road to the Future) issued by the President of the Republic for his second seven-year term (2009-2016). The programme develops reforms to enhance governance, promote democracy and foster national unity. It implements major projects to propel economic and social advances with a view to the Congo reaching a new stage in development.

1.29. Indeed, as part of an ambitious strategy to diversify and industrialize its economy the Congo has just begun implementing a national development programme (PND) for the period 2012-2016. The strategy focuses on "activity clusters" and is structured chiefly around the development of seven principal areas of activity, namely: agriculture and agrifood; forestry and the timber industries; petroleum and hydrocarbons; mines; buildings and construction materials; tourism and hotels; and financial services.

1.30. In order to better channel FDI, the Congo also intends to establish four Special Economic Zones (ZES), which will specifically marry infrastructures and fiscal incentives. The ZES are as follows: the ZES for activities related to the petrochemical and mining industries (in Pointe-Noire); the ZES for transport and other services (finance, commerce, hotels) (in Brazzaville); the ZES for agriculture and the agrifood industry (in Oyo and Ollombo); and the ZES for forestry and ecotourism (in Ouesso).

1.31. The authorities anticipate that the economy will continue to experience sustained growth (of between 5% and 10%) during the next five years, driven by output recovery in the agricultural and manufacturing sectors, and by continued expansion in the petroleum sector. The vulnerability of the economy to external shocks is exacerbated by its high dependence on the petroleum sector where price fluctuations can undermine the commercial environment and threaten the outlook for economic growth.

1.32. The pursuit of a gradual recovery in the global economy and a rally in the prices of the raw materials that the Congo exports should enhance the economy's growth prospects. Moreover, the strategic plan *Le Chemin d'Avenir* nourishes the hopes for sustained economic development leading to a modernized, industrialized country driven by a revitalized, competitive private sector that generates employment and helps to reduce poverty. The various aspects of the plan, if achieved, would enable the Congo's economic base to diversify, and enhance its resilience to international demand and price shocks.

1.33. The Congo's macroeconomic outlook is good with projections for average growth of around 6% and average inflation of 3% between 2013 and 2015 (Table 1.4).

Table 1.4 Macroeconomic forecast following implementation of the National Development Programme (PND), for the period 2013-2017

	2013	2014	2015	2016	2017
Growth rate	5.3%	5.4%	19.8%[7]	4.3%	5.8%
Inflation	4.5%	3.0%	2.9%	2.8%	2.7%
Fiscal balance (CFAF billion)	675	360	4	-62	-262
Balance of payments (CFAF billion)	1,234	837	578	525	586

Source: IMF Report on the Congo, N°12/283, October 2012.

1.34. Two types of major risks have been identified: exogenous and endogenous. The exogenous risks relate to the potential consequences of the spread to the Congo of the effects of the global economic crisis or a severe, sustained fall in petroleum prices. The risks are chiefly cyclical and can be contained because of the weak financial connection between the world and the Congolese economies and the reserve assets that the country has accumulated.

1.35. The endogenous risks are not cyclical and relate to uncertainties associated with the capacity of public expenditure, coupled with the structural reforms that the State is currently implementing, to ensure economic growth and reduce poverty. In order to address these risks, the State is improving the quality of public expenditure and enhancing governance and transparency in the public expenditure chain.

[7] Non-petroleum growth includes heavy investment in mining that the private sector is scheduled to begin in 2015.

2 TRADE AND INVESTMENT REGIMES

2.1 Overall framework

2.1. Since its previous Trade Policy Review (TPR) in 2006, the Republic of the Congo has not made any significant changes to its general policy framework. In the past, the country has experienced several periods of political instability. The 2002 Constitution, the sixth since independence, continues to be in force in the country.[8]

2.2. Under the 2002 Constitution, the President of the Republic is elected by direct universal suffrage for a term of seven years, renewable once. The President of the Republic is the Head of State, Head of the Executive Branch, Head of Government, Supreme Commander of the Armed Forces and President of the Judicial Service Commission. The President presides over the Council of Ministers, all appointed by him, whose responsibilities are determined by presidential decree. The last presidential elections were held on 12 July 2009 and led to renewal of the term of office of the current President, in power from 1979 to 1992 and from 1997 to the present.

2.3. Parliament is bicameral and is composed of the National Assembly (137 members elected for five years by universal suffrage) and the Senate (67 senators elected for six years by indirect suffrage; there are elections for one third of the seats in the Senate every three years). The last legislative elections were held in July 2012[9] and the elections to the Senate in October 2011. The right to initiate legislation is shared by the President of the Republic and the deputies. Once adopted by Parliament[10], a draft law becomes law after it has been promulgated by the Head of State and published in the Official Journal.[11]

2.4. The Constitution provides for the separation of powers.[12] Executive power is vested in the President of the Republic and his Government; legislative power belongs to Parliament; and judicial power is exercised by the Supreme Court, the Courts of Appeal, Court of Auditors, and other national courts. The legal aspects of commercial matters are dealt with at national level, except where recourse is had to the OHADA Arbitration Act[13], more specifically to the Common Court of Justice and Arbitration (CCJA) (common report, Chapter 2). At national level, arbitration is the responsibility of the Centre for Arbitration and Mediation of the Congo (CEMACO) established by the Government on 27 January 2012 sitting at the seat of the Chamber of Commerce, Industry, Agriculture and Trades at Brazzaville, with satellites at Pointe-Noire, Ouesso, and Dolisie.[14]

2.5. In conformity with the Constitution, other institutions act in judicial matters, including the High Council of Freedom of Communication[15], the High Court of Justice[16],

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[8] The first Constitution dates from 2 May 1961; the second, dating from 8 December 1963, was repealed and replaced by the "*Acte fondamental*" of 16 August 1968; the third, dating from 31 December 1969, was suspended by the "*Acte fondamental*" of 5 April 1977; the fourth dates from 8 July 1979; the fifth, dating from 15 March 1992, was suspended in 1998; the sixth Constitution (still in force) dates from 20 January 2002.

[9] The first round of voting took place on 15 July 2012 and the second on 29 July 2012. Viewed at: http://www.congo-site.com.

[10] According to Article 121 of the 2002 Constitution, draft laws are first examined by the first chamber seised with the text presented by the President of the Republic. One chamber, seised with a text voted by the other chamber, deliberates on the text before it. According to Article 124, draft laws are examined by the two chambers in succession with a view to the adoption of an identical text; in the event of disagreement, the President of the Republic may convene a meeting of an equi-representational joint committee tasked with proposing a text on the provisions not yet agreed.

[11] Organic laws cannot be promulgated until they have been declared to be in conformity with the Constitution by the Constitutional Court.

[12] Article 136 of the 2002 Constitution.

[13] OHADA's Uniform Arbitration Act was adopted on 11 July 1999 and entered into force 90 days after its adoption (Article 9 of the Harmonization Treaty).

[14] CEMACO's responsibilities consist chiefly in organizing and running the procedures for mediation and arbitration submitted to it, conducting training or providing assistance likely to encourage the promotion of a dispute-settlement culture in the Congo and contributing to improving the business environment (Article 2 of the CEMACO statute). Online information from the *Revue congolaise de droit des affaires*. Viewed at: http://www.cciambrazza.com.

[15] Title XII of the 2002 Constitution. The Council is responsible for overseeing freedom of information and communication.

the Constitutional Court[17], the National Human Rights Commission[18], the Economic and Social Council[19], and the Mediator of the Republic.[20]

2.6. The President of the Republic (or his delegate) negotiates, signs and promulgates treaties and international agreements; where necessary, these are submitted to Parliament for ratification.[21] The WTO Agreement entered into force in the Congo under this procedure.

2.7. The hierarchy of laws follows the monist system under which treaties and international agreements, once ratified, take precedence over laws, subject, with respect to each individual agreement or treaty, to its being applied by the other party, except in the case of human rights treaties. Treaties and international agreements are directly applicable as law in the Congo and enforceable *ipso jure*. Consequently, the WTO Agreements may be invoked directly in the national courts, although hitherto this has not happened. After treaties, international agreements and the Constitution come laws, decrees and orders, in descending order.

2.8. The formulation, implementation and assessment of trade policy are the responsibility of the Ministry of Trade and Supply. That Ministry deals with issues relating to the Congo's participation in the WTO and in regional, subregional and bilateral trade mechanisms. A ministry representative acts as the Executive Secretariat of the National Trade Negotiations Monitoring and Coordination Committee, including multilateral negotiations.[22] The Ministry has undergone two successive restructuring exercises leading to the former Directorate-General of Trade being broken up into three different Directorates-General, namely the Directorate-General of External Trade, the Directorate-General of Domestic Trade, and the Directorate-General of Competition and Suppression of Commercial Fraud. A degree of confusion has ensued. For example, aspects of external trade, in particular import-related matters, fall within the remit of the Directorate-General of Domestic Trade instead of the Directorate-General of External Trade in line with a rationale that is not altogether clear. The splitting of this important Ministerial department, together with the lack of an obvious basis for the attribution of its functions to the resulting Directorates-General, undermines the effectiveness of coordination between these bodies and gives rise to jurisdictional disputes and substantial additional costs to the country.

2.9. Other ministries are involved in drafting and implementing trade policy, in particular the Ministries with responsibility for the economy, finance, planning, foreign affairs, international cooperation, agriculture, tourism, transport and justice. The private sector (in this case the Chamber of Commerce, Industry, Agriculture and Trades (CCIAM))[23]; the Employers' and Inter-Professional Union of the Congo (UNICONGO), one of the leading employers' associations in the country; the Congolese Shippers Council (CCC) (Chapter 3); consumer associations; civil society; and NGOs are involved in the process and participate

[16] Title X of the 2002 Constitution. The High Court is responsible for judging the President of the Republic, ministers, deputies and members of the Supreme Court and the Constitutional Court.

[17] Title IX of the 2002 Constitution. The Constitutional Court is responsible for monitoring the constitutionality of laws, treaties and international agreements and the validity of parliamentary elections. Rulings by the Constitutional Court may not be appealed and are binding on the public authorities and on all administrative and judicial authorities.

[18] Title XIV of the 2002 Constitution. The Commission is a body that monitors and promotes human rights.

[19] Title XI of the 2002 Constitution. The Economic and Social Council is a consultative assembly which advises on all draft laws, programmes and development plans of an economic nature, with the exception of the State budget; the Council may be consulted on any draft treaty or international agreement of an economic nature.

[20] The Mediator of the Republic is an independent authority responsible for simplifying and humanizing the relations between government and governed (Article 163 of the 2002 Constitution).

[21] Title XVII of the 2002 Constitution. The Constitutional Court rules on the constitutionality of treaties and agreements. When the Constitutional Court has ruled that an international commitment contains a clause that is contrary to the Constitution, ratification or approval cannot be authorized until the Constitution has been amended.

[22] Decree No. 2003-48 of 20 March 2003.

[23] Decree No. 95-245 of 4 December 1995.

in the National Trade and Multilateral Negotiations Monitoring and Coordination Committee.[24] Apart from the legislature[25] there is no national body responsible for evaluating the Congo's trade policy.

2.10. The rules on the following fields are to be found in law: commerce, privatization/nationalization of enterprises; status of foreigners and immigration; tax base, rates and modalities of collecting taxes of all kinds; and the fundamental principles of civil and commercial rights and obligations. The principal legal instruments relating to trade are set out in Table 2.1.

Table 2.1 Principal trade-related laws and regulations of the Congo, March 2013

Field	Instrument/Text
Customs legislation	CEMAC Customs Code Customs Tariff 2012
Status of trader	Uniform Act on General Commercial Law adopted on 15 December 2010 at Lomé; OHADA Official Journal[26] Law No. 041/2012 of 29 December 2012 enacting the 2013 Finance Law Law No. 36-2011 of 29 December 2011 enacting the 2012 Finance Law Law No. 19-2005 of 24 November 2005 regulating the status of trader Decree No. 2008-447 of 15 November 2008 laying down the conditions for amendment, extension and transfer of commercial activities and the amount of statutory charges Decree No. 95-193 of 18 October 1995 on the Business Formalities Centre (CFE) as a Single Window Decree No. 95-96 of 29 May 1995 establishes the charges for administrative formalities at the single windows
Imports, exports and re-exports	Law No. 03-2007 of 24 January 2007 regulating importation, exportation and re-exportation Law No. 23-2005 of 30 December 2005 establishing the Congolese Foreign Trade Centre Decree No. 2004-471 of 17 November 2004 laying down the terms for the importation of iodized salt Order No. 1033/MTMMM of 14 May 2008 on the ECTN Order No. 6384/MEFB of 31 December 2002. Order No. 486 of 20 September 1998 regulating certificates of origin
Customs valuation	Decree No. 2001-387 of 31 July 2001
Preshipment inspection	Decree No. 99-167 of 23 August 1999 Decree No. 95-147 of 8 August 1995
Value Added Tax, excise duties, and customs border levies	General Tax Code Order No. 5808/MEFB-CAB of 20 September 2005 Order No. 2731/MEFE/MEFB of 17 March 2004 Order No. 6383/MEFB of 31 December 2002 Order No. 6387/MEFB of 31 December 2002 Order No. 0601/MF/DGCRF of 19 January 1982
Import prohibitions and licences	Decree No. 2001-524 of 19 October 2001 on the prohibition regime

[24] Decree No. 2003-48 of 20 March 2003.

[25] Under Article 89(2) of the 2002 Constitution, Parliament exercises legislative power and oversees the action of the Executive.

[26] Online information. Viewed at: http://www.droit-afrique.com/images/textes/Ohada/AU/OHADA%20-%20AU%20Droit%20 commercial.pdf.

Field	Instrument/Text
Sanitary and phytosanitary measures: Human health and phytosanitary measures Animal health	Laws No. 6-94 and No. 7-94 of 1 June 1994 Law No. 17/1967 of 30 November 1967 on the penalties associated with the infringements laid down in the decree Draft law establishing the Congolese Standardization and Quality Agency Draft decree approving the statute of the Congolese Standardization and Quality Agency Draft law establishing the national standardization system Draft law on metrology Decree No. 2005-517 of 26 October 2005 establishing a microbiological and chemical analysis laboratory Decree No. 2001-524 of 19 October 2001 prohibiting the import of certain food products of animal origin Decree No. 67/182 of 17 July 1967 on the animal health inspectorate Order No. 3401 of 23 June 1976 Order No. 4646/BE 47-14 of 16 December 1968 on the importation of live animals Order No. 4645/BE 47-14 of 16 December 1968 on the movement of cattle on Congolese territory Order No 1778 of 8 June 1940 regulating the health inspection of markets and establishments for trade in and processing of products of animal origin Ordinance No. 63-18 of 26 November 1963 establishing controls on products intended as cattle feed
Investment	Law of 22 August 2012 on the establishment, powers and composition of the Investment Promotion Agency Draft law of 25 June 2012 establishing a Public Body for the Promotion of Private Investment Law No. 6-2003 of 18 January 2003 Law No. 7-96 of 6 March 1996 amending certain provisions of Law No. 008-92 of 10 April 1992 on the Investment Code Law No. 008-92 of 10 April 1992 enacting the Investment Code Decree No. 2004-30 of 18 February 2004 establishing formalities for authorizing enterprises to be eligible under the Investment Charter Decree No. 2003-57 of 22 April 2003 on the establishment, powers and composition of the National Investment Commission Decree No. 94-568 of 10 October 1994, as amended by Decree No. 95-183 of 18 October 1995 establishing the Business Formalities Centre
Procedures and regulations for the establishment of private commercial enterprises	Seven uniform acts of the Organization for the Harmonization of African Business Law (OHADA) Decree No. 2011-258 of 25 March 2011 on the establishment, powers and organization of the High Council for Public-Private Dialogue[27] (HDCPP decree)
Protection of patents, industrial designs and trademarks, new plant varieties	Bangui Agreement (1999) – Law No. 7-2001 of 19 October 2001
Protection of copyright and related rights	Law No. 24/82 of 7 July 1982 Decree No. 86/813 of 11 June 1986.
Competition and prices	Law No. 6-94 of 1 June 1994 Law No. 7-94 of 1 June 1994 on the trade regime Law No. 5-94 of 1 June 1994, as supplemented by Circular Note No. 16/MCAPME/CAB of 23 August 2000 on the price regime and type-approval

[27] Online information. Viewed at: https://www.wbginvestmentclimate.org/toolkits/health-in-africa-policy-toolkit/upload/DECRET-HCDPP.pdf.

Field	Instrument/Text
Privatization of State-owned enterprises	Law No. 21-94 of 10 August 1994 enacting the Framework Law on privatization
Government procurement	Decree No. 2009-156 of 20 May 2009 enacting the Government Procurement Code[28] Decree No. 02/329 of 22 April 1982
Agriculture	Law 25-2008 of 22 September 2008 on the agricultural land ownership regime Law No. 24-2008 on the land ownership regime in urban areas Law No. 22-2005 of 28 December 2005 establishing the administrative support body known as the Agriculture Support Fund Law No. 11-2004 on the procedure for expropriation on grounds of public purpose Law No. 9-2004 of 26 March 2004 enacting the Code on State Ownership Order No. 6967 of 22 September 2010 on the establishment, powers and organization of the Project to support the marketing of agricultural products
Forestry	Law No. 16-2000 of 20 November 2000 Law No. 03-91 of 23 April 1991 on environmental protection Law No. 48-83 of 21 April 1983 determining the conditions for the conservation and exploitation of wild fauna Law No. 52-83 of 21 April 1983 containing the Code on State Land and Property Decree No. 2002-437 of 31 December 2002
Fisheries	Law No. 3-2010 of 14 June on the organization of coastal fishing and aquaculture Law No. 2-2000 of 1 February 2000 Decree No. 2012-175 of 12 March 2012 on the restructuring and operation of the Fisheries Development Fund Decree No. 2012-174 of 12 March 2012 on the status of observer on board a fishing vessel Decree No. 2012-173 of 12 March 2012 establishing the composition and operation of the Consultative Committee on Fishing and Aquaculture Decree No. 2011-320 Decree No. 2011-319 of 26 April 2011 establishing the procedures for the conduct of technical visits to fishing vessels in waters under Congolese jurisdiction Decree No. 2011-318 Decree No. 2011-317 of 26 April 2011 laying down the conditions for the pursuit of professional small-scale marine fishing Decree No. 2009-33 of 6 February 2009 laying down provisions on the mesh-size of nets and maritime fishing gear Decree No. 2005-517 of 26 October 2005 on the establishment, powers and organization of the microbiological and chemical analysis laboratories for fishery products Order No. 2660/MPA-CAB of 1 March 2011, incorporating the fishing and aquaculture industries into the remit of the Ministry of Fisheries and Aquaculture Orders Nos. 9102 MPA-CAB and 5060 MPA/MDMM

[28] Online information from the Government Procurement Regulatory Authority. Viewed at: http://www.armpcongo.org/Decret-n-2009-156-PR_a34.html.

Field	Instrument/Text
Mining	Law No. 14-2010 codifies the potash mining investment agreement between the Government and MagMinerals Potasses Congo SA Law No. 4-2005 of 11 April 2005 Decree No. 2008-336 of 22 September 2008, establishing the Permanent Secretariat of the Kimberley Process Decree No. 2008-337 of 22 September 2008, establishing procedures for implementing the Kimberley Process Certification Scheme Decree No. 2007-274 adopted on 21 May 2007 laying down the conditions governing prospecting, exploration and exploitation of mineral substances and administrative supervision Order supplementing Decree 2007-247 of 21 May 2007, on the implementation of the Kimberley Process Certification Scheme
Hydrocarbons	Law No. 31-2006 of 12 October 2006 establishing the Downstream Petroleum Regulatory Body Law No. 3-2000 of 1 February 2000 on subcontracting in the sector Law No. 24-94 of 23 August 1994 Decree No. 2008-15 of 11 December 2008 laying down the procedures for the allocation of mining titles for liquid and gaseous hydrocarbons Decree No. 2005-83 of 28 December 2005 determining the eligibility requirements for approvals Decree No. 2002-265 of 1 August 2002 Decree No. 2002-260 of 1 August 2002 identifying the enterprises authorized to market and supply petroleum products Decree No. 2001-522 of 19 October 2001 determining the specific VAT-exemption regime for oil companies in respect of goods (whether imported or of domestic origin) Order No. 1/MHC/MEFB/MCCA of 14 January 2008 revising the price of petroleum products covered by the price structure Order No. 1214 of 19 March 2001
Electricity	Law No. 14-2003 of 10 April 2003 Law No. 015-2003 establishing the National Rural Electricity Agency Law No. 016-2003 of 10 April 2003 establishing the Electricity Regulatory Agency Law No. 017-2003 of 10 April 2003 establishing the Electricity Development Fund Order No. 681 of 19 March 1994 determining the price scale
Water	Law No. 38-2008 of 31 December 2008 establishing the National Rural Water Engineering Service Law No. 14-2003 of 10 April 2003 Decree No. 2008-66 of 3 April 2008, determining the composition and rules of procedure of the Water Regulatory Authority
Transportation	Law No. 18/89 of 31 October 1989 defines road transport activities Decree No. 2011-491 of 29 July 2011 governing access to and pursuit of the profession of road haulage operator and professions associated with motor transport Decree No. 90/135 of 31 March 1990 governing access to the road haulier profession Order No. 1567 of 29 May 2000. Order No. 1134 of 24 May 1990

Field	Instrument/Text
Telecommunications and postal services	Law No. 11-2009 of 25 November 2009 establishing the Posts and Electronic Communications Regulatory Agency Law No. 10-2009 of 25 November 2009 establishing the Directorate-General of Posts and Telecommunications Law No. 9-2009 of 25 November 2009 governing the electronic communications sector Law No. 14-97 of 26 May 1997 (opening up to competition) Decree No. 2009-476 of 24 December 2009 restructuring the Ministry of Posts, Telecommunications and New Communications Technologies Decree No. 2005-648 of 5 December 2005 Decree No. 2003-169 of 8 August 2003 Decree No. 99-188 of 29 October 1999 Decree No. 84/078 of 19 January 1984. Order No. 2711/MPTNCTC/MEFB of 7 March 2005 Ordinance No 11 of 7 January 2007 Ordinances Nos. 8-2001, 10-2001 and 11-2001 of 1 July 2001
Tourism establishments Tourist agencies	Decree No. 84-078 of 19 January 1984 Decree No. 83-853 of 22 November 1983 Order No. 2710/MCAT-CAB of 26 March 2004 on the classification of hotels
Banking services	Bank of Central African States (BEAC) and Central African Monetary Union provisions Ordinance No. 10-2001 of 1 July 2001
Insurance	Insurance Code of the Inter-African Conference on Insurance Markets (CIMA) Decree No. 70/203 of 12 June 1970 Decree No. 85/755 of 1 June 1985 Order No. 6998/MEF-CAB determining the minimum and maximum rates of pay for authorized insurance brokerage companies and insurance brokers Order No. 1838/MEFB-CAB of 24 December 1999 Ordinance No. 28/71 of 30 September 1971

Source: Congolese authorities.

2.11. Since the entry into force of the Treaty on the Harmonization of Business Law in Africa (OHADA) in 1995, the various OHADA Uniform Acts have in principle constituted the legal framework for business (common report, Chapter 2).[29] In reality the process of aligning national laws with those provisions has not yet been completed. The Uniform Acts contain many provisions that make reference to rules of national law, such as referral to "the competent court". The provisions must be supplemented in the fields of criminal law, civil procedure and organization of the courts by domestic legal or regulatory provisions so as to prevent to the extent possible any difficulty in application or conflict of jurisdiction. Consequently the Congo envisages the adoption of draft laws designating the competent courts and the procedures that apply under each of the uniform acts. The draft laws are likely to be accompanied by a circular on the application in Congolese law of the OHADA Uniform Acts.

2.12. The country rejoined the Kimberley Process in 2007 and began implementing it by adopting the following texts: Decree No. 2008-336 of 22 September 2008 establishing the Permanent Secretariat of the Kimberley Process and designating its members; Decree No. 2008-337 of 22 September 2008 establishing procedures for implementing the Kimberley Process Certification Scheme; and the Order supplementing certain provisions contained in Decree No. 2007-247 of 21 May 2007, with a view to the implementation of

[29] The revised OHADA Treaty was ratified in 2009.

the Kimberley Process Certification Scheme.[30] The Congo has also signed the Extractive Industries Transparency Initiative (EITI) and achieved "compliant country" status in March 2013.[31]

2.2 Trade policy objectives

2.13. The country's trade policy is based on regulations established at supranational level – the result of multilateral, regional and subregional integration – and national regulations, which complement the supranational provisions and deal with all the aspects that lie outside their scope (common report, Chapter 2). This quest for integration is an effort by the Congo to achieve its ultimate trade policy objective, namely poverty reduction, through further liberalization of the trade regime; diversification of exports; accelerating the privatization programme and sectoral reforms (agriculture, mining, services and industry); and trade facilitation.[32] The primary aim of some of these initiatives is to improve the competitiveness of local goods and services in order to foster growth and reduce poverty.

2.14. The planned actions should be part of the general framework of the social project *Le Chemin d'avenir*[33], presented by the President of the Republic in July 2009 during the presidential elections. *Le Chemin d'avenir* is a continuation of *La Nouvelle espérance*, the first social project proposed by the President in 2002. According to the Congolese authorities, the new project adds a new focus and has two principal objectives: to modernize and industrialize the country by developing a revitalized, competitive private sector capable of generating employment and helping to reduce poverty.[34]

2.3 Trade agreements and arrangements

2.3.1 World Trade Organization

2.15. The Congo is an original Member of the WTO (common report, Chapter 2).[35] Between 2010 and 2012 it was affected by "administrative measures" on sanctions against countries that have accumulated arrears in their contributions, a factor that has limited the Congo's participation in WTO decision-making bodies.[36] Because of the limited human resources at the Permanent Mission of the Congo in Geneva, the country is not a regular participant in activities organized by the WTO. Between 2006 and 2012, Congolese officials participated in 85 activities (all categories combined) held in the field of trade-related technical assistance; 70 of those activities were organized by the WTO.[37] The highest level of participation was in 2010 (35 activities). Trade-related training programmes and trade facilitation activities are the most popular (attendance at 30 and 20 such events respectively). Several of the country's senior officials also take the WTO online courses.

2.16. The Congo experiences major problems in connection with its WTO notifications. With only five notifications to its name since its accession to the WTO, the Republic of the Congo has the lowest rate of notification of all CEMAC members (common report, Chapter 2). Consequently, the Congo's trade policy remains something of an unknown quantity to WTO Members. Technical assistance is requested in order to enable the country to fulfil its notification obligations.

2.17. According to the authorities, the issues of greatest concern in the Congo in terms of implementation of the Agreements are those relating to technical barriers to trade (TBT), import

[30] PRSP Completion Report 2008-2011.

[31] An independent group collects and publishes data on the fiscal revenues that the State declares it has received from businesses in the sector alongside the payments that those businesses say they have made to the State. The reports published hitherto cover revenues for the years 2006 to 2010. The reports are published in the website: http://www.itie-congo.org.

[32] Congo National Development Plan (PND) 2012-2016.

[33] Republic of the Congo (2010a).

[34] Congo National Development Plan (PND) 2012-2016.

[35] The Congo inherited the status of contracting party on 3 May 1963 (Article XXVI:5(c) of the GATT 1994) after applying the GATT *de facto* as from 15 August 1960. It ratified the Marrakesh Agreements on 27 March 1997.

[36] In 2010, the Congo accepted a payment plan that rescheduled its arrears over several years. WTO (2011).

[37] Online information from the Global Trade-Related Technical Assistance Database (GTAD). Viewed at: http://gtad.wto.org/index.aspx?lg=fr [27 February 2013].

licences and prohibitions, sanitary and phytosanitary measures (SPS), and copyright and related rights. The Congo's technical assistance needs also include the harmonization of its laws and regulations with WTO rules and principles; staff training and institutional capacity building; and/or the formulation of policies that make it possible to enhance the benefits and minimize the potential costs associated with the implementation of the Agreements.

2.18. The Congo would like some capacity building to bring its sanitary and phytosanitary (SPS) measures regime into line with the relevant WTO provisions. The Congo intends to establish a national framework for standardization and a quality control system to improve access to regional and international markets for its exports. It would also appreciate receiving technical assistance from the WTO for this purpose.

2.3.2 Relations with the European Union (EU)

2.19. The European Union is the Congo's chief trading partner, in terms of both imports and exports of goods and services (Chapter 1). Along with the other CEMAC countries, the Congo is participating in the negotiation of the Economic Partnership Agreement (EPA) between the ACP States and the European Union within the CEMAC framework extended to include Sao Tome and Principe and the Democratic Republic of the Congo (common report, Chapter 2).

2.3.3 Other agreements and arrangements

2.20. The Congo benefits from the trade preferences of other developed countries in accordance with their national preference schemes, including the Generalised System of Preferences. Since 2004 it has been eligible for the Africa Growth and Opportunity Act (AGOA). It is a member of the following regional and subregional organizations: the African Union (and the Economic Commission for Africa), the Economic Community of Central African States (ECCAS) and CEMAC (common report, Chapter 2). The Congo has also concluded framework trade facilitation agreements with several countries.

2.4 Investment regime

2.21. Adopted in 2003, the Investment Charter of the Congo is the principal regulatory framework for investment. As is the case for all the other members of CEMAC, the Charter transposes Community provisions on investment into national law (common report, Chapter 2). The national charter is supplemented by regulations adopted at the beginning of 2004 and defining, in particular: the eligibility conditions and criteria; the regimes; the approval procedure, the approval authority and the obligations incumbent upon approved enterprises, infringements, penalties, miscellaneous provisions, and other practical information.[38]

2.22. The formulation of national investment policy is a matter for the Ministry responsible for planning (Ministry of the Economy, Finance, Planning, the Public Portfolio and Integration). The National Investment Commission (CNI) is responsible for implementing government investment policy and following it up with the approved enterprises and the national authorities involved in the relevant incentives.[39] The CNI meets four times a year in ordinary session but extraordinary sessions may be convened at the initiative of its chairman.

2.23. The Investment Charter applies to all enterprises seeking to develop an economic activity in the Congo, with the exception of activities such as brokering, dealing, arms importing and manufacturing, and the importing or processing of toxic waste and the like; moreover, there are specific regulatory frameworks for mining, logging and oil companies (Chapter 4). Although commerce is, in principle, an activity excluded from the ambit of the Charter, the Charter applies by way of exception to commercial activities associated with the collection, storage, distribution and export of locally manufactured products (other than alcoholic beverages and tobacco) with a view to promoting exports of local manufactures. Other activities are not open to private investment, however, including the sugar industry (Chapter 4.2), certain petroleum-related activities (Chapter 4.3) and goods or services supplied under a State monopoly (water, electricity,

[38] Decree No. 2004-30 of 18 February 2004.

[39] Decree No. 2003-57 of 22 April 2003. Monitoring is based on physical inspections and audits of enterprises approved under the Charter. See National Investment Commission (2005).

postal services and fixed telecommunications) (Chapters 3 and 4). Moreover, on-the-shelf retail trading, bread-making and urban transport activities are reserved for Congolese nationals.[40]

2.24. In addition to various guarantees (including non-discrimination, free movement and free transfer of revenue), newly formed companies operating in one of the eligible sectors can benefit from the customs, fiscal and land ownership measures provided for at Community level (common report, Chapter 3), including: (i) exemption from profits tax during a company's first three years of operation; (ii) the option to implement degressive or accelerated amortization and, during the first years of operation, authorization to carry losses over to subsequent years; (iii) companies with subsidiaries may deduct the income from shares or ownership interests in those subsidiaries from their taxable profits; and (iv) tax reduction measures when profits are reinvested.

2.25. Other measures are available as a result of applying the provisions of the OHADA revised Uniform Act on general commercial law. They include abolition of publication fees upon formation of a company (a simple notification to the Commercial Court or on the website of the Business Formalities Centre and its single window facility now suffice) and the submission of a declaration upon honour instead of an extract from the police record (common report, Chapter 2).

2.26. Enterprises that meet the eligibility conditions[41]can submit their applications to the CNI for approval under the general G regime or the special S regime[42]; specific supplementary criteria apply to forestry companies holding an exploitation permit[43], as well as to commercial enterprises that collect, store, distribute and export locally manufactured products (apart from alcoholic beverages and tobacco).[44] The special S regime is specifically intended to facilitate the establishment of SME/SMIs; to this end, advantages additional to those available under the G regime are granted, even though the minimum amount of investment required is less (Table 2.2).

2.27. Since the previous review the number of approvals, the total amount invested by regime and by sector, the total number of eligible projects submitted, accepted for processing and approved, and the number of potential and actual jobs created has zigzagged but the underlying trend has been upward. There has been significant growth in terms of volume and number (Tables 2.3 and 2.4).

[40] Law No. 19-2005 of 24 November 2005.

[41] According to Articles 5 and 6 of Decree No. 2004-30 of 18 February 2004, the conditions are: enrolment in the commercial register; creation of permanent jobs providing at least 280 days of employment per year; share capital equal to at least 20% of investment; for industrial businesses, use of local raw materials necessary for the manufacture of the finished or semi-finished product, on the same conditions of price, quality and delivery as offered by foreign suppliers, in the case of industrial enterprises; for service businesses, greater recourse to local services, on the same conditions of quality, price and delivery as offered by foreign enterprises, in the case of service enterprises; registration with the National Social Security Fund (CNSS); the opening of an account with a bank or other duly established financial savings and loans institution; priority for local labour with the same level of skills as foreign labour. Any new activity involving a separate production unit whose accounts are separate from those of the parent company can benefit, on the same terms as the latter, from the advantages conferred by the Investment Charter.

[42] The preferential development zone regime was not available in 2006; it is expected that a regulatory framework will be adopted in time for the launch of the free zone activities.

[43] The criteria additional to those of Articles 5 and 6 of Decree No. 2004-30 of 18 February 2004 are: new investment involving the establishment of a new logging unit and/or a new factory; creation of new jobs for this new unit; and separate accounts.

[44] The criteria additional to those of Articles 5 and 6 of Decree No. 2004-30 of 18 February 2004 are: investment, in particular in the construction of appropriate warehouses and the purchase of new means of transport suitable for product collection and distribution; and an assurance that, during the term of approval, 80% of the activity will involve only local products, but not alcoholic beverages or tobacco.

Table 2.2 Investment Code – benefits under preferential regimes[a]

	General G regime	Special S regime
Specific criteria	Investment of at least CFAF 100 million	Investment of at least CFAF 30 million but less than CFAF 100 million
Common provisions	During the start-up period and the first three years of operation, the approved enterprise benefits from:	
	- The provisions of the CEMAC Customs Code relating to inward processing procedures for export-oriented activities; - relief from customs duties in the form of temporary admission or duty-free entry for natural resource research activities; - a 50% reduction in the registration fees for company formation, capital increases, mergers, and share transfers.	
	During the first three years of operation, reckoned from the year of first sale of its output or first service provided, the approved enterprise benefits from: - Total exemption from tax on either company profits or personal income; - authorization to apply degressive or accelerated depreciation; - authorization to carry losses over to the next three financial years; - application of zero-rated VAT to its exports.	
Specific provisions	None	During the start-up period and the first three years of operation, the approved enterprise benefits from reduced registration fees for company formation, capital increases, mergers, and share transfers.

a The preferential development zone regime provided for by Decree No. 2004-30 of 18 February 2004 will be available after the adoption of the regulatory framework for the free zones.

Source: Decree No. 2004-30 of 18 February 2004.

Table 2.3 Number of approvals granted and investments planned, 2006-2012

Year	Domestic		Foreign		Combined ownership		TOTAL	
	Number of projects	Investment	Number of projects	Investment	Number of projects	Investment	Number of projects	Investment
2006	2	61.6	8	46.7	4	103.1	14	211.3
2007	6	13.9	5	66.3	6	12.5	17	92.6
2008	25	145.6	25	554.7	5	37.5	55	737.7
2009	5	3.5	6	28.9	1	1.4	12	33.8
2010	30	208	38	787.9	1	0.3	69	996.1
2011	21	106.4	35	952.5	8	44	64	1,103
2012	14	84.7	10	92.3	6	51.3	30	228.3
TOTAL	103	569.4	127	2,617.3	31	250.1	261	3,403

Source: Information provided by the Congolese authorities.

Table 2.4 Number of approvals extended, 2008-2012

Year	Domestic		Foreign		Combined ownership		TOTAL	
	Number of projects	Investment	Number of projects	Investment	Number of projects	Investment	Number of projects	Investment
2008			1	2.1			1	2.1
2009			1	12.1			1	12.1
2010	1	0.7	2	16.5	2	6.9	5	24.2
2011	1	14.9	2	73.7			3	88.6
2012			1	14.2	1	3.4	2	17.6
TOTAL	2	15.6	7	118.6	3	10.3	12	144.6

Source: Information provided by the Congolese authorities.

2.28. According to the World Bank, the Congo is still one of the most difficult places in the world for doing business. The business climate is characterized by excessive taxation, red tape, high costs of factors of production, weak infrastructure, and restricted, expensive access to credit. The road to improving the business climate in the Congo is hard and much remains to be done. The reforms undertaken since the previous TPR have not improved the business environment. The World Bank Group *Doing business 2013* report ranks the Congo 183rd out of 185 countries, just ahead of Chad and the Central African Republic, ranked 184th and 185th respectively (common report, Chapter 2, Table 2.3). The Congo was ranked 171st out of 175 countries in 2006.[45]

2.29. For the Congolese authorities, improving the business climate is one of the priority areas that the Government will focus on to revive growth. In that connection and with a view to improving its *Doing Business* rankings, the Congo adopted a draft law establishing a public body to promote private investment on 25 June 2012 at the 25th extraordinary session of the Senate.[46] The establishment of the agency was justified by the need to improve the business climate significantly as part of a comprehensive action plan to implement a support mechanism to develop the private sector.

2.30. In February 2013, the Government approved the statute of the Investment Promotion Agency (API). Established under the Law of 22 August 2012, the API has the statutory aims of implementing government investment policy through activities to promote and facilitate private investment; contributing to improving the business environment; and devising and promoting a brand image to attract potential investors to the Congo. According to the authorities, the API will have to make reliable economic, commercial and technical information available to investors or conduct studies on investment opportunities. Since 2003 the country has also had a National Investment Commission; unlike the API, its function is not to attract investors but to implement economic investment regulations, in other words to consider applications for approvals and grant approved businesses access to the benefits of preferential regimes, ensure compliance with the commitments entered into by the companies approved under the various regimes, certify the end of the companies' start-up period, etc.

2.31. The Government has also undertaken to introduce institutional and legal reforms by for example adopting incentives to encourage foreign direct investment (FDI); improving the services provided by the Business Formalities Centre (CFE); developing infrastructure; rationalizing and streamlining procedures, etc.[47] The business climate and economic diversification support project (PACADEC), which seeks to implement the business improvement action plan, was launched in 2010. The project is co-financed by the African Development Bank, the World Bank, the European Union and the French Development Agency (AFD).[48] Established under a Decree of 25 March 2011, the High Council for Public-Private Dialogue seeks to implement a series of measures with a view to facilitating e.g. business start-ups in the Congo.

2.32. The Government has also instigated other reforms to facilitate doing business, including reducing the cost of obtaining a construction permit, and the cost of registering a new building with the land register; encouraging business start-ups by abolishing or reducing the various costs associated with registering a new business; and by abolishing a long list of "nuisance taxes". However, although these measures have been debated and adopted by the Council of Ministers, they have not yet been transposed into laws. Consequently, despite introducing these measures, Congo's *Doing Business* ranking has fallen continually over time; in 2011 it dropped two places and fell further in 2013[49], reflecting the slow pace of applying certain measures, a degree of inconsistency in implementing others and the need to increase inter-ministerial coordination.[50]

2.33. The Republic of the Congo does not have any operational free zones. However, the Elissa group is running a trial of vehicle sales free of customs duties in the industrial zone of Pointe-Noire port. According to the authorities, the establishment of special economic zones is under way in Brazzaville and Oyo-Ollombo, in the Central Basin (Chapter 3, section 3.2.4).

[45] World Bank (2005) and (2012).
[46] Online information. Viewed at: http://www.congo-site.com.
[47] PRSP 2008-2010 and Social Project "*Le Chemin d'avenir*".
[48] African Development Bank (2010).
[49] World Bank (2012).
[50] This was referred to in the PRSP 2008-2010.

A Ministry with responsibility for Special Economic Zones was established during the ministerial reshuffle of September 2009.

2.34. Disputes between the State and investors are settled conducted in accordance with the rules of the national courts or the provisions of the treaties and international conventions to which the Congo is party (common report, Chapter 2). The Congo has also concluded a number of bilateral investment protection/promotion/double taxation agreements with the following countries: Germany (1967), Switzerland (1964), United Kingdom (1990) and United States (1994). The agreement signed with Italy in 1994 has not yet entered into force. More specifically, the Congo has concluded agreements as follows: two conventions with France (1986 and 1987), aimed at preventing double taxation and tax evasion; in October 2005, it signed an agreement with Tunisia on the promotion and reciprocal promotion of investments, together with a double taxation convention; a reciprocal investment promotion and protection agreement was signed with South Africa in October 2005.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures directly affecting imports

3.1.1 Registration

3.1. Previously, any economic operator wishing to engage in a commercial activity, including foreign trade, had to obtain a trader's card from the Ministry responsible for trade. However, the 2013 Finance Law abolished that requirement as of January 2013. To be a trader, economic operators have had to be authorized and enrolled in the Commercial and Personal Property Credit Register (RCCM); be registered in the files of the National Institute of Statistics (INS); obtain a single identification number (NIU) from the Directorate General of Taxes; be registered with the Chamber of Commerce, Industry, Agriculture and Trades; and be registered with the National Social Security Fund. These conditions apply both to nationals and foreigners.

3.2. Registration costs vary depending upon the nature of the business. For one-person businesses, the cost is CFAF 100,000 (RCCM, NIU, statistics, administrative fee) plus CFAF 10,000 (Chamber of Commerce); for limited liability companies the cost is CFAF 300,000 plus CFAF 10,000; and finally for public limited companies and economic interest groups it is CFAF 500,000 plus CFAF 10,000.

3.3. For registration purposes, all traders must fill out a single form, attach the original of their identity card or equivalent document along with two photocopies, three identity photographs and, for a married person, a copy of the marriage certificate. Additionally, foreign nationals from CEMAC States who may be self-employed must produce the original and two copies of documents attesting to the lawfulness of their residence on Congolese soil, and a receipt confirming that a bank account has been opened in the Congo together with a commitment to use that account for their financial transactions. Other foreigners who are not self-employed must form a company and produce four copies of notarized instruments referring to the agent or the minutes of the general meeting appointing the agent, and a commercial lease that incorporates, where necessary, a condition precedent on administrative regularization of the business. A foreign resident's card can be obtained from the Directorate-General of Immigration upon payment of CFAF 106,000. The card is valid for one year.

3.4. The number of registrations for status as a trader has grown significantly since the last TPR, confirming the economic upturn in the Congo (Table 3.1). The Congo does not require separate registration to engage in foreign trade; registration to operate as a trader is all that is required.

Table 3.1 Number of businesses formed, 2010-2012

Year	2010	2011	2012
Limited liability company	432	552	548
Public limited company	40	36	40
Limited partnership	01	0	0
One-person business	01	0	02
Economic Interest Group	02	03	01
Branches	0	0	01
TOTAL	476	591	592

Source: Centre for Business Formalities (CFE).

3.5. All administrative procedures associated with commercial activities can be carried out at the single window of the Centre for Business Formalities (CFE)[51], at Brazzaville, Pointe-Noire, Ouesso, Nkayi, Dolisie or Owando. Upon payment of the required fees, the single window conducts[52] formalities with the following offices on the trader's behalf: Register of the Commercial Court (RCCM), Chamber of Commerce, National Social Security Fund, National Institute

[51] Decree No. 95-193 of 18 October 1995.

[52] Law No. 36-2011 of 29 December 2011 enacting the 2012 Finance Law provides for the levying of a single tax upon starting a business. The amount is set at CFAF 500,000 for equity capital firms, CFAF 300,000 for partnerships and economic interest groups, and CFAF 100,000 for single-person businesses.

of Statistics, Departmental Directorate of Taxes, Departmental Directorate of Labour, and Departmental Directorate of Trade.[53]

3.6. Since June 2006, the importation and wholesale distribution of tradable goods and services have been reserved for legal persons and are no longer open to natural persons[54], the aim being to put imports and exports on a more formal footing.[55]

3.7. Since 14 May 2008 all imports and exports, regardless of origin or destination and the applicable customs regime, have been issued with an electronic cargo tracking note (ECTN) by the Congolese Shippers Council (CCC), a State body answerable to the Ministry of the Marine.[56]

3.8. An ECTN is required, *inter alia*, for customs declarations. It informs the customs services of the approximate value of the cargo, tonnage and the type of goods being shipped. It also provides data that allow the goods to be tracked from the port of shipment to the unloading port, thereby also serving as a key aspect of security.

3.9. The International Maritime Bureau manages ECTNs and levies charges as follows, 70% of which is passed on to the Congolese Shippers Council: a flat fee (€50 per ECTN for shipments from Europe and Africa; €100 per ECTN for shipments originating in other continents) plus a fee that varies depending on the mode of shipment of the goods (Table 3.2).[57]

3.10. The efficiency of this system is yet to be demonstrated in terms of duplication of information supplied by the manifest and inspections, and the additional costs incurred under the various procedures

Table 3.2 Variable component of the ECTN tariff, 2011

Mode of shipment	Description
Container	€50 per TEU container; €100 per FEU container (from Europe or Africa)
	€75 per TEU container; €125 per FEU container (from any other origin)
Rolling stock	€50 per vehicle (<5 tonnes [U.W.]); €100 per vehicle (>= 5 tonnes [U.W.]) (from Europe or Africa)
	€75 per vehicle (<5 tonnes [U.W.]); €125 per vehicle (>= 5 tonnes [U.W.]) (from other origins)
Consolidated	€5 wm (with €50 minimum per cargo tracking note) (from all origins)
Conventional	€5 wm (with €50 minimum per cargo tracking note) (from all origins)

Source: Online information. Viewed at: http://antaser.com/tariffs.jsp.

3.1.2 Customs procedures

3.11. The Congo applies but has not yet ratified the Kyoto Convention on the Simplification and Harmonization of Customs Procedures. Like all the other CEMAC member countries, since 2001 the Congo has applied the Community Customs Code[58] to the importation, exportation and re-exportation of goods (common report, Chapter 3, section 3.1.3). The documents required for customs procedures in the Congo are: bill of lading; invoice; freight note; insurance certificate;

[53] Decree No. 95-96 of 29 May 1995 establishes the charges for administrative formalities at the single windows. According to the table provided by the authorities, the charge for setting up a one-person business is CFAF 60,000, while that for forming a company is CFAF 95,000; in each case, payment gives entitlement to a trader's card. Foreign enterprises that carry on a temporary commercial activity are subject to more costly conditions. Foreign economic operators who are not nationals of CEMAC countries must set up a company and pay a deposit amounting to 1% of the share capital fixed at a minimum of CFAF 1 million.

[54] These persons carry on their activities by means of shops and stalls or display retail trade. Display retail trading is reserved for Congolese nationals (Article 11 of Law No. 19-2005 of 24 November 2005).

[55] Article 13 of Law No. 19-2005 of 24 November 2005.

[56] Ministry of Maritime Transport and the Merchant Navy: Order No. 1033/MTMMM of 14 May 2008.

[57] Online information. Viewed at: http://antaser.com/news_detail.jsp?newsId=3&lang=fr.

[58] Regulation No. 5/01-UDEAC-097-CM-06.

import declaration; an import certificate and, if necessary, the original ECTN, certificate of origin, and phytosanitary certificate.

3.12. Any detailed declaration where the value is equal to or greater than CFAF 3 million must be lodged exclusively by an approved customs clearing agent (or forwarding agent). In 2012 there were 124 approved customs agencies in the Congo. The functions of forwarding agents are regulated by a CEMAC Community act and by national customs law. All forwarding agents must pay a renewable annual deposit of CFAF 25 million; forwarding agents have Community competence. Clearing agents must comply with a number of strict conditions (bank guarantees, record-keeping, accounts, moral and financial soundness, etc.) in order to be granted authorization to practise. Duration of CEMAC approval is indefinite; provisional approvals granted by the Customs DG (before transfer to CEMAC) are valid for one year, renewable on application, without geographical limitation. There are official scales for forwarding agents but they are not applied in practice. There are no quotas; the system operates in accordance with free competition rules.

3.13. Import procedures can be summarized in six stages: import declaration, a certificate of conformity, a certificate of origin, inspection of goods, requirement for local insurance of imports (see 2013 Finance Law), pre-inspection control by COTECNA for goods valued at over CFAF 3 million and domiciliation of payments. It should be noted that the import declaration applies to all products that are freely allowed entry without quota and obtaining it involves a number of documents required by the Directorate-General of Domestic Trade. These include a current professional importing trader's card (withdrawn), a current business import licence and the pro forma invoice. Those documents attest to the applicant's status as the importer. Moreover, a prior import declaration (DPI) is required for all imports subject to preshipment inspection.

3.14. The importation of forest products is subject to special approval conditions, except in the case of forestry enterprises.[59] Special conditions also apply to persons who are approved to import petroleum products.[60]

3.15. The processing of customs declarations is computerized at the customs offices of Pointe-Noire, Brazzaville, Pokola (Sangha), Dolisie, and Nzassi (Kouilou), on the basis of the Automated System for Customs Data (ASYCUDA++). Migration of all customs clearance procedures to ASYCUDA World is under way. According to the authorities, the great majority of customs transactions are processed by computer. An automation fee of 2% based on the c.i.f. value at import and f.o.b. value on export is applicable to all transactions that are subject to customs procedures, including non-automated procedures.[61] A maximum of five days is required for clearance, reckoned from the date of lodgement of a complete set of supporting documents. According to the authorities the coverage of the automated customs network currently stands at around 90%. However, manual processing continues at a few customs posts as a result of inadequacies in infrastructure: absence of electricity and frequent power cuts.

3.16. A risk management and analysis policy is being introduced in the Congo and is applied in the major centres only. A streamlined customs clearance procedure is in place for certain approved economic operators based on simple criteria depending on the nature, value and quantity of the product and the importer's status. Integrated selectivity is applied by the company COTECNA on Customs' behalf, chiefly for controls on value. Customs conducts immediate verification in almost 100% of cases as well as a post-clearance audit in major centres by decentralized inspection services. COTECNA has established three channels for immediate verification of value (automated process). Green channel: directs the declaration towards a streamlined procedure; yellow channel: directs the declaration towards the scanner (suspicion); and red channel: requires scanner and a physical inspection because of significant risk. These controls are operational in Pointe-Noire and Brazzaville only.

3.17. CEMAC customs regulations apply at national level in the Congo (common report, Chapter 3, section 3.1.3). Moreover, perishable products, petroleum products and imports eligible

[59] Articles 127 and 128 of Decree No. 2002-437 of 31 December 2002.

[60] Decree No. 2005-83 of 28 December 2005. A fee of CFAF 700 million must be paid for approval of status as an importer of petroleum products.

[61] Law No. 33-2003 of 31 December 2003.

for exemptions are subject to a simplified direct clearance procedure. Additionally, a deposit of CFAF 30 million must be lodged with Customs for tax-exempt imports.[62]

3.18. Congo applies the CEMAC provisions on transit (common report, Chapter 3). Special provisions apply to transit to Angola: a deposit of CFAF 25 million applies to each container, and Customs levies 1% of the c.i.f. value of the cargo in transit by way of the automation fee. Additionally cargoes of timber in transit over Congolese territory are subject to a fee of 2% by way of the automation fee and a levy of CFAF 250/m^3 by way of the road fund. Transit operations are cleared on an ad hoc basis because of the lack of computer networking between the offices in the southern, central and northern parts of the country.

3.19. Apart from pursuing its own activities, the Directorate-General of Customs acts at the customs cordon on behalf of other Congolese authorities, including the Directorate-General of Transport (Road Fund) and the Directorate-General of Forestry Economics (Forest Fund). Moreover, Customs may act on any prohibited or hazardous goods or on goods subject to special rules; these rules may relate to public safety, health services, or taxes.

3.20. In the settlement of customs disputes the dispute is defined in accordance with the type of offences noted or found: offences identified by customs squads (land), offences identified by Customs Economic Investigations Bureaux (ECOR) or offences identified during inspections. When a violation is identified the identifying officers draw up a report. The operator in question is summoned by the head of the unit vested with the authority to settle disputes by the Director-General of Customs. He classifies the violation and determines the penalty in accordance with the provisions of the CEMAC Customs Code. Customs disputes are resolved by a settlement stating the amount of the fine and the destination of the goods in addition to payment of duties.

3.1.3 Preshipment inspection and customs valuation

3.21. Since 1995, preshipment inspection has been compulsory in the Congo for all imports and exports with an f.o.b. value greater than CFAF 3 million.[63] That threshold was reduced to CFAF 1 million as of 2012.[64] However, the relevant provision of the 2012 Finance Law is not yet in force. Certain products are automatically exempt and other exemptions may be authorized.[65] Applications for exemption must be made by the importer in writing to the Directorate-General of Customs. According to the authorities, no exemption other than those provided for in the law can be allowed.

3.22. The company COTECNA has been authorized by the Government to conduct preshipment inspection on the Congo's behalf since March 2006.[66] According to the contract, COTECNA inspection covers paper checks, inspection of quality, quantity, price, origin, tariff status, the customs value of goods imported into the Congo and the eligibility of goods for one of the customs schemes. The inspection is conducted at the production, storage, or loading site and the importer is required to present to Congolese Customs a prior import declaration (DPI) endorsed by the preshipment inspection company. Also required are the pro forma invoice/purchase order and the receipt for payment of the inspection fee (0.9% of the f.o.b. value, minimum of CFAF 65,000).

3.23. The inspection procedure gives rise to an inspection report. If the results of the inspection are satisfactory, an import (ADVI) or export (ADVE) certificate is issued. If the results of

[62] Service Note No. 0077/MFBPP/DGDDI/DRC of 14 March 2012.

[63] Decree No. 95-147 of 8 August 1995.

[64] 2012 Finance Law.

[65] The following are exempt from preshipment inspection: precious stones and metals; works of art; crude oil and refined products; arms and ammunition; other than for hunting or sport; explosives and pyrotechnic devices; live animals; perishable consumer goods; fresh or chilled (meat; fish, fruit and vegetables); recycled metals; plants and cut flowers; cinematographic film, printed and developed; current newspapers and periodicals; postal and fiscal stamps; stamped paper; banknotes; chequebooks; personal effects and used domestic objects (including motor vehicles); personal gifts sent by foreign residents to their close relatives for their personal use; postal parcels; commercial samples; crude oil and refined products; gifts in kind offered to the Government; supplies for diplomatic and consular missions or UN agencies (imported for their own needs); "free-shop" imports to be sold for export; and pharmaceutical products.

[66] Contract No. 009/2006/PR/AO/DGTT of 20 July 2006.

the inspection are not satisfactory, COTECNA issues a discrepancy report; an internal COTECNA appeals procedure is available in the event of disputes. The ADVI is mandatory for clearing imports. The ADVI indicates the tariff heading, the customs value and the total amount of duties and taxes payable; it must be accompanied by the import attestation endorsed by the bank with which the transaction is domiciled (if the value exceeds CFAF 5 million), the commercial invoice, the transport documents and, where applicable, the certificate of origin, the certificate of conformity and the sanitary or phytosanitary certificate.

3.24. As in other CEMAC countries, fees for preshipment inspection paid by importers are relatively high (common report, Chapter 3, section 3.1.2). According to the authorities, in May 2012 the company COTECNA scanned 1,993 containers valued at around CFAF 91.4 billion, excluding goods subject to a fixed fee and goods subject to other physical inspection. At 0.90% of the f.o.b. value, the monthly cost to the Congolese economy of this compulsory inspection can be estimated at around CFAF 822 million (€1.26 million). Notwithstanding its aims, the compulsory nature of the inspection increases the cost of fees on imported goods (especially fixed fees) charged to importers and duplicates the work done by Customs. As the minimum value of imports affected is CFAF 1 million, the flat fee equates to a maximum levy of 6.5%. No reforms are currently envisaged to make the inspection of goods imported into the Congo non-compulsory. Additionally, the Import Declaration to COTECNA and the corresponding ADVI are not digital documents, COTECNA is not electronically networked to the customs computer platform (ASYCUDA World), complicating and further delaying the importation process.

3.25. In principle, the Congo has applied the WTO Customs Valuation Agreement since 1 August 2001[67], and its provisions have been incorporated verbatim into the relevant section of the CEMAC Customs Code (common report, Chapter 3, section 3.1.3).[68] However, the country is experiencing problems in applying the Agreement in practice. Congolese Customs continues to rely occasionally on reference values. By Decision No. 007/MEFB/DGDI/DLC of 26 June 2007, the Director-General of Customs published the list of reference values applicable to certain customs procedures. They are based on consultations between the Directorate-General of Customs and COTECNA and broadly concern goods valued at less than CFAF 1 million.

3.26. Customs also refers to the guide list value when granting customs clearance for second-hand vehicles. Reference prices (f.o.b.) have been published for the export of timber and scrap. It should be noted that as the legal bases of those values and prices are rarely amended, they lower the prices of the goods concerned. Local offices also apply reference prices as a streamlining measure.

3.27. Technical assistance is requested to improve the application of multilateral provisions on customs valuation.

3.1.4 Rules of origin

3.28. The CEMAC rules of origin (common report, Chapter 3, section 3.1.9) apply at the national level in the Congo. No Congolese product has been approved since the introduction of the Community system. According to the authorities, the procedure for the approval and issue of certificates of origin, and the procedure for inspecting certificates of origin at import at national level are governed by regulation.[69] The company sends an application to the Chamber of Commerce, which determines origin on the basis of CEMAC texts and national rules. Customs authenticates the certificates. Origin is one of the elements covered by COTECNA at the preshipment inspection.

3.1.5 Customs levies

3.1.5.1 Import duties and taxes

3.29. The Directorate-General of Customs is still one of the State's chief sources of overall budgetary receipts (Table 3.3).

[67] Decree No. 2001-387 of 31 July 2001.
[68] Title 1, Chapter IV, Section IV.
[69] Order No. 486 of 20 September 1998 regulating certificates of origin.

3.30. Since 2000, the CEMAC countries have applied a common external tariff (CET) to imports from third countries. Updated in line with the 2012 version of the Harmonized System[70], the CET has five bands defined as follows[71]: certain cultural and aviation-related products (zero rate), basic necessities (5%), raw materials and capital goods (10%), intermediate and miscellaneous goods (20%); and daily consumer goods (30%) (common report, Chapter 3, section 3.1.4). However, each CEMAC country unilaterally awards itself derogations from the CET without consultation or notification of other members. For the Congo, these derogations involve 125 eight-digit-tariff lines.

Table 3.3 Tax revenue by principal source, 2005-2013
(CFAF billion)

	2005	2006	2007	2008	2009	2010	2011	2012	2013[a]
Non-petroleum revenue	220.1	261.0	279.7	344.4	389.5	468.8	575.8	652.0	691.3
Tax revenue	211.9	250.5	264.5	305.2	357.7	445.4	549.5	603.5	662.7
Taxes and duties (domestic)	167.9	195.8	209.0	242.3	287.3	367.5	448.4	472.5	517.5
Direct	86.9	105.3	91.7	110.2	121.4	162.6	200.7	213.4	226.6
Taxes on non-petroleum companies	48.1	63.5		50.7	55.4	86.4	103.9	113.8	124.3
Personal income tax	23.5	25.1	35.8	43.4	47.4	54.8	68.6	72.5	72.5
Taxes on property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other direct taxes	15.3	16.6	14.1	16.1	18.7	21.3	28.3	27.1	29.8
Indirect	81.0	90.4	117.3	132.1	165.9	204.9	247.6	259.1	290.9
Value added tax (VAT)	63.5	71.8	81.8	95.0	118.9	144.9	176.0	182.5	204.1
Domestic consumption duty CORAF water and rent	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other indirect taxes	17.5	18.7	35.5	37.1	47.0	60.0	71.6	76.6	86.8
Customs revenues	42.7	53.5	50.6	58.9	66.5	77.9	101.1	131.0	145.1
Import duties and taxes	42.7	53.5	50.6	58.9	66.5	77.9	101.1	131.0	145.1
Export duties and taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Registration revenues	1.3	1.3	5.0	4.0	4.0	0.0	0.0	0.0	0.0
Registration fees and taxes	1.3	1.3	5.0	4.0	4.0	0.0	0.0	0.0	0.0
Other combined taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-tax revenue	8.2	10.5	15.2	39.2	31.8	23.4	26.3	48.5	28.6
Revenues from the State domains (land tenure, forestry, mining)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Service revenues	8.2	10.5	15.2	19.2	15.2	17.9	21.5	13.0	13.6
Revenues from State-owned companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fines, confiscation, distraint	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Asset transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-tax revenue	0.0	0.0	0.0	20.0	16.6	5.5	4.8	35.5	15.0

Source: Information provided by the Congolese authorities.

3.31. In addition to the CET, the Congo applies the other CEMAC duties and taxes (common report, Chapter 3, section 3.1.5): the 1% CEMAC Community integration tax or levy (TCI/PCI), applicable to imports originating in countries outside CEMAC and released

[70] Decision No. 21.07-UEAC-1368 U-CM-15 of 17 March 2007, approving the update of the CEMAC CET in accordance with the 2007 version of the Harmonized System.

[71] Act No. 7/93-UDEAC-556-SE1 of 21 June 1993 revising the CET and laying down the modalities for the application of the generalized preferential tariff.

for consumption[72]; the 0.4% Community integration contribution (CCI) applicable to imports originating in non-ECCAS countries.[73]; the 0.05% OHADA levy applicable to goods of all origins[74] (common report, Chapter 3). The Congo also levies a 0.2% statistical tax on imports of all origins[75]; a 2% automation fee; and inspection charges for transactions subject to inspection. Imports are also subject to a 5% levy by way of an advance payment on income tax or the flat-rate taxes payable in their stead. A minimum 5% customs duty is also in place for goods exempt under either the Customs Code, or international agreements and treaties (see 2012 Finance Law). There is a 15% tax on imports of timber products and wood products, with the exception of those intended to supply local industries.[76]

3.1.5.2 Bindings

3.32. The Congo has bound 17.4% of its tariff lines (common report, Table 3.2). The low percentage of bindings does not guarantee the tariff regime's predictability and raises the problem of transparency, an issue that might make any partner hesitate, whether a trading partner or a partner seeking an environment conducive to investment. Moreover, on two lines the applied rates are higher than the bound rates (common report, Table 3.2), meaning that the Congo is in breach of its WTO commitments.

3.1.6 Internal taxes

3.33. In conformity with the schemes laid down at Community level[77], the Congo applies value added tax (VAT), and excise duty on certain products (common report, Chapter 3.1.6). In addition to the elements used at Community level, the tax base in the Congo generally includes the Brazzaville municipal tax at the customs office in the capital.

3.34. The current VAT ceiling in the Congo is 18%[78]; the exemption granted to the petroleum-related activities of companies approved under the Hydrocarbons Code and their subcontractors has been codified since 1999.[79]

3.35. Some staples are, in principle, exempt from VAT (as well as customs duties).[80] Finance Law No. 41-2012 of 29 December 2012 extends the exemption afforded to the following products until 2016: inputs, materials and equipment for use in the agro-pastoral and fisheries sector.[81] Moreover, some locally produced goods, such as wheat flour produced by MINOCO[82] and mineral water produced by SN PLASCO, are exempt from VAT, unlike competing imports. Altogether, according to the Secretariat's estimates, VAT is applied to 4,949 of the 5,794 lines in the Congo tariff. Exports are zero-rated (see below).

3.36. In accordance with CEMAC regulations[83], the Congo levies 24% excise duty on, among other things, beverages, tobacco and precious stones (common report, Chapter 3). However, a 10% tax rate is applied discretionally to beverages and tobacco that are locally produced. This is in violation of national treatment rules. Altogether, according to the Secretariat's estimates, excise duty is applied to 107 of the Congo's full complement of 5,794 tariff lines.

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[72] Additional Act No. 03/00-CEMAC 046-CM-05.

[73] Decision No. 05/CEEAC/CCEG/X/02 of the ECCAS Conference of Heads of State and Government.

[74] Order No. 5808/MEFB-CAB of 20 September 2005.

[75] Order No. 0601/MF/DGCRF of 19 January 1982.

[76] Order No. 6384/MEFB of 31 December 2002.

[77] Act No. 1/92-UDEAC-556-CD-SE1, amended by Act No.4/94-UDEAC-556-CD-SE1 and Act No. 1/96-UDEAC-556-CD.

[78] Law No. 12-97 of 12 May 1997, as amended by successive finance laws.

[79] Decree No. 99-186 of 26 October 1999, repealed by Decree No. 2001-522 of 19 October 2001. The equipment and products that eligible for entry free of duties and taxes for mineral and oil research purposes are listed in Annex IV to Chapter V, General Tax Code.

[80] Annex III, Texts relating to VAT, General Tax Code. The goods concerned include: wheat flour; milk; bread; meat and poultry; infant food; powdered milk; medicines; medical appliances and invalid carriages; spectacles; books; fertilizers, insecticides and pesticides.

[81] Law No. 33-2003 of 31 December 2003.

[82] Law No. 20-2004 of 30 December 2004 extends the exemption from VAT within CEMAC.

[83] Act No. 1/92-UDEAC-556-CD-SE1, amended by Act No.4/94-UDEAC-556-CD-SE1 and Act No. 1/96-UDEAC-556-CD. The products liable to excise duty are listed in Annex II to Chapter V, General Tax Code.

3.1.7 Tariff preferences

3.37. The Congo has removed all restrictions, including tariff restrictions, on imports originating in other CEMAC countries. Moreover, the CCI does not apply to intra-ECCAS trade and the OHADA tax does not apply to intra-OHADA trade.

3.1.8 Duty and tax concessions

3.38. In addition to schemes granting concessions and exemptions from Community duties and taxes (common report, Chapter 3.1.8), the Congo confers exemptions from duties and taxes upon businesses that are authorized under the National Investment Charter (Chapters 2 and 3, section 3.4.1), the Forestry Code (Chapter 4.2), the Mining Code (Chapter 4.3) and the Hydrocarbons Code (Chapter 4.3). Some of these measures are reserved for export and import substitution activities. At import, agricultural inputs, materials and equipment are subject to a 2% external tariff until 2016.[84]

3.39. The loss of revenue attributable to exemptions (in the petroleum sector under Acts No. 2/92 and No. 2/98/UDEAC) by way of contribution to investment and exceptional exemptions (Table 3.4) has more than doubled since the previous review, and has soared for discretionary exceptional exemptions, suggesting that the taxation system is ill-suited to the structure of the economy. Altogether the exemptions amount to over 300% of State customs revenues (Chapter 3, section 3.1.5.1, Table 3.2). This deprives the State of the means it would otherwise have had to implement its various programmes.

Table 3.4 Breakdown of losses attributable to exemptions, 2006-2012
(CFAF)

Year	Total loss of revenue attributable to exemptions	Loss of revenue attributable to exemptions in the petroleum sector	Loss of revenue attributable to regulatory exemptions, i.e. attributable to the implementation Acts Nos. 2/92 and 2/98/UDEAC	Losses of revenue to the Congolese contribution to investment	Losses from exceptional exemptions
2006	176,397,150,000	148,857,210,000	13,475,870,000	10,889,750,000	3,174,320,000
2007	229,558,420,000	185,269,950,000	7,677,220,000	32,557,350,000	4,053,900,000
2008	325,146,170,000	287,339,160,000	6,496,440,000	28,703,410,000	2,608,160,000
2009	330,845,230,000	273,147,730,000	6,127,670,000	57,378,540,000	3,168,290,000
2010	331,837,460,000	251,045,910,000	6,441,220,000	71,558,230,000	2,752,100,000
2011	376,140,730,000	285,419,800,000	9,204,190,000	48,656,380,000	32,860,360,000
2012	438,126,560,000	237,086,930,000	7,183,150,000	150,400,440,000	43,456,040,000

Source: Congolese Directorate-General of Customs.

3.1.9 Prohibitions, quantitative restrictions and licensing

3.40. Apart from the registration formalities applicable to all foreign trade activities (section 3.2.1), control measures may be applied to imports of certain products for security reasons, either in order to protect public health and morality or because of their strategic nature.

3.41. The Congo has not notified the WTO of its prohibition, authorization or import licensing regimes. The prohibition regime concerns, in particular, food waste[85], and dangerous and war-related toys.[86] Controls are imposed through import declarations in order to protect

[84] Law No. 41-2012 of 29 December 2012.

[85] Decree No. 2001-524 of 19 October 2001. The following, in particular, are affected: old frozen meat and fish; turkey rumps; high-fat meat, in particular "capas"; cuts of meat, shaved or skinned; and chicken feet.

[86] Circular No. 931/MCCA-CAB of 19 November 2003.

consumers, live animals, plants and the environment, in particular within the framework of the international conventions to which Congo is a signatory.[87]

3.42. According to the authorities, there are a number of products subject to a prohibition on import and export; they include drugs, psychotropic substances, arms and munitions, plastic sacks and bags, children's toys with a military theme, protected animal species, elephant tusks, counterfeit goods, industrial waste and scrap. Breaches of this prohibition are punishable as laid down in the texts in force.

3.43. Sugar and wheat flour are the two products imported under quotas. Sugar marketing is a monopoly of SARIS-Congo. If sugar production (part of which is exported) were to prove insufficient to meet local demand, SARIS-Congo would issue shortage certificates and on the basis of those certificates the Ministry of Trade would issue an import declaration (Chapter 4.2). Otherwise the importation of sugar into the Congo is prohibited. Wheat flour is the subject of an import quota to protect the national enterprise, MINOCO, from competition. The National Commission on the Regulation of the Flour Market has set the level at 48,000 tonnes per year, with 12,000 tonnes being allocated at the beginning of each quarter.[88]

3.44. Import and export licences have been abolished in the Congo.[89] However, the export of some products is still regulated by specific codes (Table 3.5 as well as the Forestry, Mining and Hydrocarbons Codes). The Directorate-General of Customs and Indirect Duties is responsible for implementing CEMAC provisions on prohibitions and licensing (common report, Chapter 3, section 3.1.10).

Table 3.5 Import controls, 2012

Responsible body	Document required	Product
Ministry of Internal Affairs	Prior authorization	Arms and munitions; radio equipment (transmitters and receivers)
Ministry of Health (pharmaceutical inspection)	Authorization	Pharmaceutical products
Ministry of Agriculture (veterinary service)	Health certificate	Fresh meat and fish
Ministry of Agriculture (live animals) and Forestry Economics (protected species)	Health certificate and CITES certificate	Live animals and protected species
Ministry of Hydrocarbons	Prior authorization	Fuels
Ministry of Finance	Prior authorization	Foreign exchange

Source: Directorate-General of Customs.

3.1.10 Standards, technical regulations and accreditation

3.45. The Congo lacks a national regulatory framework for standardization and quality management; no notification has been made to the WTO in this respect. The draft law establishing the Congolese Standardization and Quality Agency; the draft law establishing the national standardization system; the draft law on metrology; the draft decree approving the Statute of the Congolese Standardization and Quality Agency; and the Statute of the Congolese Standardization and Quality Agency are in the process of being drawn up. The Congo has not signed any mutual recognition agreements on standardization and conformity assessment. However, the Congolese Government has signed a conformity assessment programme with the company COTECNA for goods being shipped to the Congo. Moreover a project to establish a national food quality control laboratory is currently being finalized.

[87] Online information. Viewed at: http://www.wto.org/English/tratop_e/envir_e/membershipwtomeas_e.doc.

[88] The quota is allocated on a "first come, first served" basis with a maximum of 3,500 tonnes per importer per quarter. The licences are valid for six months and printing costs are CFAF 7,500.

[89] Law No. 03/2007 regulating imports, exports and re-exports.

3.1.11 Sanitary and phytosanitary measures

3.46. No measure (ordinary or emergency) has been notified to the WTO SPS Committee since the previous TPR of the Congo in 2006; the country does not have an operational SPS enquiry point. The lack of an operational SPS system and the country's inadequate infrastructure are a constraint on the development of exports from the Congo.

3.47. The Ministry responsible for health is in charge of applying SPS measures relating to human health and food and the Ministry responsible for agriculture is in charge of applying phytosanitary measures and the protection of animal health[90], in both cases in collaboration with the Ministry responsible for trade.[91] The Congo complies with the provisions of the FAO International Plant Protection Convention; the FAO/WHO Codex Alimentarius; and the provisions of the World Organisation for Animal Health (OIE).

3.48. The importation and exportation of animal and plant products are subject to prior authorization and the issue of sanitary and phytosanitary certificates. The importation into the Republic of the Congo of live animals other than carnivores is subject to an authorization issued by the Veterinary Inspection Service (Ministry of Agriculture and Livestock).[92] Moreover, certain food products of animal origin are prohibited for import[93] and the movement of cattle on Congolese territory is subject to the issue of a health permit by the Veterinary Inspection Service following a cattle health visit from the head of the originating veterinary sector.[94]

3.49. Additionally, health inspection of markets and establishments trading in animal products, whether fresh, prepared or processed, and of facilities for processing raw materials is compulsory.[95] Composite products intended as cattle feed are subject to controls and their sale is subject to prior declaration of their composition authorized by the Ministry of Agriculture and Livestock.[96] Services from the Ministry acting as phytosanitary inspectors are present at the main customs posts to conduct controls on the origin and quality of plants.[97]

3.1.12 Packaging, marking and labelling requirements

3.50. The Congo has no national rules (or associated taxes) on packaging. On labelling, however, Law No. 03-2007 of 24 January 2007 requires products imported into the Congo to bear a notice in French.

3.1.13 Contingency measures

3.51. The Congo has no national legislation on anti-dumping, countervailing or safeguard measures; the relevant CEMAC provisions (common report, Chapter 3, section 3.1.13) are applicable in the Congo. According to the authorities, the Congo has never implemented any of these measures.

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[90] Decree No. 67/182 of 17 July 1967 concerns the animal health inspectorate and Law No. 17/67 of 30 November 1967 concerns the penalties for related infringements. Order No. 4646/BE 47-14 of 16 December 1968 concerns the importation of live animals and establishes the obligation to obtain an authorization issued by the Veterinary Inspection Service; Order No. 4645/BE 47-14 of 16 December 1968 regulates the movement of cattle on Congolese territory.

[91] Law No. 6/94 of 1 June 1994 on competition (Section (4)(ii)) and Law No. 7/94 of 1 June 1994 on the trade regime (section (2)) provide the regulatory framework for such measures.

[92] Order No. 4646 of 16 December 1968 on the importation of live animals into the Republic of the Congo.

[93] Decree No. 200-524 of 19 October 2001 prohibiting the importation of certain food products of animal origin. These include old frozen meat and fish; turkey rumps; high-fat meat, in particular "capas"; cuts of meat, shaved or skinned; table eggs; and chicken feet.

[94] Order No. 4645 of 16 December 1968 on the movement of cattle on Congolese territory.

[95] Order No. 1778 of 8 June 1940 regulating the health inspection of markets and establishments for trade in and processing of products of animal origin.

[96] Ordinance No. 63-18 of 26 November 1963 establishing controls on products intended as cattle feed.

[97] Order No. 3401 of 23 June 1976.

3.1.14 Other measures

3.52. The Congo complies with its commitments vis-à-vis the United Nations. It applies the trade sanctions decided upon within the context of the UN or the regional bodies in which it participates. No agreement has been concluded by the Congo or Congolese enterprises with foreign governments or enterprises with a view to influencing the quantity or value of goods and services exported to the Congo. Moreover the Congo has no regulatory requirements on the accumulation or holding of buffer/reserve stocks. A project to establish buffer storage facilities for petroleum products is being studied by the Ministry of Hydrocarbons. The Congo does not take part in barter trade.

3.2 Measures directly affecting exports

3.2.1 Registration and customs procedures

3.53. The registration formalities required to import goods for commercial purposes also apply to exports (section 3.1.1 above). The status of exporter is awarded to any operator meeting the requirements for the status of trader. The export of forest products is subject to special conditions of approval, except in the case of forestry enterprises.[98] Owners of mining titles may transport and export the minerals to which those titles relate[99], and export operations may also be carried out by purchasing offices.[100] Special conditions apply to persons who have received approval to export petroleum products or to engage in transit and re-exportation activities involving these products.[101] There is no export licensing in the Congo. Instead there are special authorizations for certain products deemed to be sensitive or that are subject to restrictions, such as sugar.

3.54. The preshipment inspection regime, entrusted to COTECNA (section 2.2), applies to exports as well as imports, except for forest products where inspections are the responsibility of the Forestry Products Export Controls Unit (SCPFE) attached to the Ministry of Forest Economics. The situation is similar for petroleum products where inspection is the responsibility of Bureau Veritas, acting on the State's behalf. A customs declaration must be made out for all exports. A document concerning the foreign exchange undertaking endorsed by the bank with which the transaction is domiciled is also required for all export operations. The foreign exchange undertaking consists in the obligation to repatriate export earnings from countries outside CEMAC, and convert them into CFA francs within 30 days of the goods being shipped.

3.55. In support of the customs declaration, exporters of forest products must also produce specification sheets certified by the water resources and forestry administration. These specification sheets "contain the product references, the name of the holder of the contract or permit and his tax category, indicated by his triangular hammer mark".[102] The duty is levied by customs on exporters upon presentation of the specification sheet and the export control certificate supplied by the SCPFE following the inspection.

3.2.2 Export duties and taxes

3.56. Exports of goods are subject to several export duties and taxes, in particular: the 2% automation fee; the 2% supplementary exit duty (DAS), from which only crude oil and gas are exempt; and the 2% levy on rough diamonds. Timber is taxed as follows: a 1% levy for the SCPFE[103], the timber exports tax assessed on the basis of the transport costs associated with the four logging zones (Chapter 4.2)[104], the f.o.b. value, the species and the degree of processing. In addition, there is a 15% surcharge on rough timber exported over and above the quota of 85%

[98] Articles 127 and 128 of Decree No. 2002-437 of 31 December 2002.
[99] Article 78 of Law No. 2005-4 of 11 April 2005.
[100] Article 80 of Law No. 2005-4 of 11 April 2005.
[101] Decree No. 2002-265 of 1 August 2002. Decree No. 2005-83 of 28 December 2005 establishes a fee of CFAF 500 million for obtaining approval to engage in export activities, and a fee of CFAF 700 million for approval to engage in transit and re-exportation activities.
[102] Article 135 of Decree No. 2002-437 of 31 December 2002.
[103] Article 78 of Law No. 2005-4 of 11 April 2005.
[104] Order No. 6383/MEFB of 31 December 2002 and Order No. 6387/MEFB of 31 December 2002.

of the production of each forestry enterprise[105], as well as the contribution to the road fund assessed on timber for export or in transit.[106] The tax base is the f.o.b. value.

3.2.3 Export prohibitions and controls

3.57. An export declaration must be filed for all goods being exported or re-exported[107], except for timber where controls are the task of the SCPFE, and petroleum where they are the task of Veritas.[108]

3.58. Under the Forestry Code, only processed wood in the finished or semi-finished state may be exported[109], but in practice each forestry enterprise is required to limit rough timber exports to 15% of its total production volume. This threshold is often exceeded, triggering payment of the 15% surcharge.

3.59. Under the Mining Code, every shipment of precious minerals requires an export authorization (licence) issued by the central mining authority.[110] The Congo, which had been participating in the Kimberley Process (KP) relating to the diamond trade since 10 June 2003, was suspended as from 9 July 2004, following a KP working mission which concluded that the country was not complying with the provisions of the diamond certification scheme.[111] The Congo was subsequently reinstated by a decision of the KP of 26 November 2007.

3.60. Circular Note No. 0939/MEFB-CAB of 8 October 2007 introduced compulsory preshipment inspection of any pharmaceutical product imported into the Congo. The circular was supplemented by Service Note No. 219/MEFB/DGDDI of 15 May 2008 introducing compulsory incorporation of the COTECNA certificate number into the ASYCUDA software used by Congolese Customs.

3.61. The blocking field (ADV) of CFAF 3 million has been active and official since 1 June 2008. The 2012 Finance Law reduced the blocking field to CFAF 1 million.[112] COTECNA has supplied and installed scanners in the main pilot customs offices at Pointe–Noire and Brazzaville. Inspections by scanner began on 25 March 2010 in Pointe–Noire.

3.62. On the export of hydrocarbons, the Government has signed an agreement with another inspection company, Bureau Veritas. Where hydrocarbons and their refined and gaseous derivatives are concerned, Bureau Veritas acts on the Congo's behalf alongside the *Société générale de surveillance* (SGS), which acts on the purchaser's behalf. The costs and charges incurred in inspections by Bureau Veritas are borne by the State.

3.2.4 Export subsidies and promotion

3.63. Apart from the zero rate of VAT and the various suspensory procedures provided for at Community level (common report, Chapter 3), the Congo has not established any other benefits for exports. The Congo does not have any operational free zones although, according to the authorities, the establishment of special economic zones is under way in Brazzaville and Oyo-Ollombo, in the Central Basin.

3.64. The task of the Congolese Foreign Trade Centre (CCCE), established in 1972[113], is to promote exports, support economic operators by providing them with market access intelligence, and help them to develop partnership agreements. The CCCE supports

[105] Order No. 2731/MEFE/MEFB of 17 March 2004.

[106] The contribution is CFAF 75/m^3 for Congolese timber, CFAF 250/m^3 for timber from outside the CEMAC, and CFAF zero/m^3 for CEMAC timber.

[107] Article 18 of Law No. 7-94 of 1 June 1994.

[108] Contract No. 009/2006/PR/AO/DGTT of 20 July 2006.

[109] Article 48 of Law No. 16-2000 of 20 November 2000.

[110] Article 80 of Law No. 4-2005 of 11 April 2005.

[111] Kimberly Process (2006). "Kimberley Process Removes the Republic of Congo from the List of Participants".

[112] According to the authorities, in practice this provision of the 2012 Finance Law is not applied. The 2013 Finance Law makes no reference to this matter.

[113] Law No. 23-2005 of 30 December 2005.

the participation of Congolese economic operators at trade fairs and similar events. The CCCE is essentially funded by an annual State subsidy.

3.3 Measures affecting production and trade

3.3.1 Incentives

3.65. The Congo has not notified the WTO of subsidies or aid. The main support measures in effect relate to the benefits available to enterprises approved under the Investment Charter (Chapter 2.4 and common report, Chapter 3, section 3.3.1), the Forestry Code (Chapter 4.2), the Mining Code (Chapter 4.3), or the Hydrocarbons Code (Chapter 4.3). Benefits are also granted in order to promote SMEs (Chapter 4.4). In addition, the State supports agriculture in various ways (Chapter 4.2). Public services, such as electricity (Chapter 4.3), water (Chapter 4.3) and transport (Chapter 4.5), also benefit from government support.

3.66. Law No. 22-2005 of 28 December 2005 established the Agriculture Support Fund as a public administrative body with the task of providing finance for agricultural, pastoral and fisheries production, marketing, conservation and institutional support. Order No. 6967 of 22 September 2010 on the establishment, powers and organization of the Project to support the marketing of agricultural products confers upon the Fund the responsibility of providing for the primary collection, transportation and distribution of agricultural products; studying the mechanism regulating marketing channels for agricultural products; and establishing the conditions for resumption of marketing by private economic operators. In 2008, the Agriculture Support Fund enabled development activities to be held in technical centres along with seminars and training workshops to enhance human resource capacity in the sector.

3.3.2 Competition and price control

3.67. Apart from the relevant CEMAC regulations, the provisions of which are, in principle, directly applicable in all the Member States, the Congo does not have a national competition regime (common report, Chapter 3, section 3.2.2). According to the national authorities, some aspects are covered by national provisions (Law No. 6-94 of 1 June 1994) which date from 1994, namely product price regimes for goods and services of all kinds; market transparency; anti-competitive practices; trading standards; stockholding; and the investigation and repression of fraud. Formulation of a new competition law is under way. Its provisions include the introduction of a National Competition Authority.

3.68. Consumer protection is also among the law's objectives concerning market transparency and product quality. For example, traders must inform consumers of the prices of the goods or services on offer and must provide a commercial invoice upon request. The law punishes offences such as counterfeiting and deceptive or misleading advertising concerning, in particular, adulterated or toxic products; thus the law also touches on sanitary measures (section 3.1.10), dishonesty and fraud in the provision of services, and fraud relating to importation, production and sale. The law also deals with infringements connected with the status of trader and the application of the relevant provisions on domestic and foreign trade. A new consumer protection law is being drafted; it provides *inter alia* for the introduction of a National Consumer Rights Protection Council.

3.69. In principle, prices are determined by the free play of competition, except in the case of the authorization regime for staple goods.[114] Order No. 16/MCAPMEA/CAB of 23 August 2000 identifies the products subject to the price authorization regime. The products concerned include meat, poultry, saltwater fish, salted fish, wheat flour, edible oils, reinforcing bars, corrugated iron, salt, mineral water and sugar.

3.70. Within the framework of the special schemes (taxation procedure) the State determines the prices of the following products: petroleum products (Chapter 4.3), water (Chapter 4.3),

[114] According to Law No. 5-94 of 1 June 1994, as supplemented by Circular Note No. 16/MCAPME/CAB of 23 August 2000, the authorization process consists in the approval of maximum selling prices by the Ministry responsible for trade, on the basis of a breakdown provided by the economic operator, in accordance with the price structure and statutory profit ratios. Authorization must be obtained before the goods concerned can be offered for sale. The wholesaler importer must indicate the authorized retail selling price on his wholesale invoice.

electricity (Chapter 4.3), postal and telecommunications services (except for Internet access and mobile telephony) (Chapter 4.5); locally produced beverages, sugar, wheat flour, locally manufactured products and public transport. The Directorate-General of Competition and Suppression of Fraud represents the country on CEMAC's Competition Monitoring Body (common report, Chapter 3.3.2).

3.3.3 State trading, State-owned enterprises and privatization

3.71. The Congo has not yet notified the WTO of its State trading enterprises within the meaning of Article XVII of the GATT.[115] The process of disengagement of the State from economic activities dates from 1994, but actual liberalization is continuing. The National Electric Company (SNE) still holds a monopoly over the generation, supply and importation of electricity. Saris Congo is still the only company producing and importing sugar in the Congo. Moreover, in areas where there used to be a monopoly (such as hydrocarbons), Decree No. 2008-15 of 11 December 2008 lays down the procedures for the allocation of mining titles for liquid and gaseous hydrocarbons. As a result, in 2008 many mining titles were allocated to private operators: 57 prospecting authorizations were awarded to 28 companies, and 24 research permits were awarded to 14 companies.

3.3.4 Government procurement

3.72. In 2009 the Congo adopted a new government procurement management framework[116] that transposed Community legislation in this field into national law (common report, Chapter 3.3.3). According to the authorities, the new code seeks to promote transparency and competition in the allocation and monitoring of public contracts, in accordance with international standards. However, Decree No. 2009-156 of 20 May 2009 covers only three types of procurement contract: works contracts, supply contracts and intellectual service contracts. It does not cover purchases of food products or ironmongery.

3.73. The new Code formally establishes several bodies including the Government Procurement Regulatory Authority with a view to providing high-quality services to government procurement stakeholders. The Ministry of Regional Planning and Major Works was also established, with responsibility for awarding and ensuring the performance of government procurement contracts and contracts for public service concessions by the State and other legal persons under public or private law.

3.74. A government procurement management unit answerable to the person in charge of government procurement has responsibility for implementing all government procurement and public service concession procedures. It is responsible in particular for planning government procurement and public service concessions. The Directorate-General for Government Procurement Control monitors implementation of the regulations governing government procurement and public service concessions.

3.75. The current thresholds for awarding contracts are: around CFAF 50 million for works and supply contracts and around CFAF 10 million for calls for quotations for intellectual service contracts. As part of the evaluation, the bids submitted by bidders based in the Congo/CEMAC area benefit from a 10-point advantage.

3.76. The Congo is not a member of the WTO Plurilateral Agreement on Government Procurement nor is it an observer.

3.3.5 Protection of intellectual property rights

3.77. The Congo, like other CEMAC countries (common report, Chapter 3), is a member of the African Intellectual Property Organization (OAPI) set up under the Bangui Agreement in 1997 (common report, Chapter 3, section 3.3.4).[117] The Congo ratified

[115] WTO document G/L/971/Rev.1, 7 November 2011.

[116] Decree No. 2009-156 of 20 May 2009.

[117] The Bangui Agreement (1977) established the African Intellectual Property Organization (OAPI) to replace the African and Malagasy Industrial Property Office, set up in 1962. The OAPI includes Benin,

the revised Bangui Agreement (1999) in 2001.[118] The revised Agreement entered into force on 28 February 2002 and applies in the Congo, pursuant to the 2002 Constitution (Chapter 2.1), as an automatically enforceable State law. In addition to the revised Bangui Agreement (1999), the Congo has national legislation on copyright and related rights.

3.78. Moreover, the Congo has also been a member of the Convention establishing the World Intellectual Property Organization (WIPO) since 9 June 1973.[119] The Congo has notified the Bangui Agreement (1999) to the WTO.[120]

3.79. The National Industrial Property Agency (ANPI) within the Ministry of Industrial Development and Private-Sector Promotion acts as the national liaison structure (SNL) for the OAPI. Its principal mission is to transmit to the OAPI patent, utility model and ownership (trademark, design and trade name) applications originating in the national territory. The ANPI also coordinates activities to raise awareness in the Congo of the importance of industrial property, an area in which few developments have been recorded since the last review (Table 3.6).

Table 3.6 Breakdown of applications by year and type lodged with the Directorate, 2006-2013

Description	2006	2007	2008	2009	2010	2011	2012	2013	Total
Patents	2	5	0	0	0	0	3	0	10
Utility models	0	0	0	0	0	0	2	0	2
Trademarks and service marks	10	11	7	3	3	25	4	4	67
Industrial designs	0	2	0	0	1	1	11	0	15
Trade names	5	6	3	11	2	10	104	2	143
Geographical indications	0	0	0	0	0	0	0	0	0
Patent searches on utility models	0	0	0	0	0	0	0	0	0
Patent searches on trademarks and service marks	1	0	0	5	8	25	11	6	56
Patent searches on trade names	0	0	0	5	4	2	7	1	19
Patent searches on industrial designs	0	0	0	0	0	0	5	0	5
Total	18	24	10	24	18	63	147	13	317

Source: Information provided by the Congolese authorities.

3.80. Copyright and related rights are administered and protected by the Congolese Copyright Bureau (BCDA), established in 1986[121]under the authority of the Minister for Culture and the Arts. The BCDA has 2,036 members and distributes royalties from mechanical rights to Congolese nationals and foreigners (CFAF 4 million in 2004 and only CFAF 3,832,000 in 2012). Efforts are apparently being made to combat the pirating of musical works, in particular by introducing holograms or stickers which will make it easier to distinguish between authentic phonograms and pirated copies. The BCDA is also the sole organization empowered to issue authorizations for cultural events on Congolese territory. Cultural activities in the Congo are supported by the National Cultural Development Fund (FONADEC), which is partly financed from the income of the BCDA.

3.81. The Congo's copyright regulations date back to 1982.[122] They are not harmonized either with Annex VII to the revised Bangui Agreement (1999) or with the relevant provisions of the WTO TRIPS Agreement. For example, under the Congolese regime, the term of copyright protection is the lifetime of the author plus 50 years after his death, whereas the term is 70 years under the revised Bangui Agreement (1999).

Burkina Faso, Cameroon, Central African Republic, Chad, Congo, Côte d'Ivoire, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal and Togo. Viewed at: http://www.oapi.wipo.net.

[118] Law No. 7-2001 of 19 October 2001.

[119] Ordinance No. 24-73 of 9 July 1973.

[120] WTO documents IP/N/1/COG/C/2, IP/N/1/COG/C/1, IP/N/1/COG/C/2 of 29 April 2002.

[121] Decree No. 86/813 of 11 June 1986.

[122] Law No. 24/82 of 7 July 1982.

3.82. Law No. 24-82 of 7 July 1982 on copyright and related rights lays down the conditions for the marketing of protected and unprotected works, derivative works and works deriving from national folklore. Under Article 77 the counterfeiting on Congolese territory of works published in the Congo or abroad is punishable by a fine of between CFAF 100,000 and CFAF 250,000. The same penalty applies in the event of exportation or importation of counterfeit works. Article 94 lays down the conditions for the protection of phonograms placed on the market by introducing a requirement for them to bear the symbol of a "letter P inside a circle" alongside a note of the year of first publication, affixed in such a way as to indicate clearly that protection has been granted. Article 1 states that works by foreign nationals published for the first time in the Congo, like literary, artistic and scientific works by Congolese nationals, enjoy the protection introduced by that Law. According to the authorities, activities to combat pirating in the Congo over the past six years have led to the seizure and destruction of around 500,000 CDs and DVDs.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture, livestock, fishing and forestry

4.1.1 Overview

4.1. The Congo covers an area of 342,000 km^2, of which 60% is forest and 40% savannah (Chapter 1.1). The soil is hydromorphic in the Congolese Basin and ferralitic in the rest of the country. In general, the soil is highly fragile, acid and sensitive to wind and/or water erosion. There is abundant rainfall and the hydrographic network, fed chiefly by the Congo and Oubangui Rivers, is extensive and dense. The Congo has relatively large fisheries resources, a coastline that extends for 180 km, a continental shelf of 10,000 km^2, and its exclusive economic zone (EEZ) covers 90,000 km^2.

4.2. The agricultural sector's contribution to GDP (including livestock, fishing and forestry) is quite small relative to the country's potential (Chapter 1), principally because the size of the petroleum subsector in the Congo's economy (section 4.3) has resulted in farms that are small and therefore unable to employ economies of scale. They are unprofitable and use rudimentary production techniques. As a result of rural exodus, the Congo's population is currently highly urbanized and is thus a relatively long way away from the centres of agricultural production. Agriculture is nonetheless the main source of income and employment for around one third of the population. Moreover, agriculture continues to be disadvantaged by structural weaknesses associated in particular with inappropriate agricultural techniques; the high costs of factors of production, including access to credit; the poor state of the road network; and the weakness of support services. According to the authorities, agricultural production does not meet national needs and is supplemented by imports of food products, chiefly for urban populations.

4.3. With the focus of the Congolese economy almost exclusively on oil production, the share of agriculture fell and has not recovered significantly. Agriculture employs some 498,000 people, of whom 70% are women[123], on some 75,000 farms. The total cultivated area is 245,000 hectares (just over 2% of the 10 million hectares suitable for agriculture), giving an average area of 0.4 hectares per farm. The farms mainly produce crops; there is little livestock farming. The main types of crop farming are traditional farming (81% of the area cultivated); and semi-urban sedentary farming. Traditional crop-growing practices are followed and there is little use of modern production inputs (agricultural machinery, selected/improved seeds, irrigation, fertilizers, and pesticides). Cassava is the major food crop, followed by plantains, yam, fruit and vegetables. The farm acreage varies between 0.5 and 1.5 hectares per manually worked farm and between 10 and 100 hectares per mechanized farm.

4.1.2 Agricultural policy

4.4. The Ministry responsible for agriculture is responsible for the formulation and implementation of agricultural policy. However, in line with the composition of the Government of 15 September 2009, as reshuffled on 25 September 2012, a number of other departments also have a role in agriculture, namely the Ministry of Forestry Economics and Sustainable Development, the Ministry of Fisheries and Aquaculture, and certain services attached to the Office of the President are responsible for steering the agricultural sector (General Major Public Works Delegation), each in its own specific area. By definition the sector involves many departments and the absence of coordination between them is a major handicap. Moreover, the legislative and regulatory framework of agricultural policies has included the adoption of several laws and regulations that are not consistent and have no assessment mechanism.

4.5. According to the authorities, this policy aims to encourage and bolster modernization of the agricultural sector and improve the living conditions of farmers and the rural population. The Congolese authorities want to make agriculture one of the key sectors in the country's poverty reduction and development strategy. They aim to restore the country's food sovereignty with a view to addressing the spike in prices of agricultural products, reducing poverty and food

[123] Online information from the General Directorate of Treasury of the French Republic. Viewed at: http://www.tresor.economie.gouv.fr/pays/congo.

insecurity, while increasing export capacity for Congolese agricultural products on international markets.

4.6. The Congo has adopted a new strategy for the period 2004-2013. Several projects have been conducted to that end, including the introduction of a National Food Security Programme (PNSA); the Agricultural Development and Rural Roads Rehabilitation Project (PDARP); the International Fund for Agricultural Development through its rural development support programme (PADEF), which coordinates three rural development projects (PRODER); and the Agriculture Support Fund (FSA), established in 2005.

4.7. With the support of donors and development partners, the Congolese authorities are using all means to try and revive the sector, including by putting an end to the isolation of the rural areas, developing agricultural villages and appealing for foreign investors, without any significant results hitherto.

4.8. To that end the development partners are supporting the Congolese Government in its aim to increase and diversify its agricultural, livestock and fisheries output. Within that framework the FAO plans to develop agricultural statistics for the Congo through a general survey of agriculture and livestock, to be conducted with the support of the Congolese Ministries of Agriculture and Planning in conjunction with a number of technical and financial partners. The Government intends to pursue the basic lines of its agricultural policy. They include the construction of a third agricultural village and continuing with the distribution of a second batch of tractors and agricultural machinery with a view to opening up farming hubs in the departments of Niari, Kouilou and Cuvette-Ouest.

4.9. The principal support measures for farmers are: exemption from the business licence fee[124]; exemption from personal income tax (IRPP) for those with income under CFAF 265,000[125]; distribution (free of charge) of tested seeds by the authorities (rice, cassava, maize, groundnuts, potatoes); continuation until 2016 of the exemption from duties and taxes on agricultural inputs and machinery; and various investments to develop the rural sector (including the repair of rural roads). Agrifood enterprises may receive subsidies under the National Investment Charter (Chapter 2). Additionally, an Agricultural Techniques Demonstration Centre has been opened to train agricultural technicians.

4.10. Private property is now recognized in the Congo. However, it should be noted that the State retains possession of lands in rural areas by virtue of Law 25-2008 of 22 September 2008 on the agricultural land ownership regime, while recognizing the right to require registration of persons settled on rural land rural who, at the date of entry into force of the law, had carried out construction work, fitted installations or implemented changes that constitute a permanent development. The coexistence of a statutory land ownership regime and a customary land ownership regime, especially in rural areas, sometimes gives rise to difficulties in proving land titles and the rights deriving from them. According to the authorities, the State has acknowledged the situation and all owners are henceforth required to regularize their situation and to take the necessary steps to obtain a land title that is recognized in law. The Government is currently making efforts to reduce the time taken to issue land titles. The State also retains a right of expropriation on grounds of public purpose.[126]

4.11. The simple average of tariffs applied to agricultural products in accordance with the International Standard Industrial Classification of All Economic Activities definition (including livestock, fisheries and forestry) is 23.6% (under the CEMAC CET), well above the overall average of 18.1%. The mixed escalation of the tariff on agricultural products should also be noted, caused by the relatively strong protection afforded to unprocessed agricultural products (common report, Chapter 3.1.4). The tariff structure affects the competitiveness of Congolese products, especially processed agricultural products. Other duties and taxes, including internal taxes, are also levied on agricultural products.

[124] Article 279 of the General Tax Code.

[125] Article 95 of the General Tax Code.

[126] Additional texts: the Constitution, Law No. 9-2004 of 26 March 2004 enacting the Code on State Ownership and Law No. 11-2004 on the procedure for expropriation on grounds of public purpose, Law No. 24-2008 on the land ownership regime in urban areas.

4.12. According to the authorities, the Government is aware of this sector's importance in the life of the nation and has taken measures recently to promote the agricultural sector. The 2013 Finance Law provides for a reduced tax rate of 2% of the CET on inputs and equipment for the agricultural, horticultural, forestry and fisheries sector.

4.13. Staple foods (for example sugar, wheat flour, rice, and salted or smoked fish) require approval of their ceiling prices (Chapter 3), with the aim of controlling supplies and prices on the domestic market. In principle, sugar may not be imported and imports of wheat flour are subject to a quota of 12,000 tonnes per quarter (Chapter 3). Agricultural products (including food) may also be subject to sanitary and phytosanitary measures such as a ban on importing live animals of the avian species and products derived therefrom (Chapter 3).

4.1.3 Policy by subsector

4.1.3.1 Sugar

4.14. The sugar subsector is organized around the Agricultural Company for the Industrial Refining of Sugar (SARIS-Congo).[127] This company is an agro-industrial sugar complex comprising sugar cane plantations and a plant for raw sugar production and refining in Nkayi in the south-west of the country. SARIS-Congo is the only sugar producer in the Congo and has a monopoly of its production in the country.

4.15. SARIS-Congo resumed sugar production in 1999, and around 70,000 tonnes of sugar were produced in 2011 of which almost 50% was exported to neighbouring CEMAC countries. Before the European quotas were dismantled, 20,000 tonnes were exported to the markets of the EU and the United States under preferential tariff quotas.

4.16. On 20 March 2012 the company resumed manufacture of lump sugar using a new ELBA-type production chain in operation at Moutéla industrial base. SARIS-Congo had not had any agglomerating machinery since 2007 following the company's closure as a result of the armed conflict in the country. The first trials of the equipment took place last February. The acquisition of the machinery will allow the company to increase its production from 70,000 tonnes of sugar per year to 100,000 tonnes between 2015 and 2016.

4.17. Because of the reform of the European sugar market, the company, with the help of EU and other aid, implemented the national strategy to restructure the sugar subsector and improve the Congolese industry's competitiveness. Resources of CFAF 2.3 billion (€3.5 million) were provided in the 10th European Development Fund (EDF) to that end. The strategy should enable the sugar industry to undertake the investments and reforms necessary for diversification, improvements in competitiveness and enhancement of commercial and entrepreneurial capacity. The estimated CFAF 13.3 billion funding required for the restructuring plan should in part be met by the company's shareholders.

4.18. Until 2009, like the other ACP countries, the Congo was among the duty-free sugar exporters to the European market.

4.19. In addition to State participation in implementing this plan, SARIS-Congo has been approved under the G regime of the National Investment Charter (Chapter 2) and will be given preferential tariff quotas for sugar on the EU and the United States markets.

4.20. Imports of refined sugar (made from sugar cane) are among the most protected agricultural products in the Congo. In addition to customs duty of 30%, there is also a ban on importing refined sugar, with the possibility of obtaining a special import authorization in the event of shortages (common report, Chapter 3, section 3.1.4); the product is also subject to approval of a ceiling price (Chapter 3).

[127] SOMDIAA holds 66% of its capital and the remainder is held by the Congolese State.

4.1.3.2 Fishing

4.21. Fishing is an important subsector. It generates many direct and indirect jobs, provides a living for thousands of people and supplies around 60% of the national consumption of fish protein (the remainder comes from imports).[128] In 2002 the subsector employed 59,418 people among whom there were 29,213 fishermen, 15,780 smokers, 1,390 curers (salting), 5,535 restaurateurs and 7,500 distributors. Today fishing accounts for 1.70% of GDP, a share that has remained relatively constant since the beginning of the 2000s.

4.22. Annual catches were estimated at 57,000 tonnes in 2010, of which 85% came from small-scale marine or coastal fishing. Domestic production is not enough to meet consumption, which is around 70,000 tonnes (25-26 kg per inhabitant/year and 60% of the intake of proteins of animal origin), and domestic needs are partly covered by imports of fish in frozen form (70% of imports) or salted (30%). According to the FAO, the potential annual catch is 88,000 to 100,000 tonnes. In 2011 catches by the small-scale fishing industry were only just above 13,000 tonnes.[129]

4.23. Sea and coastal fishing in the Congo is mainly small-scale or industrial (out of Pointe-Noire port); and inland waters support only small-scale fishing.

4.24. The fish caught near consumption centres is sold fresh, whereas in the interior it is processed on the spot because there are no conservation facilities, either by smoking or by salting and drying. This task is performed exclusively by women, who are very active in processing and marketing fish, taking care of around 80% of the activities associated with smoking, curing and salting. Aquaculture, based on farming Tilapia, is in its early stages.

4.25. Although the Congo's fisheries have potential (around 80,000 tonnes per year for marine waters and around 100,000 tonnes per year for coastal waters), fisheries development is nonetheless hampered by several obstacles such as instability of institutions, obsolescence and inappropriateness of means of production and the lack of infrastructure.

4.26. The Congolese authorities are seeking to establish fishing and aquaculture as a modern, industrialized sector ready to play a full role in providing food and employment. They thus envisage providing fishing and aquaculture with viable equipment and basic infrastructure (such as fishing ports, fish markets, microbiological and chemical analysis laboratories, modern landing points, international-class facilities for preserving and curing fish to enable fishermen and fish-farmers to work in conditions that meet the necessary hygiene standards). Production will have to increase.

4.27. The Government also has to improve aquaculture, in particular fish-farming. Aquaculture production will have to support coastal and marine fishing production. The Government is relying on aquaculture development to encourage the perpetuation of the country's fishery resources.

4.28. The legal and regulatory framework for fisheries in the Congo comprises laws, ordinances, decrees and orders. An analysis of the texts governing the Congolese maritime sector shows that much remains to be done to improve, streamline and optimize regulation so that it dovetails more neatly with the Government's objectives for the sector. Fishing at sea requires an annual fishing licence granted by the Ministry of Fisheries and Aquaculture. The licences are subject to payment of fees depending on the vessel's autonomy. Information on catches is collected with the aim of managing fisheries resources. The Congo has not signed any fishing agreement with any country. Nevertheless, foreign vessels may be authorized to fish in the Congo's territorial waters; because of lack of resources, they are not closely monitored.

4.29. Since 14 June 2010 the Congolese State has defined the conditions governing the exploitation, conservation and management of biological resources in the coastal waters under its jurisdiction together with any associated activities (among others).[130] The law lays down

[128] Republic of the Congo (2010b).

[129] Online information from the General Directorate of Treasury of the French Republic. Viewed at: http://www.tresor.economie.gouv.fr/pays/congo.

[130] Law No. 3-2010 of 14 June 2010 on the organization of coastal fishing and aquaculture.

the various taxes that apply to coastal fishing and aquaculture operations, and provides for penalties for violations. Additionally, Orders Nos. 9102 MPA-CAB and 5060 MPA/MDMM, Decrees Nos. 2011-320, 2011-318 and 2011-319 from the same period, bolster the drive for organizational improvements to operations in the sector. Moreover, the General Tax Code offers shipowners the freedom to choose the type of tax suited to their operations. To that end all industrial fishing enterprises are either public limited companies (S.A.) or limited liability companies (SARL). They are registered under the tax scheme in line with their real profits and consequently are subject to payment of corporation tax at the main rate of 38%.

4.30. Parallel to the taxes laid down in law there is an extensive, complex system of parafiscal taxes whose origin lies chiefly in institutional regulations issued by administrative entities that have no authority to levy them. This parafiscal system is the work of a large number of actors and/or structures; it applies both to professional small-scale marine fishing and to coastal fishing. Moreover, it has considerable impact in small-scale marine fishing as shown in the summary of taxes (Table 4.1).[131]

4.31. The average tariff protection on fishery activities is 24.8% with rates ranging from 10% to 30% (common report, Chapter 3, section 3.1.4).

4.32. The principal obstacle to the development of the fishing industry in the Congo, including the limited appeal to foreign vessels of the Congolese flag, is excessive taxation. The fiscal and parafiscal tariff structure does nothing to encourage efforts to improve competitiveness in the subsector, including substantial investment in the renewal of industrial fishing equipment and the motorization of dugout canoes.

4.33. The result is that fishing companies' profit margins are squeezed, making it difficult for them to go ahead with other investment and impossible for them to create new jobs. The Investment Charter could genuinely have incentivized actors in the fisheries sector because it offers benefits as follows: exemption from customs duties by way of temporary admission or duty-free entry for research activities; a 50% reduction in registration fees for company formation; full exemption from profits, corporation and personal income taxes; and application of a zero-rate of VAT on exported products. However, it is extremely difficult for the fishing companies to qualify for these benefits because of the cost and the onerous nature of administrative procedures. Furthermore, shipowners have shown no interest in the scheme.

4.34. In order to revive the sector the Congo has adopted several regulatory texts on sustainable fishing, and those most worthy of note are as follows: Decree No. 2009-33 of 6 February 2009 laying down provisions on the mesh-sizes of nets and maritime fishing gear; Decree No. 2011-317 of 26 April 2011 laying down the conditions for the pursuit of professional small-scale marine fishing; Decree No. 2011-319 of 26 April 2011 establishing the procedures for the conduct of technical visits to fishing vessels in waters under Congolese jurisdiction, and Decree No. 2012-174 of 12 March 2012 on the status of observer on board a fishing vessel.

[131] Republic of the Congo (2011c).

Table 4.1 Parafiscal taxes on fishing, 2013

No.	Description	Amount in CFAF	Purpose
1	Tax on shark fishing permit – large vessels	300,000 CFAF/year	Ministry of Fisheries
2	Shark tax – small vessels	150,000 CFAF/year	Ministry of Fisheries
3	Shark tax – fixed nets	12,500 CFAF/year	Ministry of Fisheries
4	Tax on shark fins	2,000 CFAF/fish	Ministry of Fisheries
5	Hygiene tax for fish processing	75,000 CFAF/year	Ministry of Health
6	Extinguisher tax	20,000 CFAF/year	Fire service
7	Sardine cannery tax	25,000 CFAF/year	Ministry of Fisheries
8	Railway transportation tax	3,000-4,000 CFAF depending on item	Ministry of Transport
9	Charge for small-scale fishing professional card	10,000 CFAF/year	Ministry of Small and Medium-Sized Enterprises
10	Registration of canoes	2,000 CFAF	Ministry of Fisheries
11	Shipping manifest	CFAF 200/tide	The Navy

Source: Information provided by the Congolese authorities.

4.35. Since 2001, the Congo has been included in the list of countries that are deemed to satisfy the conditions for recognition of equivalence with the health requirements determined by the EU[132], and regularly exports around 1,000 tonnes of crustaceans annually to Spain. The Congo has established a laboratory in Pointe-Noire to conduct the necessary microbiological and chemical analyses.[133]

4.36. The Congo has signed agreements with other countries on fisheries matters. Under those agreements, Congolese legislation provides that industrial fishing in waters under Congolese jurisdiction is reserved for the following: vessels registered in the Republic of the Congo; vessels of States that have concluded a fisheries agreement with the Republic of the Congo; vessels of foreign operators who have concluded a contract with the marine fisheries authority authorizing them to fish in waters under Congolese jurisdiction; and to fishing vessels chartered by a Congolese operator. Additionally, any purchase or charter of a fishing vessel is subject to prior authorization by the marine fisheries authority. The conditions governing the chartering of foreign fishing vessels are laid down in regulation.

4.1.3.3 Forestry[134]

4.37. Forestry is the largest subsector in Congolese agriculture. It is the main private sector employer; it provides 10,000 direct and 30,000 indirect jobs or 2.4% of all employment for the economically active population and ranks second in terms of a source of export revenue (Chapter 1). Production and exports have grown significantly since the Congo's previous TPR (Table 4.2).

4.38. The Congo's forests are found in three mountainous areas: the Kouilou-Mayombe mountains (1.5 million hectares) and the Chaillu-Niari mountains (3.5 million hectares), in the south of the Congo, and the Nord-Congo mountains (7.5 million hectares). Of the country's approximately 22.5 million hectares of forest, some 18.4 million hectares can be exploited commercially and 10 million hectares are concession areas. The Congo also has 70,000 to 83,000 hectares of limba and eucalyptus plantations in the Pointe-Noire region. According to the authorities, the Congo's 14 protected areas cover over 3.7 million hectares, divided into three national parks, six reserves, three hunting areas and three sanctuaries.

4.39. Under the National Forestry Action Plan (PAFN) adopted in 1994, the main regulatory instrument in this subsector is the Forestry Code enacted in 2000.[135] Some of the innovations

[132] Commission Decision of 12 February 2001, amending Decision 97/296/EC.

[133] Decree No. 2005/517 of 26 October 2005.

[134] This section is mainly based on information provided by the Congolese authorities and on the following documents: International Tropical Timber Organization (2006); FAO (2005); French Embassy in Cameroon, Economic Mission in Yaoundé (2005); FAO (2001).

[135] Law No. 16-2000 of 20 November 2000. The other texts include: Law No. 48-83 of 21 April 1983 determining the conditions for the conservation and exploitation of wild fauna; Law No. 52-83 of 21 April 1983 containing the Code on State Land and Property (whose implementing texts have never been adopted); and Law No. 03-91 of 23 April 1991 on environmental protection.

introduced by the Code include the requirement that 85% of logs should be processed on the spot[136]; in practice, processing mainly takes the form of sawing and has not reached the 85% target, with the shortfall being the subject of a surcharge (Chapter 3.1). According to the International Tropical Timber Organization (ITTO), this regulatory framework provides the basis for sustainable forestry management[137] and is being implemented in the Congo[138], apparently making the country one of the first countries in the world to do so.[139] The forests in the Congo Basin are covered by the Treaty on the Conservation and Sustainable Management of Forest Ecosystems in Central Africa.[140]

4.40. According to the Code, forests are classified into State forest, national public forest and private forest. State forest is split up into Forest Management Units (UFAs), as laid down in an order by the Minister responsible for water resources and forests; there are 34 such Units ranging between 0.2 to 1 million hectares in area.[141] In the mountains in the south of the country (where logging dates back to the colonial era), the Units are of medium size, but are much larger in the north (where logging only started recently) with a view to attracting investors capable of exploiting the timber on a large scale (at least 100,000 m^3 annually) by building roads and setting up facilities for primary processing on the spot. It is easier to ship timber in the south of the country because of proximity to the Pointe-Noire port than in the north, where the timber must travel over 1,200 kilometres of rural roads to the port of Doula in Cameroon.[142] Completion of the works on national road No. 2 to Ouesso will greatly facilitate the shipping of timber in the north of the country.

4.41. UFAs are exploited for commercial purposes by the holders of concessions issued by the water resources and forestry administration. The concessions comprise industrial processing agreements (for a maximum period of 15 years); management and processing agreements (for a maximum period of 25 years); permits for the harvesting of plantations; and special permits (restricted to Congolese nationals, non-governmental organizations and associations established under Congolese law). Industrial processing and management and processing agreements are awarded following a tendering process. In total, concessions awarded in 2010 covered 12,669,626 of the country's estimated 17,116,583 hectares of forest area. This figure relates only to the long-term forest concessions (more than 15 years) that account for the bulk of Congo's exploitable forest.

4.42. Under the Forestry Code, the UFAs are monitored by officials from the water resources and forestry administration. Concession holders draw up management plans (for 25 to 35 years) in collaboration with foreign or Congolese business consultants and forestry administration offices.[143] Of the 12,669,300 hectares of forest given over to logging, 9,937,952 hectares, or 78.44%, is managed, of which 3,598,129 hectares are the subject of management plans that have already been approved by the Government of the Republic. The aim is that with the support of the French Development Agency (AFD), by 2015 the concession holders will be managing all

[136] Article 48 of Law No. 16-2000 of 20 November 2000.

[137] ITTO (2005) defines sustainable forest management (SFM) as: "The process of managing forest to achieve one or more clearly specified objectives of management with regard to the production of a continuous flow of desired forest products and services without undue reduction of its inherent values and future productivity and without undue undesirable effects on the physical and social environment".

[138] According to the ITTO (2006) "The stage therefore seems set for the forestry sector – particularly in northern Congo – to expand the area of forest under SFM, provided that issues related to local communities and the over-hunting of certain mammal species can be addressed".

[139] ITTO (2006).

[140] This Treaty, which established the Commission for Central African Forests (COMIFAC), was adopted at the summit of Heads of State of Central Africa held at Brazzaville on 4 and 5 February 2005. The implementation of the convergence plan drawn up for this purpose links donors to the Congo Basin Forest Partnership (CBFP), launched at the Johannesburg summit in September 2002.

[141] Online information from the General Directorate of Treasury of the French Republic. Viewed at: http://www.tresor.economie.gouv.fr/pays/congo.

[142] In order to ship timber through the Pointe-Noire port, it has to be sent down by water, taken out of the water and stored in Brazzaville and then transported by rail to Pointe-Noire. This means that the timber cannot be shipped within the time-limits expected by the operators. The Congolese authorities estimate the loss in terms of service purchases for shipping timber through Cameroon at around CFAF 40 billion.

[143] According to the authorities, these plans are very costly, amounting to around CFAF 2,500 to 3,500 per hectare. Donors only finance this type of plan on an exceptional basis (for example, the French Development Agency financed the KABO UFA plan). The authorities also point to the lack of suitably trained officials.

the forest for which concessions have been granted; the AFD is currently implementing a support project for the sustainable management of forestry concessions in the centre and south of the Congo. The management plans must comply with the principle of sustainable development.[144] The Congo's first forestry management plan was adopted in March 2006 and covers the Kabo UFA in Ouesso, an area of 296,000 hectares allocated to the Congolaise Industrielle du Bois (CIB). Other management plans covering a total area of 3,302,129 hectares have been adopted and allocated to Industrie forestière de Ouesso (IFO), CIB, Bois et plaquage de Lopola, Mokabi SA, and Likouala Timber. The overall management plan covers a total area of 3,598,129 hectares. Additionally, concessions covering the UFAs of Kabo, Gombe, Pokola, Loundaingou and Toukoulaka, an area totalling 2,478,943 hectares, is the subject of a sustainable management forest audit by the Société générale de surveillance (SGS) and has been given eco-certification by the NGO Forest Stewardship Council (FSC).

4.43. The State forest covers 22.5 million hectares, of which 12.7 million are allocated to production of commercial timber by concession holders. Logging is dominated by a few large enterprises including CIB and IFO. Since 1 January 2010 all exports of logs have been prohibited with a view to promoting domestic added value within the industry.[145] The authorities have indicated that this measure has led to an increase in the number of processing facilities.

4.44. Since 15 March 2008, the Republic of the Congo has been involved in the FLEGT negotiations with the EU aiming to conclude a Voluntary Partnership Agreement (VPA) which will allow only legally sourced wood to be imported into Europe. With a view to the signature of a VPA, the Congolese Government undertook to reform and improve its system by announcing a series of challenges relating to procedures for forest control and traceability of timber for the forestry administration to address.

4.45. In line with the authorities' aim to encourage industrialization of the timber sector, operators in the industry are increasingly required to step up local processing of logs taken from the forests. The minimum processing rate required by the State is generally 85%. Owing to the international crisis, however, the rate was reduced by way of exception to 70% in 2008, a measure that was extended to 2011 with the option for operators to trade quotas with each other; the measure was annulled in 2012. The real rate of industrialization in the subsector has risen to 57% for the Congo as compared to 54% for Central Africa as a whole between 2005 and 2008.

4.46. Some 38 timber processing units: 26 sawmills, four veneer plants, three plywood plants, two slicing plants and one chipping plant[146] (governed under private law) are listed in the forestry sector, which employs some 10,000 people.[147] National logging output has increased sharply since 1999 and amounted to 1.4 million m^3 in 2006 (Table 4.2). According to the authorities, logging increased further over the period 2006-2007 for three main reasons: (i) the upgrading of the transport infrastructure; (ii) the creation of new logging companies; and (iii) increased processing capacity (Table 4.2). Log production today has reached 1,500,000 m^3. The FAO estimates the potential for some 50 types of commercial species to be around 2 million m^3 of logs annually, without jeopardizing the forests' capacity to regenerate. The Ministry of Forestry Economics and the Environment has set the year 2007 as the date for achievement of this target, along with that of an output of 445,000 m^3 of sawn wood.[148]

[144] In the course of 2006, the Congo intends to adopt national Principles, Criteria and Indicators (PCI) on sustainable development, based on the harmonized PCI of the ITTO and the African Timber Organization (ATO).

[145] The Forest Code sets aside 15% of log production from each enterprise to export and 85% for local processing to promote domestic value added within the industry.

[146] Online information from the General Directorate of Treasury of the French Republic. Viewed at: http://www.tresor.economie.gouv.fr/pays/congo.

[147] The largest concessions are held by the Congolaise Industrielle du Bois (CIB) and Industrie forestière de Ouesso (IFO). Other companies working in this subsector are subsidiaries of European, Malaysian or Chinese companies. Pursuant to Article 53 of the Forestry Code: "Forestry companies with foreign capital are required to open their registered capital up to Congolese citizens", but this provision has not yet been implemented for a number of reasons, including difficulties in obtaining bank finance in the Congo.

[148] Ministry of Forestry Economics and the Environment (2005) (in French only).

Table 4.2 Trend in the production and export of forest woods, 2006-2007 and 2010-2012 (m^3)

	2006		2007		2010		2011		2012	
	Production	Export	Production	Export	Production	Export	Production	Export	Production	Export
Logs	1,329,696	632,665	1,331,951	522,497	1,314,281	798,954	1,462,990	855,739	1,528,825	702,742
Sawn wood	258,679	181,365	268,180	209,122	178,228	132,187	227,649	147,478	223,031	162,279
Veneer	2,224	3,968	45,986	15,307	35,021	18,038	33,788	22,152	31,747	20,618
Plywood	7,456	2,980	10,381	1,755	25,060	167	18,620	5,443	24,543	1,573
Round wood	163,183	135,282	268,648	250,746	386,694	62	300,445	33	337,160	.
Chips	.	.	.	.	351,524	318,430	258,213	195,298	332,449	148,356

.. Not available.

Source: Congolese authorities.

4.47. Various taxes are levied on timber exports (Chapter 3.1). Since 2003, the Congo has brought its taxation into line with that in other countries in the subregion. Together with the cost of timber shipment, this change has been a factor in holding back growth in the subsector, especially in the north of the country.

4.2 Mining, energy and water

4.2.1 Mining products

4.48. The Congo has large deposits of mineral resources, although their extent is not yet fully clear because no in-depth studies have been conducted. The resources include gold, copper and diamond. The promotion of the mining sector is a response to the objective of diversifying the basis of the Congo's economy as set out in the PRSPII.

4.49. The award of the "Boko Songho" and "Yanga-Koubanza" permits will enable copper, lead and zinc production to resume in the west Bouenza mining basin. The Canadian company MagIndustries' Kouilou Potash and Magnesium Project anticipates imminent mining of the potash and magnesium deposits. It is also expected that one of its subsidiaries, Mag-Metals, will install an on-site smelting furnace for magnesium to produce 60,000 tonnes of the metal per year, or 15% of world consumption.

4.50. The regulatory framework has not changed substantially since the previous review in 2006. The 2005 Mining Code, administered by the Ministry of Mining, governs research, prospecting, exploitation, holding, transport and processing of mineral or fossil substances. According to the Code, the State owns the mineral or fossil substances on national territory, including those in territorial waters, as well as all the relevant technical data and information collected by mining companies.[149]

4.51. Decree No. 2007-274 adopted on 21 May 2007 lays down the conditions governing research, prospecting and exploitation of mineral substances and administrative supervision. According to Article 5 of that Decree, a mining title must be obtained in advance in accordance with Articles 18, 25, 39, 45, and 57 of Law No. 4 of 11 April 2005 for any activity involving prospection, exploration or exploitation of mineral substances. The mining licences required are as follows: prospecting permit (for one year, renewable for one further year); exploration permit (for three years, renewable for two further two-year periods); small-scale mining permit (three years, tacitly renewable for the same period); industrial mining permit (five years, renewable for five-year periods); operating permit (for a maximum of 25 years, renewable for maximum periods of 15 years); and permits to hold, transport and process precious mineral substances.

4.52. Since 2007 the country has again been party to the Kimberley Process and adopted the following texts to give effect to its participation: Decree No. 2008-336 of 22 September 2008 on the establishment and composition of the Permanent Secretariat of the Kimberley Process;

[149] Law No. 4-2005 of 11 April 2005.

Decree No. 2008-337 of 22 September 2008, establishing procedures for implementing the Kimberley Process Certification Scheme; and the Order supplementing certain provisions contained in Decree 2007-247 of 21 May 2007, with a view to the implementation of the Kimberley Process Certification Scheme.[150]

4.53. The Mining Code discourages speculation by requiring any Congolese company that holds a mining permit to mine its concessions. Article 100 of the Code empowers the Government to award itself, free of charge, a minimum share of 10% of the capital from each mining project with the option to acquire further shares. The amendment to the Mining Law placed before the Senate in 2010 included changes in taxation rates and amendments to the procedures for awarding and renewing small-scale mining permits. The establishment of a Geological and Mining Research Centre was also debated. Law No. 14-2010 codifies the investment agreement in potash mining signed by MagMinerals Potasses Congo SA and the Government in 2008. It is a partnership between MagMinerals (90%) and the Government of the Congo (10%).

4.54. In order to rationalize the taxation and levy system the authorities have abolished all duties and taxes charged by public authorities, together with duties collected upon delivery of certain administrative acts unless such charges are provided for in a law, CEMAC regulation or treaty.[151]

4.55. The guarantees given to approved companies include freedom to transfer profits and dividends abroad, along with the proceeds from sale of their investment. The temporary admission procedure (with relief from import or export duties and taxes, except for the automation fee) applies to machinery and equipment needed for geological surveying and mapping, as well as during the exploration and start-up phases and when expanding capacity. Holders of mining permits must pay the standing charges, an area royalty, a mining royalty on export earnings and a tax on geomaterials for building.[152]

4.56. The importation of mineral substances is subject to payment of duties and taxes, including a maximum tariff of 30% and VAT at 18%, as well as an excise duty of 24% (Chapter 3) on precious stones. The export of mining products is regulated. In addition to producers, officially approved offices which buy and sell precious mineral substances are recognized as exporters. According to the authorities, trade in uncut diamonds in the Congo continues. Following its suspension from the Kimberley Process in 2004, the Congo was readmitted as a full member of the process in 2007. Additionally, the legislation provides for a 2% supplementary exit duty (DAS) and the possibility of exemptions but in practice there have not been any exports that could justify application of the exemption.

4.2.2 Petroleum products and natural gas

4.57. Petroleum remains one of the most important resources in the Congo. The country has proven reserves of 1.6 billion barrels, as indicated in a report by the Ministry of Hydrocarbons, and is the fifth largest oil producer in Sub-Saharan Africa after Nigeria, Angola, Gabon and Equatorial Guinea. Petroleum production is high (10-15 million tonnes/year), and there are still large reserves in existence. Most of the oilfields are offshore and are exploited by foreign companies, in some cases with the involvement of the *Société nationale des pétroles du Congo* (SNPC), the company that manages the share of hydrocarbons production accruing to the State under production-sharing agreements.

[150] PRSP 2008-2011 Completion Report.

[151] Henceforth delivery of the following is to be free of charge: all acts and documents on civil status, including birth certificates, national identity cards, passports, copies and extracts from birth certificates and civil marriage certificates; documents drawn up by judicial authorities, including judicial records, certificates of nationality and court decisions; documents drawn up by the trade authorities including trader's cards, import and export declarations, price approvals, advice of balance, authorizations to pursue, transfer and extend commercial activities; documents drawn up by transport authorities, including driving licences, measuring, departure and capacity certificates, the information certificate for the registration document and other authorizations; documents drawn up by the police force, the gendarmerie and the health authority; applications for State-recognized examinations and competitive examinations; State-recognized degrees (published on 8 October 2011).

[152] Article 157 of Law No. 2005-04 of 11 April 2005. Taxes are 5% on metals and precious stones; 1% on thermal or mineral waters; 5% on geomaterials for building, materials for the ceramic and other industries; 3% on all other mineral substances.

4.58. Since 2008, Total E&P has operated the deep-water permit for Mogo-Bilondo where the Contracting Group (comprising Total E&P Congo (53.5%), Chevron (31.5%), SNPC (15%)) has invested over US$2.9 billion at end 2010 for production of around 90,000 b/d. Its principal competitor, the subsidiary of the Italian company ENI, produced half that amount, i.e. 30% of the total (97,000 b/d). The other players are subsidiaries of the following groups: Maurel&Prom (France), Perenco (Franco-British), Esso (United Kingdom) and Murphy (USA). SNPC, a Congolese public company, manages the national wells and has minority shareholdings in certain fields.[153]

4.59. According to the authorities, total output is expected to be over 100 million barrels per year once the new Litanzi and Nsoko oilfields are on-stream. Congolese oil is generally of fairly good quality, not very heavy and containing little sulphur. The Congo is among the leading group of oil-exporting African countries, behind Angola, Nigeria and Equatorial Guinea. Oil accounts for almost 90% of export receipts and 2/3 of GDP. Output is expected to peak in 2011 at 350,000 barrels per day.[154]

4.60. The regulatory framework has not changed substantially since the previous review in 2006. Prospecting, exploration, exploitation, storage and transport up to the point where the hydrocarbons are shipped are governed by the Hydrocarbons Code adopted in 1994, together with its implementing texts.[155] Under the Code, the State owns the hydrocarbons on the national territory, including those in its territorial waters, as well as all the relevant technical data and associated information collected by the oil companies. The three mining licences required are the prospecting permit (one year, renewable for one further year); the exploration permit (four years, renewable for two further three-year periods); and the operating permit (20 years maximum, renewable for a maximum period of 5 years).[156] The latter two titles are subject to the conclusion of a production-sharing agreement with the State[157], where the State's share is around 30-32% of national output.[158] The agreement must be approved by a law and its terms must be transparent.

4.61. Oil companies are eligible for a special VAT-exempt regime for goods (whether imported or of national origin)[159], and for services and works provided by subcontractors working directly in petroleum activities.[160] Oil companies must give priority to local personnel when recruiting and to Congolese suppliers for services. Companies engaged in prospecting, exploration, exploitation and transport are subject to corporation tax[161], a mining royalty in proportion to output (at a rate of 15%) and an area royalty.

4.62. Only duly authorized persons may export petroleum products and engage in their transit and re-export. Export of crude oil is subject to payment of a number of duties and taxes (Chapter 3).

4.63. As part of the reforms introduced in the hydrocarbons sector, the Government has established a regulatory authority known as the Downstream Petroleum Regulatory Authority (ARAP)[162]; it is responsible for ensuring the proper introduction of mechanisms to stabilize supply and regularize distribution of petroleum products on the national market, overseeing the accumulation and management of strategic stocks and security stocks, ensuring the proper

[153] Online information from the Ministry of the Economy and Finance of the French Government. Viewed at: http://www.tresor.economie.gouv.fr.

[154] Online information. Viewed at: http://www.tresor.economie.gouv.fr [5 October 2011].

[155] Law No. 24-94 of 23 August 1994.

[156] The operating permit also entitles the holder to construct pipelines to transport the hydrocarbons within the Congo. The transport rates applied by companies which provide this type of service to third parties are regulated by the State.

[157] Article 34 of Law No. 24-94 of 23 August 1994.

[158] "*Interview avec M. Jean-Baptiste Tati Loutard, Ministre des Hydrocarbures*", 16 April 2002 (in French only). Viewed at: http://www.winne.com [14 May 2005].

[159] Decree No. 2001-522 of 19 October 2001.

[160] Law No. 3-2000 of 1 February 2000. Subcontracting in the petroleum sector requires approval by the Minister responsible for hydrocarbons and payment of an annual fee amounting to CFAF 1.5 million (Order No. 1214 of 19 March 2001).

[161] For companies legally established in the Congo, the rate is 38% on profits. In the case of companies that operate intermittently or are in a precarious situation, the rate is 35% on 22% of the turnover (Article 126 ter of the General Tax Code).

[162] Law No. 31-2006 of 12 October 2006 establishing the Downstream Petroleum Regulatory Body.

introduction of mechanisms to stabilize the price of petroleum products on the national market by means of a fund and monitoring compliance with regulations, terms and conditions and standards applicable to downstream petroleum sector activities. Transparent management of the financial resources earned from the petroleum industry in the Congo and its improvement are one of the cornerstones of State action (Chapter 1).

4.64. The SNPC is responsible for marketing the State's share of the oil under production-sharing agreements. Moreover, responsibility for distributing and marketing petroleum products has also been given to Total/Fina/Elf, Chevron/Texaco, Afric', and the Puma Energy/X-Oil (PEX) Consortium.[163] The Société congolaise de logistique (SCLOG), set up in July 2002, is responsible for storage and mass transport of finished petroleum products within the Congo.[164] Gas and liquefied petroleum (LPG) assets were sold to the joint venture FAAKI/SNPC in October 2001 and the sale of SNPC shares to Congolese operators should occur in the near future; the lubricant manufacturing plant (UFALU) has been privatized and re-purchased by SOLUPAC, a subsidiary of the SAPRO Group.

4.65. The company Congolaise de raffinage (CORAF) manages the only refinery; it has nominal capacity to handle around 1 million tonnes annually.[165] CORAF's technical facilities comprise six basic production units including a topping and conversion plant alongside utility units (storage and boilers) and off-site units (pipes, wharves). Its output of butane, premium grade petrol, white spirit, jet fuel, gas oil and light fuel oil covers all the Congo's needs, estimated to be around 530,000 tonnes of crude annually; the remainder of its output is exported. All its output is transported to the storage facilities of the SNPC, a State-owned enterprise. The Government is in the process of modernizing its infrastructure.

4.66. The ceiling price of petroleum products marketed and consumed on the domestic market is regulated by Order No. 1/MHC/MEFB/MCCA of 14 January 2008 revising the price of petroleum products covered by the price structure. The price structure for each product is determined in a decree, whether the product is part of CORAF's output or imported, and takes into account global prices. The factors taken into account by the Technical Committee for the sector downstream of petroleum activities when determining the price of petroleum products include the profitability of the following: logistics companies authorized to engage in storage and mass transport (SCLOG), approved refining companies (CORAF and any other company to be set up in the subsector), the authorized distribution and marketing companies (Total/Fina/Elf, Chevron/Texaco and the Puma Energy/X-Oil (PEX) Consortium, Afric', SNPC Distribution), and the approved transport companies (SCLOG and small private transporters). Profit margins are determined annually by negotiation with the companies concerned. The ceiling price takes into account the 10% customs duty on imported petroleum products (8% on staple products), value added tax (18% of the import price), and the VAT charged on each service provided.[166] The consumer price is based on the distribution mark-up determined on the basis of the simple average of import prices (converted from United States dollars into CFA francs) and the price of the product delivered by CORAF. The distribution mark-up (at the pump) is updated in line with any significant variation in the components of the price structure. The ceiling price for the sale of petroleum products to the end consumer is therefore determined and updated on the first of each month in a joint order issued by the Ministers responsible for hydrocarbons, finance and trade, on the basis of the components of the price structure.[167]

[163] Decree No. 2002-260 of 1 August 2002.

[164] The SCLOG comprises the oil companies Total, Chevron-Texaco, the Puma Energy/X-Oil Consortium (PEX) and the Congolese State represented by the SNPC, each holding 25% of its capital.

[165] "*Interview avec M. Nestor Mawandza, Directeur Général de la CORAF*" (in French only). Viewed at: http://www.winne.com [14 May 2005].

[166] Decree No. 2001-522 of 19 October 2001 determines the applicability of VAT in the petroleum subsector. With the exception of consumption required for exploration, development, production, transport, storage and marketing of crude hydrocarbons, when petroleum products are put up for sale on the domestic market they are subject to VAT.

[167] See, for example, Order No. 4268 of 26 May 2006.

4.67. The Government may subsidize the price of petroleum products in order to promote domestic industry.[168] Butane gas, the basic energy used to prepare food, and kerosene, used for lighting in villages, are subsidized by the State.

4.68. The Congo signed the Extractives Industries Transparency Initiative (EITI) in 2004.[169] In March 2013, the Congo was classified among the EITI-compliant countries.[170]

4.2.3 Electricity

4.69. The Congo has vast potential in hydroelectricity, gas and petroleum. Nonetheless, people's access to energy in many forms (electricity, oil and gas) is very poor. According to the results of the Congolese Household Survey, in urban areas, the most common form of lighting is oil lamps (70.1%) followed by electricity (27%). In rural areas, oil-lamps are the principal source of lighting for 97%. Around 70% of poor people use wood fuel for cooking compared to 44.1% of average-income households.

4.70. The authorities intend to increase national power capacity to around 700 MW by 2015. Demand for electricity is driven by mining enterprises in process of being set up. With the liberalization of the sector that followed the adoption of the Electricity Code (Law No. 14-2003 of 10 April 2003) new generating plant was built, including: Imboulou (120 MW), Côte Matève Gas Power Station in Pointe-Noire (300 MW), and the Congolese Electricity Generating Company (SCPE), whose sole shareholder is the State, and generates electricity using diesel- and gas-powered thermal stations (32.25 MW). Various feasibility studies are also under way, namely: Sounda (1,000 MW), Chollet (Nki) 600 MW, and the second facility at Djoue (15 MW).

4.71. Despite supply from these new companies the Congo's electricity supply problem persists. Output levels remain low and the country faces serious load-shedding problems (Table 4.3). Moreover, its virtual monopoly of supply notwithstanding, the National Electricity Company (SNE) is experiencing difficulties in fulfilling its statutory duties and there are numerous power cuts (some 150 a year). Facilities are maintained and repaired on an ad hoc basis and only in response to emergencies; the equipment is obsolescent or inoperative. Most industrial users have to employ standby generators to protect themselves from the frequent interruptions in supply and avoid serious production losses, a factor that increases their production costs.

4.72. The legal framework for the energy industry continues to be provided by Law No. 14-2003 of 10 April 2003 enacting the Electricity Code. Other laws and associated implementing texts have also been issued, including Law No. 015-2003 establishing the National Rural Electricity Agency, Law No. 016-2003 of 10 April 2003 establishing the Electricity Regulatory Agency, and Law No. 017-2003 of 10 April 2003 establishing the Electricity Development Fund.

Table 4.3 Power generation in the Congo in 2012
(MW)

Power station	Power (MW)	Location	Description
Moukoukoulou	(4x18.5) or 74	Bouenza	Hydraulic
Djoué (not in operation)	(2x7.5) or 15	Brazzaville	To be restored 550 MW (hydro)
Gas turbine	(2x25) or 50	Pointe-Noire	Gas/diesel
BZV power station	(10x3,259) or 32.25	Brazzaville	Fuel/diesel
Imboulou	(4x309) or 120	Léfini	Hydraulic
Electricity Station of the Congo	(2x150) 300	Pointe-Noire	Gas (Ipp)
Total	**651.5**		

Source: Ministry of Energy of the Congo.

[168] For example, Article 28 of the Establishment Agreement between the Republic of the Congo and the Company SARIS-Congo, 24 March 2005, grants this company a concessional VAT rate on hydrocarbons corresponding to 35% of the taxable value.
[169] Online information. Viewed at: http://www.itie-congo.net.
[170] EITI Report, March 2013.

4.73. The selling price of electricity is determined by government decree following a proposal by the agency responsible for regulating the electricity sector.[171] The price is the same throughout the Congo. The current price scale dates back to 1994.[172] Import or export of electricity requires a permit issued by the Ministry in charge of electricity following consultation with the Electricity Regulatory Agency. Imports of electricity by the SNE are not exempt from customs duty of 10% and are also subject to VAT (18%).

4.2.4 Water

4.74. The situation in relation to drinking water supplies in the Congo is similar to that of electricity. According to the authorities, the proportion of the population with access to drinking water has increased slightly from 48.5% in 2006 to 74.3% in 2012. The proportion with access to a better sanitation system rose from 10.2% in 2006 to 44.9% in 2012 (Results-Based Country Strategy Paper 2008-2012). Aware of shortcomings in water supply coverage, the Government has provided the sector with a legal reference framework in the form of Law No. 13-2003 of 10 April 2003 enacting the Water Code. The Code determines the requirements for activities in the subsector and those governing the entry of new producers.[173]

4.75. The country has had a regulatory framework for rural water engineering since 2008 in the form of Law No. 38-2008 of 31 December 2008 establishing the National Rural Water Engineering Agency. The Water Regulatory Authority (ORSE) is responsible for regulating, overseeing and monitoring the activities of water services operators in the Congo. Its terms of reference, approved under Decree No. 2008-66 of 3 April 2008, determine its composition and its rules of operation.

4.76. The National Water Supply Company (SNDE) has a monopoly of the means of production and the supply of drinking water, as well as of sanitation and waste water plants. The SNDE is included in the privatization programme; launched in 2006, a programme to modernize its infrastructure that began in order to prepare the SNDE for being put out to concession is now coming to an end. The selling price of water is determined by the Government, on the basis of a proposal by the Water Regulatory Agency.[174]

4.3 Manufacturing

4.77. The Congo's manufacturing sector is fairly modest (Chapter 1), and is essentially made up of agrifood companies (for example, the sugar company, bakeries and cake manufacturers, dairy, mineral water, tobacco and beverage industries), companies manufacturing packaging, paints, aluminium articles, a cement works, companies processing wood into articles or furniture, and the petroleum-based chemical industry.[175] Like the economy as a whole, the manufacturing sector has long been disadvantaged by the socio-political crisis that the country experienced in the 1990s. The processing units have been cut off from their sources of supply, as a result of which they have been unable to operate at full capacity.

4.78. The sector's poor performance is apparently explained by its high dependence on imports of foreign capital goods (70 to 90%), frequent power cuts, the high costs of finance, and the poor integration of industry.[176]

4.79. Since 2008, the Government has been introducing industrialization policies with a view to reducing poverty and generating national wealth, based largely on the Integrated Industrial Revitalization Programme which seeks to improve industrial performance by focusing on two key subsectors – agrifood and the timber and timber-derived products – and by having regard to the very limited capacities of development support institutions in the private sector, especially for

[171] This authority was created by Law No. 16-2003 of 10 April 2003. The price of electricity is CFAF 49.08/kWh, plus VAT at 18% and a surcharge of CFAF 2/kWh.

[172] Order No. 681 of 19 March 1994. Low voltage electricity costs CFAF 49.08/kWh plus VAT at 18% and a surcharge of CFAF 2/kWh.

[173] Law No. 13-2003 of 10 April 2003.

[174] The price is CFAF 130/m^3, plus charges at 0.25786% and surcharges of 4.08%.

[175] Online information. Viewed at: http://www.congo-site.biz/v1x/ebiz/annu_cat.php?id=18.

[176] Online information. Viewed at: http://www.lesafriques.com/congo-brazza-/l-industrie-manufacturière.

the development of SMEs and small and medium-sized industries. The principal trade measures applied to the sector consist of protective tariff rates that vary somewhat irregularly from one industry to another.

4.80. Imported manufactures are also subject to internal taxes such as VAT and, in some instances, excise duty (Chapter 3). The highest taxation applies to beverages (85%), as a result of the customs duty of 30%, the excise duty of 24% and VAT of 18%, among other charges.

4.81. The simple average of MFN tariffs applied in the manufacturing sector (ISIC definition) is 18.4%, with a large number of imported manufactures subject to a 30% rate and also to other import duties and taxes (common report, Chapter 3). Derived from the CEMAC's CET, this tariff structure does not encourage investment in agrifood industries because the relatively strong protection afforded to agricultural raw materials makes those materials relatively high-cost. In addition, the high level of effective protection given to the majority of industries, with the exception of the timber and wood articles industry and non-metallic mineral products (common report, Chapter 2), affects the competitiveness of the Congolese manufactures concerned on foreign markets. Furthermore, the tariff structure does not support the objective of promoting exports of processed wood or non-metallic mineral products.

4.4 Services

4.4.1 Overview

4.82. Services employ the vast majority of wage-earners, even though certain commercially traded services such as business and road and river transport are mainly provided by the informal sector. They make a significant contribution to the formation of GDP (Chapter 1). Formal financial services are not sufficiently developed to finance the expansion of the private sector needed to diversify the Congo's economy, which remains dependent on petroleum resources.

4.83. Transport development is a pivotal component of Congolese economic policy. As part of diversifying the economy, the country therefore needs to address the major challenge of improving transport networks, the energy supply and telecommunications. The revitalization of the maritime sector has to include the Pointe-Noire Autonomous Port (PAPN), the gateway for river trade with Central Africa, and Brazzaville Port.

4.84. The process of bringing the isolation of certain regions to an end and linking the capital with Pointe-Noire Port (the second-largest city in the country and the nerve centre for economic and commercial activities), will necessarily entail modernizing the road network. The Congo is also in favour of projects to establish links with its neighbours that were introduced by CEMAC and the New Partnership for Africa's Development (NEPAD) and others, with donor support. Basic telecommunications services also form part of this vision.

4.85. The Congo has made few commitments under the GATS other than those in tourism. It did not take part in the negotiations on basic telecommunications services or in those on financial services, concluded in 1997.

4.4.2 Transportation[177]

4.4.2.1 Water transport

4.86. The two major rivers in the Congo, the Congo and the Oubangui, are navigable up to the border with the Central African Republic and make up a major river transport network. The Congo River is the second largest in the world by flow-rate after the Amazon (up to 75,000 m^3/s).

[177] The principal references for this section are publications by the economic services of the Directorate-General of Treasury of Congo Brazzaville of May 2012. Online information on transportation in the Congo from OT Africa Line, viewed at: http://www.otal.com/congo; Congolese Shippers Council, viewed at: http://www.ccc.cg/.www.congo-site.com; and IZF.net at the page *L'actualité du Congo*. Document implementing the development of marine activities with a view to maritimizing the economy of Pointe-Noire city – Trans Africa Project, *Overview of public transport in Sub-Saharan Africa,* 2009. http://www.uitp.org/knowledge/pics/2009/transafrica.pdf PRSP of the Republic of the Congo, analysis paper, October 2007.

The Autonomous Port at Brazzaville is the principal border crossing between the Republic of the Congo and its large neighbour, the DRC. It is also the main multimodal transfer point for trade with the Central African Republic (CAR) and Cameroon, and is on the Tripoli-Windhoek Trans-African Highway.

4.87. The deep-water Autonomous Port at Pointe-Noire (PAPN) is among the leading ports in the Gulf of Guinea. It used to be part of the rail network but its management was subsequently entrusted to various bodies, including the Transequatorial Communications Agency (ATEC) and then the TransCongolese Communications Agency (ATC). In 2000 the port gained autonomy as a public industrial and commercial establishment. Today, the Congolese maritime sector is characterized by: its low attractiveness to private investment, despite the country's assets and potential; insufficient use of maritime opportunities and trades; government willingness to promote and sustainably develop activities so that the door is opened to other, related activities.

4.88. The massive investment in modernization in recent years should enable the PAPN to consolidate is role as the subregion's principal transit and transshipment port. It will have a storage capacity of over 4,000 Twenty-foot Equivalent Units (TEUs). Congo Terminal should also supply neighbouring ports in the subregion in transshipment by becoming the reception point for vessels that are too heavy for Douala (Cameroon), Luanda (Angola) or Matadi (DRC). According to the authorities, the introduction of a maritime single window (Gumar) and a system to combat customs fraud and the trafficking of hazardous products is under way. The Pointe-Noire port development provides preferential access not only to the Congo but to several of its neighbours. Around 70% of Congolese external trade travels by sea.

4.89. The re-establishment, currently under way, of the rail and road "land corridor" to Brazzaville provides the country with an exceptional asset for development. It is one of the best opportunities for diversifying an economy that is too heavily dependent on oil and creating a genuine network of private businesses.

4.90. The Autonomous Port at Brazzaville and Secondary Ports (PABS) and the PAPN are public industrial and commercial establishments that manage the ports of Brazzaville and Pointe-Noire respectively. Handling and storage services at the PABS may be supplied by private persons. The PAPN handles around 2.2 million tonnes of exports and 0.6 million tonnes of imports each year.

4.91. Maritime transport rates are set freely by shipowners and cabotage is allowed. The Congolese Maritime Transport Company (SOCOTRAM) is a State-owned enterprise that is the national shipping company[178], and as such has national traffic rights for 40% of the cargo under the traffic-sharing agreements concluded under the auspices of the UNCTAD.[179] The role of SOCOTRAM is therefore to provide: transport by sea for the share of traffic that falls to the Republic of the Congo, maritime links between Congolese ports and the rest of the world, and national cabotage; its role also includes playing a leading part in activities associated with maritime transport. Shipowners must pay SOCOTRAM a fee for all import or export cargo, even though traffic-sharing has been abolished by the Congo.[180] The Congolese Shippers Council (CCC), set up in 2000[181], is the other government body active in the maritime transport subsector. Its tasks are to support the Congolese transport chain. The CCC is self-financed through revenue from the electronic cargo tracking note (ECTN), as well as through the registration fees which shipowners must pay (section 3.1.1).

4.92. Foreign natural or legal persons may be authorized to pursue maritime and auxiliary transport professions in the Congo subject to equity participation by Congolese nationals in an amount to be determined by Order. The organization of auxiliary activities in port (piloting, towing, berthing) is determined by Order of the Minister for the Merchant Navy.[182] Prior approval from the Minister for the Merchant Navy is required for engagement in any activity

[178] Order No. 1134 of 24 May 1990.

[179] The 40-60% allocation between foreign and Congolese shippers was abolished in the Congo in 1997.

[180] Under Order No. 1567 of 29 May 2000, the fee is set at US$4/tonne or m^3 for general cargo, including timber imported and exported; US$2/tonne or m^3 for imported or exported hydrocarbons.

[181] Ordinance No. 8-2000 of 23 February 2000.

[182] Decree No. 2000-19 of 29 February 2000 determining the conditions governing approval for and the pursuit of maritime professions and auxiliary professions in the transport field.

concerned with the construction, modification, repair, or improvement of vessels. These conditions are the same for both nationals and foreigners. The Congo does not have a shipbuilding industry.

4.93. The International Code for the Security of Ships and Port Facilities (ISPS Code) came into effect in the PAPN on 1 July 2004. It is a new comprehensive security regime that is intended to establish international cooperation among governments, government bodies, the maritime transport and port industries, in order to determine and implement measures to prevent incidents affecting the security of ships and port facilities involved in international trade.

4.94. The Congo has signed the UNCTAD International Convention on the Code of Conduct for Liner Conferences. It is a member of the Maritime Organization of West and Central Africa (OMAOC), whose aim is to support the member countries' maritime transport policies. For this purpose, the Congo has submitted its list of GATS Article II exemptions, which concern maritime transport.[183]

4.4.2.2 Air transport

4.95. Air transport is divided between two main international airports (Maya-Maya in Brazzaville and Agostino Neto in Pointe-Noire) and a few aerodromes giving access to the interior of the country. A third international airport has been built in Ollombo, in the north of the country. As a result of the liberalization of air transport, Congolese air space has become vibrant nationally and internationally. Seventeen airlines serve Brazzaville and Pointe-Noire airports.

4.96. Foreign presence and traffic rights given to foreign companies serving the Congo are governed by bilateral agreements. These generally cover joint operations by Congolese and foreign companies and third and fourth freedoms. To date, the Republic of the Congo has signed 37 out of 40 bilateral agreements. Foreign companies are only authorized to provide the fifth freedom (cabotage services) on a temporary and exceptional basis, under the responsibility of the Minister for Civil Aviation. The Congo has not signed any open skies agreements. However, the Congo is party to the Yamoussoukro Treaty on the liberalization of access to air transport markets in Africa and to 44 bilateral air agreements, of which 13 are in operation.

4.97. Since the previous TPR the number of commercial aircraft movements (domestic and international networks), passengers (domestic and international flights); and the volume of cargo (in tonnes) has been steadily rising, evidencing the recovery in this sector (Table 4.4).

Table 4.4 Trend in flight and cargo movements in the Congo, 2006-2012

	2006	2007	2008	2009	2010	2011	2012
Movements of commercial and non-commercial aircraft	57,013	66,102	62,030	58,802	51,048	40,855	36,563
International	10,861	12,504	13,370	11,107	12,381	10,972	12,287
Domestic	46,152	53,598	48,660	47,695	38,667	29,883	24,276
Number of passengers	1,261,561	1,392,866	1,470,186	1,554,685	1,612,283	1,677,656	1,849,563
International	254,009	292,827	341,804	307,429	410,222	432,423	485,428
Domestic	1,007,552	1,100,039	1,128,382	1,187,256	1,202,061	1,245,233	1,364,135
Cargo (kg)	82,277,014	138,343,672	178,125,643	191,123,007	145,525,689	73,200,263	50,790,765
International	5,324,093	8,880,036	13,185,341	18,905,153	36,000,686	19,003,317	24,524,039
Domestic	76,952,921	129,463,636	164,940,302	172,217,854	109,525,003	54,196,946	26,266,726

Source: Information provided by the Congolese authorities.

4.98. The commercial management of the international airports BZV, PN and Ollombo is subcontracted to AERCO against payment. The domestic airports are managed by the national CAA (Table 4.5). Air navigation services are provided by Agency for the Security of Aerial Navigation in Africa and Madagascar (ASECNA) at BZV and PN. At the other airports, including Ollombo, air navigation services are provided by the national CAA; airport assistance by Congo Handling (BZV and PN); and catering by ServAir and Cambatani.

[183] WTO document GATS/EL/21 of 15 April 1994.

Table 4.5 Remuneration table for the national CAA

Category	Amount in CFAF
Fee for developing the Congo's airports	CFAF 15,000
Civil aviation fee	
International and regional	CFAF 13,500
Domestic	CFAF 2,500
Passenger fee	
International and regional	CFAF 12,240
Domestic	CFAF 3,500
Cargo fee	
International and regional	35 CFAF/kg
Domestic	20 CFAF/kg
Parking fee	120 CFAF/tonne/hour
Fuel fee	3.4 CFAF/litre
Landing fee	
Domestic airports	
International and regional traffic	
1-15 tonnes	CFAF 2,604
16-25 tonnes	CFAF 1,043
26-75 tonnes	CFAF 2,096
76-149 tonnes	CFAF 2,939
150 tonnes and over	CFAF 2,755
National traffic	
Minimum amount	CFAF 2,699
1-14 tonnes	CFAF 197
15-25 tonnes	CFAF 782
26-75 tonnes	CFAF 1,573
76-150 tonnes	CFAF 1,988
151 tonnes and over	CFAF 1,876
Other secondary aerodromes	
Exceptional international and regional traffic	
Minimum amount	CFAF 5,009
1-25 tonnes	CFAF 2,007
26-75 tonnes	CFAF 4,031
76 tonnes and over	CFAF 5,651
Domestic traffic	
Minimum amount	CFAF 5,190
1-14 tonnes	CFAF 379
15-25 tonnes	CFAF 1,504
26-75 tonnes	CFAF 3,024
76 tonnes and over	CFAF 3,824

Source: National Civil Aviation Authority.

4.4.2.3 Land transport

4.99. The Congo's road network encompasses approximately 18,770 km of roads, made up of 1,875 km of main roads and only 1,200 km of paved roads; 6,551 km of various roads and tracks are currently under consideration or are being paved, restored or maintained. These include the 1,718 km Pointe-Noire – Brazzaville – Ouesso – Bomassa – Enyellé corridor which should extend towards Mbaiki in the Central African Republic; and the Djoundou – Impfondo corridor (200 km). When completed, these routes will enhance transit activity in the Congo and subregional trade. Access and pursuit of the profession of road haulage operator and professions associated with motor transport are governed by Decree No. 2011-491 of 29 July 2011. Both Congolese and foreign persons may provide road transport services subject to authorization and foreign hauliers are allowed to provide cabotage services.[184]

4.100. The Congolese rail network comprises two main lines: the Brazzaville – Pointe-Noire line (510 km) and the Mont Belo – Mbinda line (285 km), used up until 1991 to transport manganese from Moanda (Gabon) to Pointe-Noire. There is also a new 91 km line from Bilinga to Dolisie.

[184] Law No. 18/89 of 31 October 1989 defines road transport activities. Access to this profession is governed by Decree No. 90/135 of 31 March 1990. Foreigners must establish a company in order to provide road transport services, while Congolese natural persons may engage in the profession.

4.101. The Congo-Ocean Railway (CFCO) is the only rail transport service structure in the Congo. The CFCO is a public industrial and commercial establishment with civil personality and financial and managerial autonomy. The CFCO network enables the transportation of a high number of passengers and large quantities of goods from areas of production to areas of consumption. As part of railway infrastructure development the CFCO has finalized a five-year investment plan (2013-2017) using State funds of CFAF 742.5 billion.

4.102. Rail transport prices are determined by the CFCO and are subject to approval by the Minister responsible.

4.103. International texts such as the OHADA Uniform Act on the regulation of contracts for the transportation of goods by road; the Agreement on the carriage of hazardous goods by road (Malabo, 1999); the Inter-State Convention on multimodal Freight Transport in Central Africa; and the Inter-State Convention on the Transport of General Cargo by Road (model Inter-States consignment note for the transport of various cargo) are applied in the Congo.

4.4.3 Tourism

4.104. The Congo has considerable tourism potential because of its coastline and its eco-tourism assets. The Congolese forest covers around 60% of the national territory. It includes protected areas, wildlife reserves, and hunting areas that encompass a range of ecosystems. The Congo is positioning itself as a primary destination for discovering the tropical forest and its iconic species such as the lowland gorilla. The "park" destinations are the attraction, especially Nouabalé - Ndoki, Odzala Kokoua, and Konkouati. The tourist industry contributes little to GDP and is dominated by hotels and restaurants (Chapter 1).

4.105. The Congo has a mid-range number of hotels comprising several luxury establishments providing admirable comfort and recreational opportunities to tourists or business travellers

4.106. The tourism infrastructure is mainly composed of hotels owned by private investors; and the State only has one hotel in Brazzaville in its portfolio. In 2011, there were 889 hotels providing a total of 10,084 beds. The occupancy rate was 48% in 2011; in Brazzaville it was 51.4% in 2010 (49.7% in four-star hotels in 2011). The new statistics issued by the Directorate-General of Tourism (survey 2006-2010) show a rise in arrivals of international travellers at the country's borders from 309,383 in 2010 to 342,048 in 2011. Stays by non-residents in hotels in the Congo rose to 167,587 in 2011 compared to 100,691 in 2010.

4.107. The tourist industry has fallen within the remit of the Ministry of Tourism and the Environment since the Government reshuffle of 25 September 2012. Hotels are classified according to international standards by the Ministry; other tourism facilities are not yet classified.[185] The most recent classification was conducted in June 2008.

4.108. An Order on hotel classification is in process of formulation to bring Congolese regulations in the field into line with the new French system under which the "five-star" rating has replaced the "luxury four-star" rating. Validation of the Order on classification and the classification scale is under way by the Ministry services and the texts are due to be signed shortly by the Minister for Tourism and the Environment. Charges for rooms and services are set freely by the operators. There are a few medium-sized private hotels in Brazzaville and other parts of the country.

4.109. The conditions that must be fulfilled to become a tourist operator are the same for all traders. However, a file of supporting documents must be supplied in order to obtain approval to operate a tourist establishment (accommodation, restaurant, cafe, travel agency, tourism complex). There is no discrimination on the grounds of the operator's nationality.

4.110. The Congolese authorities have put in place a number of projects to develop industry and are encouraging the emergence and expansion of tourism. Institutions to support the sector have been created to that end, namely: an office to promote tourism whose responsibilities include attracting tour operators to invest in the country and seeking funding from multilateral and foreign

[185] Order No. 2710/MCAT-CAB of 26 March 2004. Document "*Chemin d'avenir – de l'Espérance à la Prospérité*" signed by the President of the Republic. Viewed at: http://www.congo-site.com/file/103768.

institutions (World Bank, UNDP, AfDB, AFD, etc.) to support the Congo's tourism development programme; and a national tourism agency to develop sites and areas of tourist interest that it will operate or lease to private promoters.

4.111. Tourism is disadvantaged in certain ways that seriously undermine its development in the Congo, although it should also be noted that the geopolitical background of recent years has encouraged a much-anticipated burgeoning of the industry. For many, tourism is still perceived as "experimental" to the extent that is very under-developed and its share of GDP is still negligible. However, efforts are now under way to make the country a destination for tourism on a par with its neighbours.

4.112. Tourism in the Congo was the subject of specific commitments under the GATS[186], subject to prior authorization by the Minister responsible. The commitments related, in particular, to hotel and restaurant, tour operator and tourist guide services, as well as entertainment services. The Congo has been a member of the World Tourism Organization since 1979, and Association des agences de voyages du Congo (ANAVCO) is a member of the Africa Travel Association (ATA).[187]

4.4.4 Telecommunications and postal services[188]

4.113. The telecommunications and postal services subsector, reorganized as from 2001[189], comprises the Société des postes et de l'épargne du Congo (SOPECO), responsible for postal services, postal orders and the national savings bank; and Société des télécommunications du Congo (SOTELCO), now known as Congo Télécom. Congo Télécom has a presence only in fixed telephony but still has a monopoly of basic telecommunications services.[190] The other major telephony operators in the Congo are Airtel (since 1999, formerly Zain), MTN (since 2000), Warid Télécom (30% shares owned by Congo Télécom, the remainder by nationals of the United Arab Emirates – since 2006), and the company Equateur Télécom (Azur, 2009).

4.114. The mobile telephony market is expanding rapidly; the number of subscribers rose by 26.51% between 2009 and 2010 to around 3.6 million in 2010. In the same year the mobile telephone penetration rate rose 17 points to 93.39% compared to 75.97% in 2009. Between 2005 and 2010 the number of fixed and mobile telephony connections changed from 0.5 to 0.2 per 100 inhabitants and 15.8 to 94 per 100 inhabitants respectively. Moreover, during the same period, the percentage of Congolese using the internet rose from 1.5% to 5% (common report, Chapter 4, Table 4.4). The telecoms subsector represents an annual turnover of more than CFAF 60 billion for (aggregate) investment of CFAF 70 billion in the two networks at end of 2004.

4.115. The Government adopted a project to reform and develop the sector for the year 2011-2012. The project includes the introduction of terrestrial fibre optics from Pointe-Noire to Brazzaville, the creation of a telecommunications infrastructure network across the national territory and the establishment of a postal bank with local access. Also viewed as the priority areas for 2012 are the teleservices project, covering diplomatic communications, e-education and e-health, the adoption of legal texts on computing pursuant to the laws of 2009 restructuring the sector, the pooling of experience gained from public-private partnerships and continued cooperation with partners.

4.116. In terms of institutions, the Directorate-General of the Central Posts and Telecommunications Administration (DGACPT) was dissolved in November 2009 and replaced by three bodies: the Posts and Electronics Regulatory Agency (Law No. 11-2009 of 25 November 2009); the Directorate-General of Posts and Telecommunications

[186] WTO document GATS/SC/21 of 15 April 1994.

[187] Online information. Viewed at: http://www.africa-ata.org.

[188] French Embassy in the Congo, Economic Mission in Brazzaville (2006), "*Le secteur des télécommunications*"; AfDB/OECD (2005); Interview with Mr Thierry Moungala Lezin Moungala, Minister for Posts and Telecommunications, of 8 September 2010 on the history of the postal and telecommunications services. Viewed at: http://www.congo-site.com.

[189] Ordinance No. 8-2001 of 1 July 2001. Bilan télécom 2010 et perspectives 2011 pour le Congo Brazzaville, 10 February 2011, No. 151. Viewed at: http://www.congo-site.com.

[190] The Ministry of Tourism and Leisure, Mathieu Martial Kani, has given consideration to all areas of his department and provided statistics on the contribution of tourism to GDP JTV-CONGO of 19 February.

(Law No. 10-2009 of 25 November 2009); and the Posts and Telecommunications Inspectorate (Decree No. 2009-476 of 24 December 2009 restructuring the Ministry of Posts, Telecommunications and New Communications Technologies). Additionally, the electronics communications sector is governed by Law No. 9-2009 of 25 November 2009.

4.117. Since the previous TPR, there have been no changes to the 1997 regulatory framework liberalizing telecommunications.[191] The Directorate-General of the Central Posts and Telecommunications Administration acts as the regulatory authority.[192] It has been given responsibility for handling licence applications (licences are issued by the Minister responsible)[193]; determining and collecting the duties, taxes, charges and fees in the subsector[194]; and administering and controlling radio frequencies. Interconnection services and the related costs are negotiated between the parties concerned, but if there is disagreement the DGACPT intervenes. Other communications costs are freely set by the operators.

4.118. According to the authorities Congo Télécom, the new name for SOTELCO, is working to build a customer-focused development strategy in line with the current market trend of strong competition centred on new telecommunications technologies.

4.119. SOPECO inherited the postal component of the former National Office of Posts and Telecommunications when it was dissolved and dismantled in 2003. SOPECO has retained its status as a State-owned enterprise while enjoying financial autonomy. Postal services are still under a SOPECO monopoly, with the exception of packages weighing more than 2 kg, which are subject to competition (currently 14 operators).[195] Air letters to or from Europe take three to six days. For other continents, six to eight days are needed. Packages sent by sea arrive in two weeks to three months.

4.4.5 Financial services

4.4.5.1 Banking services

4.120. Banking activities in the Congo are subject to CEMAC's common banking regulations (common report, Chapter 4) and to the nationally applicable rules. In 2012 there were nine banks in the Congolese banking network, all of foreign origin. This figure does not include micro-finance establishments.

4.121. The Congo has also had a flourishing micro-credit market since the introduction of the COBAC regulations in 2002[196], with which all micro-finance establishments (MFE) must comply before April 2007. The Congo had 64 micro-finance establishments in 2009, of which 34 are independent and the remainder belong to the Mutuelles Congolaises d'Épargne et de Crédit (MUCODEC) network (Table 4.6); nine establishments have been approved and 18 have received assent. The boom in micro-finance is the result of the difficulties faced by the traditional banking sector in providing business finance in the Congo, even though problems caused by lack of professionalism in particular are still rife in this subsector.

[191] Law No. 14-97 of 26 May 1997.
[192] Decree No. 2003-169 of 8 August 2003.
[193] Decree No. 99-188 of 29 October 1999.
[194] Decree No. 2005-648 of 5 December 2005. The amount of these duties, taxes, charges and fees is established in Order No. 2711/MPTNCTC/MEFB of 7 March 2005. Law No. 10-2009 of 25 November 2009. Law No. 11-2009 of 25 November 2009 – Decree No. 2009-476 of 24 December 2009 – Decree No. 2009 – Ordinance No. 11 of 7 January 2007.
[195] Article 4 of Ordinance No. 10-2001 of 1 July 2001. *Banques et établissements financiers au Congo Brazzaville*, Publications of the economic services at the Directorate-General of the Treasury, November 2011. Viewed at: http://www.congo-site.com.
[196] Regulation No. 01/02/CEMAC/UMAC/COBAC.

Table 4.6 Trend in the number of MFEs, 2003-2010

MFEs/Year	2003	2004	2005	2006	2007	2008	2009	Quarter 1 2010
Independent MFEs	82	71	41	40	38	34	29	30
MUCODEC network	34	35	34	34	35	35	34	34
Total	116	106	75	74	73	69	63	64

Source: Data viewed at http://www.lamicrofinance.org.

4.122. The banking system has several structural weaknesses, including high interest rate spreads and a high ratio of non-performing loans. The collateralization process is cumbersome and costly, and enforcement is weak.

4.4.5.2 Insurance services

4.123. The insurance market is regulated by the Insurance Code of the Inter-African Conference on Insurance Markets (CIMA) (common report, Chapter 4).

4.124. Insurance in the Congo is experiencing a real boom linked to the sustained industrial growth of the last ten years or more. In 2012, there were five companies in the insurance market in the Congo: Assurances générales du Congo (AGC and AGC-Vie); the Société d'assurances et réassurances du Congo (ARC); NSIA non-vie and NSIA-vie; and since 2011, Allianz Africa, a subsidiary of the Allianz Group.

4.125. The following insurances are compulsory: import insurance on goods (with an insurance company authorized in the Congo, reinstated under the 2013 Finance Law after a three-year suspension)[197]; automobile insurance[198]; all-risk insurance for building sites and 10-year civil liability[199]; and school insurance.[200] Life assurance is optional. The regulations on reinsurance require a proportion to be held by local companies (25%) except for branches 4, 5, 6, 11 and 12 of Article 328 subject to the authorization of the Minister responsible for insurance.

4.126. The network of intermediaries is fast expanding. There are 31 general agents, two international brokers (ASCOMA Congo and Gras Savoye) and 13 local brokers including CCDE, H de B, 2i, MT, Global Conseils & Assurances, and Africo. Before the relevant ministry grants these insurance brokers authorization to operate, they must have a CFAF 10 million financial guarantee; they must also hold professional civil liability insurance. The general agents are subject to the principle of exclusivity of the nominating company for a given area. The maximum and minimum rates of pay for insurance brokers and insurance brokerage companies authorized in the Republic of the Congo are determined under Order No. 6998/MEF-CAB.

4.127. According to the authorities, the annual insurance market is estimated at around CFAF 20 billion (€30 million excluding petroleum risks). The risk that tops the list is "other transport" with 44.47% of turnover, followed by "other direct risks injury" (42.95%) and "fire" with 24.87%. The recently established life assurance sector is also booming.

4.128. With very high solvency and coverage ratios, the insurance sector in the Congo is also producing an overall turnover sufficient to attract large foreign insurers at a time when they appear to be withdrawing from most of the small markets in Sub-Saharan Africa (Table 4.7).

[197] Order No. 1838/MEFB-CAB of 24 December 1999.
[198] Decree No. 70/203 of 12 June 1970.
[199] Decree No. 85/755 of 1 June 1985.
[200] Ordinance No. 28/71 of 30 September 1971.

Table 4.7 Structure in insurance markets in the Congo

	Shareholders	Authorized capital	Coverage ratio	Solvency	Cash provision	Outstanding premiums
AGC	Congolese individuals hold 98%	CFAF 1.5 million own capital and 2,207,635,051 of reserves	78.69%	139.35%	CFAF 3,400,211,241	8,055,353,766
ARC	Congolese State holds 96%. The remaining 4% held by companies	CFAF 4 million own capital and 3,165,584,077 of reserves	49.34%	-621.77	CFAF 1,349,550,372	18,311,731,971
Nsia	State holds 66%, individuals hold 34%	CFAF 1.2 million own capital and 1,847,568,069 of reserves	108.35%	144.52%	CFAF 1,898,786,092	8,922,572,831

Source: Information supplied by the Congolese authorities and *Rapport annuel du marché des assurances, Exercice 2011*.

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5 APPENDIX TABLES

Table A1. 1 Structure of exports, 2007-2010

(US$ million and %)

	2007	2008	2009	2010
Total exports (US$ million)	6,293.2	9,169.7	8,201.5	6,917.6
	(%)			
Total primary products	90.3	86.4	73.0	69.8
Agriculture	3.3	2.3	2.4	2.1
Food products	0.4	0.4	0.4	0.5
0612 Other beet or cane sugar and pure sucrose, in solid form	0.2	0.2	0.2	0.2
0611 Sugars, beet or cane, raw, in solid form, not containing added flavouring or colouring matter	0.1	0.1	0.1	0.1
Agricultural raw materials	2.9	1.9	1.9	1.6
2475 Wood of non-coniferous species, in the rough or roughly squared, but not treated	2.1	1.5	1.4	1.3
2461 Wood in chips or particles	0.0	0.0	0.5	0.3
Extractive industries	87.1	84.1	70.7	67.7
Ores and other minerals	0.0	0.0	0.0	0.0
Non-ferrous metals	0.0	0.0	0.0	0.0
Fuels	87.0	84.1	70.7	67.7
3330 Crude oils of petroleum and bituminous minerals	84.1	81.6	67.7	64.8
3425 Butanes, liquefied	0.3	0.5	0.5	1.8
3421 Propane, liquefied	0.3	0.7	0.6	0.2
Manufactures	9.7	13.6	27.0	30.2
Iron and steel	0.1	0.4	0.2	0.2
6791 Tubes, pipes and hollow profiles, seamless, of iron or steel	0.1	0.2	0.1	0.1
Chemicals	0.1	0.1	0.1	0.1
Other semi-manufactures	0.8	0.7	0.8	0.8
6996 Articles of iron or steel, n.e.s.	0.0	0.0	0.5	0.5
6956 Knives and cutting blades, for machines or for mechanical appliances	0.1	0.1	0.1	0.1
6341 Veneer sheets and sheets for plywood (whether or not spliced), sawn lengthwise, of a thickness not exceeding 6 mm.	0.5	0.5	0.1	0.1
Machinery and transport equipment	8.4	12.1	24.9	27.9
Power-generating machinery	0.1	0.0	0.1	0.1
Other non-electrical machinery	0.4	0.3	0.6	0.7
7239 Parts, n.e.s., of the machinery of group 723 and of subgroup 744,3	0.1	0.1	0.3	0.3
Agricultural machinery and tractors	0.0	0.0	0.0	0.0
Office machines and telecommunications equipment	0.0	0.0	0.0	0.0
Other electrical machinery	0.1	0.1	0.1	0.1
7781 Batteries and electric accumulators, and parts	0.0	0.0	0.1	0.1
Automotive products	0.0	0.1	0.1	0.1
Other transport equipment	7.8	11.6	24.0	26.9
7935 Special boats; floating docks; platforms etc.	2.8	5.9	14.3	16.0
7932 Ships, boats, etc. (excl. pleasure craft, tugs, etc.)	4.6	5.2	8.8	9.8
7937 Tugs and pusher craft	0.2	0.1	0.5	0.6
7939 Other floating structures (for example, rafts, tanks, coffer-dams and beacons).	0.0	0.0	0.3	0.3
7921 Helicopters	0.0	0.0	0.1	0.1
Textiles	0.0	0.0	0.0	0.0
Clothing	0.0	0.0	0.0	0.0
Other consumer goods	0.2	0.3	1.0	1.1
Compasses; other navigational instruments and appliances; surveying, hydrographic, oceanographic, hydrological, meteorological or geophysical instruments and appliances	0.0	0.1	0.8	0.9
Other	0.0	0.0	0.0	0.0

Source: WTO Secretariat calculations based on data from the UNSD Comtrade database (SITC Rev. 3).

Table A1. 2 Structure of imports, 2007-2010
(US$ million)

	2007	2008	2009	2010
Total imports (US$ million)	3,928.8	3,539.6	4,447.1	4,369.4
	(%)			
Total primary products	10.7	14.5	12.0	13.3
Agriculture	6.1	8.7	9.3	7.4
Food	5.6	8.2	8.8	7.0
0989 Food preparations, n.e.s.	0.4	0.6	0.6	0.6
0123 Meat and edible offal of poultry, fresh, chilled or frozen	0.5	1.1	1.4	0.6
0461 Flour of wheat or of meslin	0.4	0.4	0.5	0.5
Agricultural raw materials	0.4	0.6	0.6	0.4
Extractive industries	4.6	5.8	2.7	5.9
Ores and other minerals	0.2	0.1	0.1	0.1
Non-ferrous metals	0.2	0.2	0.1	0.1
Fuels	4.3	5.4	2.5	5.7
Manufactures	89.2	85.4	87.9	86.6
Iron and steel	0.8	2.3	1.1	1.1
6791 Tubes, pipes and hollow profiles, seamless, of iron or steel	0.4	1.2	0.5	0.6
Chemicals	4.2	3.3	3.0	2.8
5429 Medicaments (including veterinary medicaments), n.e.s.	1.2	1.3	1.2	1.2
Other semi-manufactures	3.2	7.0	5.5	5.4
6612 Hydraulic cements, whether or not coloured or in the form of clinkers	0.8	1.8	1.6	1.6
6995 Various articles in base metals	0.3	1.0	1.1	1.0
6996 Articles of iron or steel, n.e.s.	0.1	0.9	0.5	0.6
Machinery and transport equipment	76.8	65.0	75.3	74.4
Power-generating machinery	1.1	1.0	2.0	2.2
7149 Parts of the engines and motors of heading 714.41 and subgroup 714.8	0.1	0.2	0.9	1.0
7165 Generating sets	0.6	0.6	0.5	0.5
Other non-electrical machinery	5.7	5.4	4.8	5.5
7239 Parts, n.e.s., of the machinery of group 723 and of subgroup 7443	1.0	0.6	1.4	1.6
7234 Construction and mining machinery, n.e.s.	0.1	0.7	0.5	0.6
Agricultural machinery and tractors	0.0	0.1	0.1	0.1
Office machines and telecommunications equipment	1.0	1.5	0.9	0.9
Other electrical machinery	1.6	1.7	1.9	1.9
7731 Electrical wire and cables	0.7	0.5	0.8	0.8
Automotive products	2.2	2.7	2.0	2.0
7812 Motor vehicles for the transport of persons, n.e.s.	1.1	1.2	0.8	0.8
7821 Motor vehicles for the transport of goods	0.6	0.6	0.6	0.6
Other transport equipment	65.3	52.8	63.7	62.0
7935 Special boats; floating docks; platforms etc.	43.0	31.4	43.0	41.8
7932 Ships, boats, etc. (excl. pleasure craft, tugs, etc.)	21.1	19.6	18.2	17.7
7937 Tugs and pusher craft	0.9	0.5	1.1	1.1
7939 Other floating structures (for example, rafts, tanks, coffer- dams and beacons)	0.1	0.1	0.5	0.5
Textiles	0.3	0.4	0.4	0.3
Clothing	0.2	0.3	0.3	0.3
Other consumer goods	3.7	7.0	2.4	2.4
Other	0.1	0.1	0.1	0.1

Source: WTO Secretariat calculations based on data from the UNSD Comtrade database (SITC Rev. 3).

Table A1. 3 Destination of exports, 2007-2010
(US$ million)

	2007	2008	2009	2010
World (US$ million)	6,293.2	9,169.7	8,201.5	6,917.6
America	18.1	17.8	15.0	14.5
United States	11.0	17.2	10.7	10.4
Other America	7.1	0.6	4.3	4.2
Brazil	5.8	0.2	2.4	2.4
Canada	1.1	0.0	1.0	0.9
Europe	10.0	18.5	25.2	24.1
EU(27)	8.8	18.0	23.5	21.4
France	1.2	9.5	13.1	12.5
Netherlands	3.2	2.2	3.4	2.8
Portugal	0.6	2.4	2.6	2.3
Spain	0.1	1.6	1.2	1.1
Italy	3.2	1.6	1.0	0.8
Germany	0.1	0.1	0.7	0.7
EFTA	1.1	0.5	1.6	2.6
Switzerland and Liechtenstein	0.1	0.1	0.5	1.5
Iceland	0.5	0.0	1.0	1.0
Other Europe	0.1	0.0	0.1	0.1
Commonwealth of Independent States (CIS)	0.0	0.0	0.0	0.0
Africa	10.0	9.5	19.2	21.7
Angola	5.3	1.6	11.6	13.1
Gabon	0.7	1.0	4.2	4.7
Côte d'Ivoire	0.9	0.1	0.8	0.8
Cameroon	1.6	0.7	0.5	0.6
Equatorial Guinea	0.0	0.1	0.5	0.5
Middle East	0.0	0.1	0.2	0.1
Asia	61.0	53.6	35.5	34.1
China	43.0	39.0	21.9	20.9
Japan	0.0	0.0	0.0	0.0
Six East Asian traders	13.2	11.3	12.6	12.2
Chinese Taipei	8.8	6.4	7.8	7.4
Singapore	1.2	2.8	2.8	2.8
Korea, Republic of	3.0	2.0	2.0	1.9
Other Asia	4.8	3.3	1.1	1.0
India	0.4	2.9	1.1	1.0
Other	0.8	0.5	4.8	5.4
Bunkers	0.8	0.5	4.8	5.4

Source: WTO Secretariat calculations based on data from the UNSD Comtrade database (SITC Rev. 3).

Table A1. 4 Origin of imports, 2007-2010
(US$ million and %)

	2007	2008	2009	2010
World (US$ million)	3,928.8	3,539.6	4,447.1	4,369.4
America	4.0	4.1	4.6	4.4
United States	1.8	2.2	3.3	3.6
Other America	2.1	1.8	1.3	0.8
Europe	28.7	40.7	32.7	32.3
EU(27)	25.3	39.1	31.8	31.6
France	12.1	10.2	12.3	12.2
United Kingdom	1.2	5.1	6.8	6.6
Netherlands	1.9	1.8	3.7	3.8
Belgium	4.0	4.5	4.1	3.7
Italy	1.7	6.5	2.5	2.9
Cyprus	0.0	0.0	0.7	0.7
Spain	1.2	2.7	0.6	0.6
EFTA	3.2	1.4	0.7	0.4
Other Europe	0.1	0.2	0.2	0.2
Commonwealth of Independent States (CIS)	0.0	0.1	0.0	0.0
Africa	60.4	44.0	39.9	41.2
Angola	22.1	7.5	15.3	15.0
Equatorial Guinea	2.0	1.8	6.3	6.2
Gabon	6.0	18.3	4.7	4.7
South Africa	7.9	1.2	3.4	3.2
Côte d'Ivoire	3.1	1.0	2.2	3.1
Nigeria	12.1	1.4	2.7	2.8
Cameroon	1.2	5.6	1.2	1.5
Namibia	3.0	0.2	1.4	1.4
Ghana	1.0	0.3	0.3	0.7
Morocco	0.2	0.0	0.6	0.6
Middle East	0.9	1.3	1.2	1.3
United Arab Emirates	0.7	1.0	0.9	0.9
Asia	6.1	9.8	16.3	15.8
China	1.9	4.3	3.6	3.5
Japan	0.1	0.1	0.1	0.1
Six East Asian Traders	2.9	3.2	11.1	10.9
Singapore	2.3	2.0	10.3	10.1
Other Asia	1.2	2.1	1.5	1.3
Other	0.0	0.1	5.1	5.0
Bunkers	0.0	0.1	5.1	5.0

Source: WTO Secretariat calculations based on data from the UNSD Comtrade database (SITC Rev. 3).