The Democratic Republic of Congo

RISK & COMPLIANCE REPORT

DATE: March 2018

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Executive Summary - Congo DR	
Sanctions:	UN, EU and US Financial and Weapons
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	Non - Compliance with FATF 40 + 9 Recommendations Not on EU White list equivalent jurisdictions Corruption Index (Transparency International & W.G.I.) World Governance Indicators (Average Score) Failed States Index (Political Issues)(Average Score)
Medium Risk Areas:	Weakness in Government Legislation to combat Money Laundering

Major Investment Areas:

Agriculture - products:

coffee, sugar, palm oil, rubber, tea, cotton, cocoa, quinine, cassava (manioc), bananas, plantains, peanuts, root crops, corn, fruits; wood products

Industries:

mining (copper, cobalt, gold, diamonds, coltan, zinc, tin, tungsten), mineral processing, consumer products (textiles, plastics, footwear, cigarettes), metal products, processed foods and beverages, timber, cement, commercial ship repair

Exports - commodities:

diamonds, copper, gold, cobalt, wood products, crude oil, coffee

Exports - partners:

China 53.4%, Zambia 24.5%, Belgium 5.6% (2012)

Imports - commodities:

foodstuffs, mining and other machinery, transport equipment, fuels

Investment Restrictions:

The Democratic Republic of Congo (DRC) remains a highly challenging environment in which to conduct business. At the same time, the current government has taken several steps to improve the business climate and improve economic governance.

The DRC does not have any barriers specifically targeting or restricting Foreign trade or investment. There are, nevertheless, some non-tariff related barriers present; including the multitude of taxes collected on imported goods by several government agencies and expensive, slow and burdensome commercial/customs procedures.

Contents

Section 1 - Background

Established as a Belgian colony in 1908, the then-Republic of the Congo gained its independence in 1960, but its early years were marred by political and social instability. Col. Joseph MOBUTU seized power and declared himself president in a November 1965 coup. He subsequently changed his name - to MOBUTU Sese Seko - as well as that of the country - to Zaire. MOBUTU retained his position for 32 years through several sham elections, as well as through brutal force. Ethnic strife and civil war, touched off by a massive inflow of refugees in 1994 from fighting in Rwanda and Burundi, led in May 1997 to the toppling of the MOBUTU regime by a rebellion backed by Rwanda and Uganda and fronted by Laurent KABILA. He renamed the country the Democratic Republic of the Congo (DRC), but in August 1998 his regime was itself challenged by a second insurrection again backed by Rwanda and Uganda. Troops from Angola, Chad, Namibia, Sudan, and Zimbabwe intervened to support KABILA's regime. In January 2001, KABILA was assassinated and his son, Joseph KABILA, was named head of state. In October 2002, the new president was successful in negotiating the withdrawal of Rwandan forces occupying the eastern DRC; two months later, the Pretoria Accord was signed by all remaining warring parties to end the fighting and establish a government of national unity. A transitional government was set up in July 2003; it held a successful constitutional referendum in December 2005 and elections for the presidency, National Assembly, and provincial legislatures took place in 2006. In 2009, following a resurgence of conflict in the eastern DRC, the government signed a peace agreement with the National Congress for the Defense of the People (CNDP), a primarily Tutsi rebel group. An attempt to integrate CNDP members into the Congolese military failed, prompting their defection in 2012 and the formation of the M23 armed group - named after the 23 March 2009 peace agreements. Renewed conflict has lead to the displacement of large numbers of persons and significant human rights abuses. As of February 2013, peace talks between the Congolese government and the M23 were on-going. In addition, the DRC continues to experience violence committed by other armed groups including the Democratic Forces for the Liberation of Rwanda and Mai Mai groups. In the most recent national elections, held in November 2011, disputed results allowed Joseph KABILA to be reelected to the presidency.

C.A.R.
SOUTH SUDAN
CAMER.
Gbadolite
Congo
Bumba
REP. OF THE CONGO
Kisangani
Pic Marguerite
UG.
Equator
GABON
Mbandaka
Goma
RW.
Bukavu
Kindu
BURU.
ANG.
KINSHASA
Ilebo
Lualaba
Matadi
Kikwit
Kananga
Mbuji-Mayi
TANZ.
Boma
Banana
Tshikapa
Kalemie
Lake Tanganyika
SOUTH ATLANTIC OCEAN
ANGOLA
Kolwezi
Likasi
Lubumbashi
0 200 400 km
0 200 400 mi
ZAMBIA

Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

The Democratic Republic of Congo is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The Democratic Republic of Congo has not yet undertaken a Mutual Evaluation Report

25 July 2013 - IMF Report: Democratic Republic of the Congo: Poverty Reduction Strategy Paper

Extract: -

'As part of the fight against money laundering, Government is aware of the undoubted potential of the country to serve as a platform for money laundering and terrorist financing, because of its under-developed banking sector and dominant informal nature of its economy. Even if this is not yet demonstrated, there is certainly a high potential for this plague to destroy the business environment of the country. It is within this context that Government has adopted a national strategy to fight against corruption, money laundering and organized crime since November 2002. A national Financial Intelligence Unit (CENAREF) was established to collect and process financial information on money laundering channels and the financing of terrorism. The aim is to strengthen republican institutions for optimal functioning of democracy. This strategy is based on prevention, awareness raising and moralization, the reform of public institutions, terms of repression as well as strengthening of the partnership between the public sector, private sector, civil society and the international community. Government undertakes to implement this strategy following an approach that will both be educative (sensitization of different stakeholders in the fight on principles of prevention), fiscal (development of appropriate fiscal measures) and repressive (sanctions in proven cases).

US Department of State Money Laundering assessment (INCSR)

The Democratic Republic of Congo was deemed a ‘Monitored’ Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

The Democratic Republic of the Congo (DRC) is not considered an important regional financial center. Nevertheless, its porous borders, weak law enforcement, inadequate judicial system, dollarized economy, and dominant informal sector put the country and its financial system at risk of abuse by criminals seeking to launder money or finance terrorism. The DRC covers 2.4 million square kilometers and has 7,000 kilometers of often porous borders with nine countries. State authority and administration are weak because of the country's vast territory and dilapidated infrastructure, among other challenges. Most economic activity in the DRC takes place in the informal sector, estimated to be up to ten times the size of the formal sector, with many transactions, even those of legitimate businesses, carried out in cash (often in U.S. dollars). Its parallel foreign exchange market is large and tolerated by the government.

Inefficient and burdensome customs and tax policies and chronically low public sector salaries encourage a climate of bribery and clandestine transactions, especially in import/export activities and mineral exploitation and sales. Gold, diamonds, and other minerals have long been extensively mined in and sometimes smuggled out of the DRC. Casinos and smuggling of gold, diamonds, and weapons are sources of illicit revenues. Customs and tax fraud, tax evasion, misappropriation of public funds, endemic corruption throughout all sectors of society, sale of prohibited products and services, and a history of state expropriations undercut development of a healthy commercial climate. The DRC does not have any free ports or areas designated as free trade zones.

Certain Congolese and foreign individuals and armed groups contributing to the conflict in the DRC are subject to UN, U.S., and EU sanctions, including an arms embargo that applies to all nongovernmental entities and individuals operating in the DRC. There are travel bans and asset freeze orders against certain members of militia and rebel groups.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:
"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes
Are legal persons covered: criminally: YES civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:
Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES KYC covered entities: Congolese Central Bank, banks, credit institutions, money transfer institutions, financial companies, microfinance institutions, money exchangers, insurance companies, leasing companies, financial intermediaries, postal checking systems, transferable securities and stock exchange market operations, gaming companies, notaries, independent legal advisors, real estate agencies, funds conveyors, travel agencies, auditors, accountants, tax consultants, and sellers of works of art, antiques, and precious stones

REPORTING REQUIREMENTS:
Number of STRs received and time frame: 102 in 2014

Number of CTRs received and time frame: Not available
STR covered entities: Congolese Central Bank, banks, credit institutions, money transfer institutions, financial companies, microfinance institutions, money exchangers, insurance companies, leasing companies, financial intermediaries, postal checking systems, transferable securities and stock exchange market operations, gaming companies, notaries, independent legal advisors, real estate agencies, funds conveyors, travel agencies, auditors, accountants, tax consultants, and sellers of works of art, antiques, and precious stones

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:
Prosecutions: 0 in 2014
Convictions: 0 in 2014

RECORDS EXCHANGE MECHANISM:
With U.S.: MLAT: NO Other mechanism: YES
With other governments/jurisdictions: YES

The DRC is not a member of a FATF-style regional body (FSRB).

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

DRC's 2014 readmission to the Extractive Industries Transparency Initiative (EITI), and assistance from the international community in setting up extractives tracing schemes have gone some way toward regulating the metal and diamond sectors. Its 2014 decision to join the Organization for Harmonization of Business Laws in Africa (OHADA) may give investors new protections and recourses in cases where the local judicial sector cannot guarantee rule of law.

The National Financial Intelligence Unit (CENAREF), the DRC's financial intelligence unit, conducts periodic studies and advises the Government of the DRC on how to advance its AML/CFT regime. There is a strong perception that CENAREF is not empowered to investigate businesses and transactions if such investigations might adversely impact the economic interests of high-level Congolese officials and ruling elites. The organization collaborates very closely with Belgian and French counterpart financial investigation units. CENAREF has also long expressed interest in increasing bilateral cooperation with the United States.

Limited resources hamper the DRC's ability to enforce AML laws and regulations, and local institutions and personnel lack training and capacity. A weak judicial system also impedes enforcement of AML regulations.

The DRC acceded to the UN Convention against Corruption in 2010 and to the UN Convention against Transnational Organized Crime in 2005.

The DRC should pursue membership in a FSRB and should work to build the capacity of its supervisory and enforcement entities.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, The Democratic Republic of Congo does not conform with regard to the following government legislation: -

States Party to United Nations Transnational Organised Crime Convention - States party to the United Nations Convention against Transnational Organized Crime (UNTOC), or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

States Party to United Nations Convention Against Corruption - States party to the United Nations Convention against Corruption (UNCAC), or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

EU White list of Equivalent Jurisdictions

The Democratic Republic of Congo is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

To view historic Governance Indicators Ctrl + Click here and then select country

Failed States Index

To view Failed States Index Ctrl + Click here

Offshore Financial Centre

The Democratic Republic of Congo is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2011:

Marijuana is grown throughout the DRC, as it is throughout the region, but consumption of DRC's domestic marijuana is largely confined to the domestic market. There are no available statistics concerning acreage or yield in the country. There is no coca or opium production in the DRC. No evidence exists to determine that any controlled substances are manufactured in the DRC. Although known bulk shipments of pseudoephedrine entering the country could be an indicator that methamphetamine is being produced, more likely the shipments are diverted for production of meth elsewhere. There is no sizable methamphetamine user population in the DRC.

The three major DRC transit points for illegal drugs are the Ndjili International Airport at Kinshasa, the major seaport of Matadi, and the ferry crossing between Brazzaville, Congo and Kinshasa, DRC. Traffickers in the DRC are involved in the transshipment of drugs from the DRC to several countries in Europe. Couriers transiting through the DRC have been arrested with significant quantities of heroin, cannabis and cocaine in several west European countries and Canada. Significant seized shipments of pseudoephedrine into the DRC have been identified as diversions headed for the illicit methamphetamine market.

Funding for drug awareness training, demand reduction and treatment is scarce in the DRC. Congolese authorities believe that the use of marijuana, as well as abuse of licit drugs such as amphetamines and tranquilizers, has increased steadily over past years. The government does not maintain accurate statistics on drug abuse, and thus, the extent of the problem is unknown. Marijuana is widely used in the DRC, as it is throughout sub- Saharan Africa.

Cocaine and heroin abuse is most likely confined to the capital, Kinshasa, as well as some areas that have expatriate communities, such as Goma. Eastern areas of the country are the loci for the highest demand for cocaine and heroin. Congolese use of cocaine and heroin is cost prohibitive so it is possible that UN peacekeepers and other expatriate residents of the Eastern Congo are among those abusing these drugs.

The DRC continues to operate with antiquated drug laws and regulations. Marijuana regulations and laws were enacted in 1917, based on The Hague Convention of 1903. Laws and regulations controlling other narcotics were enacted in 1927 based on The Hague Conventions of 1912 and 1925. The Belgium Convention of 1941 is also still in force. Laws and regulations used to control the production and trafficking of opium were enacted in 1958 based on the international protocol of 1953. The DRC has signed on to the Rome Statute regarding the surrender of persons to the International Criminal Court, which entered into force in July 2003. The DRC is a party to the 1988 UN Drug Convention.

Drug enforcement efforts, however, are largely opaque in the DRC, and local police and customs officials are underpaid, undertrained and generally ineffective. Corruption, at various levels, possibly facilitates a wide range of criminal activity, to include drug trafficking. The DRC does not encourage or facilitate illicit production or distribution of narcotic drugs and psychotropic substances, nor does it encourage or facilitate the laundering of proceeds from illegal drug transactions. There is also no proof that senior officials engage in drug trafficking, certainly not in an official capacity. However, corruption in conjunction with narcotics trafficking is thought to be widespread, possibly reaching into the highest levels of the government.

Narcotics control is not a priority in the DRC. Relative to neighboring African nations, drug enforcement in the DRC suffers from a lack of resources and training. Law enforcement officials in the DRC are not capable of conducting traditional drug enforcement investigations. The effectiveness of host government counter-narcotics efforts therefore is greatly reduced by the lack of expertise, training, equipment, and funding.

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The DRC cooperates very little with its neighboring countries concerning counter drug operations. Officials from the DRC did attend the most recent United Nations Office of Drugs and Crime (UNODC) Heads of Narcotics and Law Enforcement Agencies (HONLEA) conference held in Windhoek, Namibia in October 2009. For the present, other problems in the DRC seem logically more urgent than drug abuse or trafficking, but drug abuse is growing, so the government will need to be wary of this development.

US State Dept Trafficking in Persons Report 2016 (introduction):

The Democratic Republic of the Congo is classified a Tier 2 Watch List country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

The Democratic Republic of the Congo (DRC) is a source, destination, and transit country for men, women, and children subjected to forced labor and sex trafficking. Due to ongoing conflict, more than 1.8 million people have been displaced within DRC, and internally displaced persons in Katanga, North Kivu, and South Kivu provinces remain particularly vulnerable to abduction, forced conscription, and sexual violence by armed groups and government forces. In 2015, several armed groups continued to abduct and forcibly recruit Congolese men, women, and children as combatants and in support roles, such as guards, porters, cleaners, cooks, messengers, spies, and tax collectors at mining sites; women and girls were forced to marry or serve as sex slaves for members of some armed groups. As reported in 2015, some children were also forced to commit crimes for their captors, such as looting and extortion. In 2015, an international organization reported 491 confirmed cases of children who were forcibly recruited and used by armed groups, while 2,102 children were separated or escaped from armed groups. In late 2015, six Burundian child soldiers, who were forcibly recruited and trained in Rwanda, transited DRC to fight in armed groups in Burundi. Child soldiers that have been separated from armed groups and reintegrated into society remain vulnerable to re-recruitment, as adequate rehabilitation services did not exist for children suffering severe psychological trauma, stigmatization may interfere with community reintegration, and armed groups continued to recruit children.

For a second consecutive year, international observers reported there were no cases of child recruitment by the Congolese national army (FARDC) in 2015. In furtherance of implementing the DRC government's plan to eliminate child soldiers within the FARDC, during the reporting period, an international organization reported that 12 children, some of whom were forcibly recruited in previous years, were screened and separated from the FARDC in coordination with child protection partners. However, in 2015, some individual elements of the FARDC deviated from government policy and reportedly forced local populations to carry equipment. In addition, the FARDC worked and collaborated with an illegal armed group—which recruited and used 15 children during the reporting period—to coordinate battlefield maneuvers and capture of territory from a foreign illegal armed group.

Some men, women, and children working in artisanal mines in eastern DRC are subjected to forced labor, including debt bondage, by mining bosses, other miners, family members, government officials, and armed groups. Some children are subjected to forced labor in the illegal mining of diamonds, copper, gold, cobalt, ore, and tin, as well as the smuggling of minerals. In January 2016, an international organization reported widespread abuse, including forced labor, of some children in artisanal cobalt mines in southern DRC; some children reported extremely long working hours and physical abuse perpetrated by security guards employed by the state. Children are also vulnerable to forced labor in small-scale agriculture, domestic work, street begging, vending, and portering. Some street children are suspected to be forced to participate in illicit drug transactions and exploited in sex trafficking. Local observers suspect homeless children known as chegues, who beg and steal on the streets of Kinshasa, are sometimes forced labor victims. Some Congolese women and girls are subjected to forced marriage and thereby highly vulnerable to domestic servitude or sex trafficking. Some Angolans who enter the DRC illegally to work in Bas Congo province are vulnerable to forced labor. Children from the Republic of the Congo may transit through DRC en route to Angola or South Africa, where they may be subjected to domestic servitude. Congolese women and children migrate to other countries in Africa, the Middle East, and Europe, where some are exploited in sex trafficking, domestic servitude, or forced labor in agriculture and diamond mines. Some women may be fraudulently recruited and forced into domestic servitude abroad through false promises of education or employment opportunities.

The Government of the Democratic Republic of the Congo does not fully meet the minimum standards for the elimination of trafficking, however, it is making significant efforts to do so. Despite these measures, the government did not demonstrate overall increasing anti-trafficking efforts compared to the previous reporting period; therefore, the Democratic Republic of the Congo is placed on Tier 2 Watch List for the second consecutive year. The government continued measures to end the recruitment and use of child soldiers by holding accountable officials complicit in child soldiering and cooperating with international organizations and NGOs to identify and demobilize child soldiers. The government also continued efforts to combat sexual exploitation and continued to support efforts to certify mines to prevent the use of forced and child labor. However, the government made negligible efforts to combat other forms of trafficking. It did not investigate, prosecute, or convict offenders of sex trafficking, as distinct from other sexual crimes, or labor trafficking; however, the government made efforts to improve its data collection of sexual crimes, including potential sexual slavery offenses. The government did not provide any protection services to trafficking victims; victims, including child soldiers, continued to be vulnerable to arrest and detention. Nevertheless, some officials in eastern Congo collaborated, on an ad hoc basis, with NGOs and international organizations to refer potential trafficking victims to protection services. Lack of an anti-trafficking framework, capacity, funding, and political will to address the crime, as well as widespread corruption, continued to hinder efforts to combat all forms of human trafficking throughout the country.

US State Dept Terrorism Report 2013

Overview: Despite the limited threat of violent Islamist extremism in the Democratic Republic of the Congo (DRC), the government has indicated serious concern about the threat of terrorism spreading throughout the region and has responded adequately to concerns. The DRC is a vast country bordered by nine neighbors; the Government of the DRC lacks complete control over some areas of its territory, especially in the East where various armed groups operate.

The three principal foreign armed groups operating in the DRC and posing a threat to security and stability are a Ugandan group called the Allied Democratic Forces (ADF), the Democratic Forces for the Liberation of Rwanda (known by its French acronym as FDLR), and the Lord's Resistance Army (LRA). For most of 2013, the M23 was the deadliest armed group in the East, assassinating local leaders and killing and otherwise intimidating civilians. The M23 was militarily defeated in November of 2013 by the Congolese military, with UN peacekeeping support. While no longer the military threat to the Rwandan government it once was, the FDLR contributed to the destabilization of the eastern DRC through its atrocities against the local civilian population and residual potential for small-scale attacks inside Rwanda.

2013 Terrorist Incidents: Following a decrease in ADF attacks in 2012 and 2013 during the M23 rebellion, on December 13 and 14, the ADF reportedly killed 21 civilians in Beni Territory, North Kivu by hacking and beheading them with machetes. The ADF is also believed to be responsible for similar attacks on civilians in the same area, primarily women and children, in November. The Government of the DRC remains very concerned about the activities of this group and initiated a military campaign against it in late 2013.

The UN Office for the Coordination of Humanitarian Affairs reported 164 presumed LRA attacks in 2013 in the DRC, resulting in 37 deaths and 180 abductions.

Legislation, Law Enforcement, and Border Security: The DRC has no comprehensive counterterrorism legislation, but a 2001 presidential decree established a National Committee for the Coordination of Anti-International Terrorism within a counterterrorism office in its Ministry of Interior. The DRC President identified the elimination of the ADF, FDLR, Burundian National Front, and the LRA as the highest security priorities following the end of the M23 rebellion in November. The DRC government has made statements indicating that denying safe haven to the LRA remains a matter of great importance and has contributed to international efforts to eradicate the LRA in the DRC, notably by dedicating 400 FARDC troops to the AU-Regional Task Force.

The DRC government lacks the resources to detect, deter, and prevent acts of terrorism outside of narrow, small scale attacks in the eastern DRC. The national police and the intelligence services are identified as the primary lines of defense against terrorism under 2011 foundational legislation restructuring security services in the DRC.

The DRC government made some progress on its border security management program through training funded by the UN Stabilization Mission in the Congo and the international community in personal identification and recognition systems, border patrolling, and investigative procedures.

The DRC government has shown political will to cooperate with the U.S. on counterterrorism efforts despite a lack of resources.

Though threat of violent Islamist extremism in the country is limited, the government has shown the political will and ability to respond to the small-scale, localized threats that occurred in 2013. The government's response, however, focused on military action rather than law enforcement, and weaknesses in border security allowed illicit crossing of people and goods.

Countering the Financing of Terrorism: The DRC is not a member of any Financial Action Task Force-style regional body. In 2011, the DRC signed a mutual assistance agreement with Belgium's CTIF (Cellule des Traitements des Informations Financières).

The Democratic Republic of Congo (DRC) has legislation criminalizing money laundering and terrorist financing, as well as a financial intelligence unit (CENAREF). Many banks installed new computerized communications and accounting networks, which made it easier to trace formal financial transactions. Limited resources and a weak judicial system hampered the government's ability to enforce anti-money laundering regulations, however, and local institutions and personnel lacked the training and capacity to enforce the law and its attendant regulations fully.

The DRC is home to a large Lebanese expatriate community, some of whom ran businesses reportedly linked to Hizballah funding. CENAREF received 145 suspicious transaction reports in 2013. CENAREF had 161 files for which the collection of information is continuing. CENAREF has also received 96 cases from other institutions or other sources. In 2013, the Government of the DRC had two money laundering convictions, which are a good reflection of the country's ability to tackle illicit financial flows.

International Sanctions

Arms

The UN adopted Resolution 1493 on 28 July 2003. This imposed an arms embargo on Congolese armed groups and militias. This UN arms embargo has subsequently been extended, renewed and modified, specifically by Resolution 1596 on 18 April 2005. The embargo covers the direct or indirect supply, sale or transfer of arms and related material or training assistance to groups operating in the DRC. The current UN resolution is Resolution 1807 (2008) which has been renewed every year.

The EU originally agreed to impose an arms embargo on the DRC (then Zaire) on 7 April 1993. This legislation is titled Common Position 2002/829/CFSP. The original legislation has since been repealed and replaced by Common Position 2005/440/CFSP and Common Position 2007/654/CFSP (which integrated various EU and UN measures) and associated regulations. The arms embargo has been extended, renewed and modified.

The most recent modifications to the regulations were made in 2008 by Council Common Position 2008/369/CFSP and Council Regulation (EC) 666/2008.

Financial

In 2005 the UN Security Council imposed an assets freeze and travel restrictions on persons acting in violation of the UN arms embargo imposed 2003. Subsequent Resolutions extended the scope of the restrictions to political and military leaders of foreign armed groups operating in the DRC, or Congolese militias receiving support from abroad that impede the participation of their combatants in disarmament, demobilization and reintegration processes; and those recruiting or using children in armed conflict; violating international law involving the targeting of children or women in situations of armed conflict; obstructing the access to or the distribution of humanitarian assistance in the eastern part of the DRC; and supporting the illegal armed groups in that area through the illicit trade of natural resources.

Current EU regulations

- 05.01.2012 Commission Implementing Regulation (EU) No 7/2012 Amended Annex I to Regulation 1183/2005.
- 25.10.2011 Commission Implementing Regulation (EU) No 1097/2011 Amended Annex I to Regulation 1183/2005.
- 22.12.2010 Commission Regulation (EU) No 1250/2010 Amended Annex I to Regulation 1183/2005.
- 20.03.2009 Commission Regulation (EC) No 242/2009 Amended Annex I to Regulation 1183/2005.
- 20.09.2007 Commission Regulation (EC) No 1096/2007 Amended Annex I to Regulation 1183/2005.
- 03.08.2007 Commission Regulation (EC) No 933/2007 Amended Annex I to Regulation 1183/2005.
- 12.04.2007 Commission Regulation (EC) No 400/2007 Amended Annex I to Regulation 1183/2005.

- 23.02.2007 Commission Regulation (EC) No 201/2007 Amended Annex I to Regulation 1183/2005.
- 18.01.2006 Commission Regulation (EC) No 84/2006 Amended Annex I to Regulation 1183/2005.
- 09.11.2005 Commission Regulation (EC) No 1824/2005 Amended Annex I to Regulation 1183/2005.
- 18.07.2005 Council Regulation (EC) No 1183/2005 Implemented the travel and financial restrictions in UNSCR 1596 (2005).

US Sanctions

Current DRC sanctions block the property and interests in property of persons listed in the Annex to E.O. 13413 (the "Annex") as well as specific individuals and entities determined by the Secretary of the Treasury, after consultation with the Secretary of State:

• To be a political or military leader of a foreign armed group operating in the DRC that impedes the disarmament, repatriation, or resettlement of combatants;

• To be a political or military leader of a Congolese armed group that impedes the disarmament, demobilization, or reintegration of combatants;

• To be a political or military leader recruiting or using children in armed conflict in the DRC in violation of applicable international law;

• To have committed serious violations of international law involving the targeting of children in situations of armed conflict in the DRC, including killing and maiming, sexual violence, abduction, and forced displacement;

• To have directly or indirectly supplied, sold, or transferred to the DRC, or been the recipient in the territory of the DRC, of arms or related materiel, including military aircraft and equipment, or advice, training, or assistance, including financing and financial assistance, related to military activities;

• To have materially assisted, sponsored, or provided financial, material, or technological support for, or goods and services in support of, any of the activities listed above or any person listed in or designated pursuant to E.O. 13413;

• To be owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, any person listed in or designated pursuant to E.O.
13413.

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	21
World Governance Indicator – Control of Corruption	10

Corruption in the Democratic Republic of the Congo is an endemic problem, and seriously hinders businesses operating in the country. It permeates all levels of government and all sectors of the economy, rendering the country's investment climate as one of the least competitive in the world. Clientelism, rent-seeking and patronage have decimated fair competition, particularly in the sectors of public procurement and extractive industries. Corruption has also impeded efforts to increase the transparency of government institutions. The ruling elite has a direct stake in the country's economy, and often steer economic activities in accordance to their own personal opportunities. The Penal Code (in French) makes up the country's anti-corruption legislation, yet the relevant laws are very poorly implemented, and government officials engaged in corruption with total impunity. The dysfunctional institutional framework has contributed to the spread of corruption, as well as inflating the country's informal economy, further impairing competitiveness. Bribery is widespread, to the extent that businesses consider it a routine when carrying out operations. **Information provided by GAN Integrity.**

Corruption and Government Transparency - Report by US State Department

U.S. and domestic businesses routinely cite corruption as a principal constraint to doing business in the DRC. In principle, there are laws that punish corruption, for both offering and accepting bribes. The GDRC has recently made some progress on corruption; however bribery is still routine in public and private business transactions, especially in the areas of government procurement, dispute settlement, and taxation. The DRC was ranked 154 out of 177 nations on Transparency International's 2013 Corruption Perception Index.

The DRC is not a signatory to the UN Anti-Corruption Convention. However, the DRC did pass its own anti-corruption law in 2004. Additional legislation includes the 2004 Money Laundering Act, under which the DRC cooperates with African and European crime-fighting organizations. The DRC is not a signatory of the OECD Convention on Combating Bribery. In September 2007, the DRC ratified the protocol agreement with SADC (Southern African Development Community) on Fighting Corruption. The GDRC is also preparing to ratify the African Union Convention on the Prevention and Fighting of Corruption.

Corruption, including bribery, raises the costs and risks of doing business. According to a report published in 2012, corruption adds approximately 30-40 % to the cost of transactions in the DRC, compared approximately 10-30% in neighboring countries.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" website at http://tcc.export.gov/Report_a_Barrier/index.asp.

In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: http://www.justice.gov/criminal/fraud/fcpa/.

Section 3 - Economy

The economy of the Democratic Republic of the Congo - a nation endowed with vast natural resource wealth - is slowly recovering after decades of decline.

Systemic corruption since independence in 1960, combined with countrywide instability and conflict that began in the early-90s, has dramatically reduced national output and government revenue and increased external debt. With the installation of a transitional government in 2003 after peace accords, economic conditions slowly began to improve as the transitional government reopened relations with international financial institutions and international donors, and President KABILA began implementing reforms. Progress has been slow to reach the interior of the country although clear changes are evident in Kinshasa and Lubumbashi.

Renewed activity in the mining sector, the source of most export income, has boosted Kinshasa's fiscal position and GDP growth in recent years, although recent commodity price declines threaten to erase progress. An uncertain legal framework, corruption, and a lack of transparency in government policy are long-term problems for the large mining sector and for the economy as a whole.

The country marked its thirteenth consecutive year of positive economic expansion in 2015. Much economic activity still occurs in the informal sector and is not reflected in GDP data. The DRC signed a Poverty Reduction and Growth Facility with the IMF in 2009 and received $12 billion in multilateral and bilateral debt relief in 2010, but the IMF at the end of 2012 suspended the last three payments under the loan facility - worth $240 million - because of concerns about the lack of transparency in mining contracts. In 2012, the DRC updated its business laws by adhering to OHADA, the Organization for the Harmonization of Business Law in Africa.

Agriculture - products:

coffee, sugar, palm oil, rubber, tea, cotton, cocoa, quinine, cassava (manioc, tapioca), bananas, plantains, peanuts, root crops, corn, fruits; wood products

Industries:

mining (copper, cobalt, gold, diamonds, coltan, zinc, tin, tungsten), mineral processing, consumer products (textiles, plastics, footwear, cigarettes), metal products, processed foods and beverages, timber, cement, commercial ship repair

Exports - commodities:

diamonds, copper, gold, cobalt, wood products, crude oil, coffee

Exports - partners:

China 43.5%, Zambia 25%, South Korea 4.9%, Belgium 4.8% (2015)

Imports - commodities:

foodstuffs, mining and other machinery, transport equipment, fuels

Imports - partners:

China 20.6%, South Africa 17.7%, Zambia 12.3%, Belgium 6.9%, Zimbabwe 5.1%, India 4.7% (2015)

Banking

The DRC's banking system is comprised of the Central Bank and 21 commercial banks as well as savings/credit cooperatives, microfinance institutions, and financial transfer services. A postal checking system and several credit cooperatives exist, but most of these institutions do not function well, if at all. The vast majority of commercial bank activity in the DRC is focused on short-term credit, which is offered to a restricted number of private enterprises, exchange market operations and export-import services.

Many DRC banks are technically insolvent, and the sector plays only a minor role in financial intermediation. During the 1990s the functioning of the banking system was severely reduced due to hyperinflation, decreased economic activity, the collapse of state-owned financial institutions, and the reckless use of the Central Bank to finance deficit spending. The collapse of the formal economy and the increased use of informal markets further reduced the demand for traditional banking services. Savings dried up and highly negative real interest rates eroded the deposit base. Lack of basic infrastructure hinders banking operations in many areas of the country.

Although the liquidity crisis of the post-war years has largely ended, cash hoarding continues. Private individuals rarely entrust their money to banks; most deposits are from commercial clients. Individuals prefer to deal with microfinance institutions rather than commercial banks. Most business ventures in DRC are privately financed. Bank oversight is minimal, and the legal framework is inadequate, particularly concerning debt recovery and collateral issues. The foreign exchange market is the principal functioning financial market in the DRC.

At present, many of the DRC's commercial banks do not require the payment of service fees to open bank accounts. Most banks require individuals and companies to have a minimum deposit of up to $100. Some banks work with only companies and institutions, and require a minimum deposit of $2,500 to open a bank account.

Stock Exchange

The Democratic Republic of Congo is one of the few African countries that do not have a stock exchange.

Section 4 - Investment Climate

EXECUTIVE SUMMARY

The Democratic Republic of the Congo (DRC) has an estimated $24 trillion worth of natural resources, yet 70 percent of its population lives on less than one dollar a day. With 80 million hectares (197 million acres) of arable land and over 1,100 minerals and precious metals identified, the DRC has the potential to become one of the richest countries on the African continent and a catalyst for African growth. Though the DRC's political and security situation remains fragile, the economy is expected to grow at a rate of roughly 5 percent in 2016, largely driven by the extractive sector with contributions from the public and tertiary sectors. Since 2010, the Government of the DRC (GDRC) has demonstrated a growing commitment to foster sound economic governance and attract foreign direct investment (FDI). The DRC's overall economic forecast for the medium term remains largely positive despite the impact of low global commodity prices and continuing political uncertainty.

After an economic slump during the global financial crisis that lowered gross domestic product (GDP) growth to 2.8 percent in 2009, the DRC posted an annual average economic growth of 7.7 percent between 2010 and 2014, and 8.8 percent in 2015, well above the average in sub-Saharan Africa. This performance was driven by robust growth in the extractive sector and favorable trends in commodity prices. Lower commodities prices more recently have lowered growth projections for 2016 to around 5 percent. Inflation, which reached a staggering 53 percent in 2009, was an estimated 1 percent in 2015 largely owing to more conservative fiscal and monetary policies. The government's Competitiveness and Private Sector Development Project reduced business start-up time by half and reduced the number of taxes from 118 to 30.

Though rehabilitation of basic infrastructure also contributed to economic recovery, the GDRC continues to struggle to improve the quality of transportation networks. As an example, of 1,530 km (950 miles) of road in the east, only a third is in good condition. The Congo River system, the world's second largest river by flow after the Amazon River, has great potential for hydroelectric power generation. The country's two largest dams, Inga I and II, built in 1972 and 1982 respectively, have a combined generating capacity of close to 2,000 megawatts, yet actually generate only half of their total capacity due to poor upkeep. The Congo River has the potential to generate up to 100,000 megawatts of electricity, though today less than ten percent of Congolese have access to electricity. The GDRC seeks foreign investment partnerships on several hydropower projects, including an expansion of Inga, as well as construction of new transmission lines and geothermal power stations in the east.

Implementation of macroeconomic and fiscal reforms have led to growth in the banking sector and increased microfinance projects. Though a recovery in the banking sector has encouraged commercial and private borrowing, the Central Bank of Congo (BCC) has recently tightened borrowing requirements and access to credit in an effort to maintain stable exchange and inflation rates. The GDRC is also taking steps toward mitigating the impact of low commodity prices on the broader economy through a push for diversification, targeting key sectors including agriculture, telecommunication and energy. Through diversification and reform, the DRC hopes to improve its business climate and attract more investment. Toward this end, the GDRC has created the legal framework for Special Economic Zones (SEZs), including industrial agribusiness parks, and is looking to partner with

American businesses. The first SEZ has been established in Maluku in Kinshasa province, although operations had not started as at June 2016.

In 2014, the DRC joined the Organization for the Harmonization of Business Laws in Africa (OHADA) to protect investors by modernizing the business code and settling disputes through supranational arbitration. OHADA provides multiple incentives for foreign investment by standardizing and streamlining enterprise creation and contract enforcement as well as providing investor protection and harmonization of accounting principles. Moreover, GDRC investment reforms and investor protections make Public-Private Partnerships (PPPs) more secure and attractive for outside investors. In its third year of existence, the DRC American Chamber of Commerce continues to be a forum and network for American business interests in DRC.

The U.S. Financial Reform Act (Dodd-Frank Act) requires companies whose products contain tin, tantalum, tungsten or gold to disclose to U.S. regulators whether they are sourcing these materials from the DRC or its neighbors. Companies must also document their due diligence to ensure their sourcing arrangements are not benefiting armed groups. The State Department and USAID work with the private sector, government, civil society, and international partners to develop pilot supply chains of artisanally-mined conflict-free minerals out of the eastern Congo. The Congolese Army's 2013 victory against rebel M23 combatants and the conclusion of a regional peace agreement in Addis Ababa the same year have helped focus the GDRC on eliminating other armed groups and encouraging economic development and restoration of state authority in the eastern DRC, though security issues remain a concern in many parts of the east.

Overall, businesses in the DRC faces numerous challenges, including fragility of functional infrastructure, endemic corruption at virtually all levels of government, predatory tax agencies, limited access to capital, shortage of skilled labor, difficulty enforcing contracts, political uncertainty, weak judicial system, and ongoing armed conflict in eastern DRC. The Embassy strongly urges all prospective investors to visit www.travel.state.gov to read the latest country-specific information and travel warnings before traveling to the DRC.

Table 1: Key Indices

Measure	**Year**	**Index or Rank**	**Website Address**
TI Corruption Perceptions index	2015	147 of 167	transparency.org/cpi2015
World Bank's Doing Business Report "Ease of Doing Business"	2016	184 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	NA	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2014	$380	http://data.worldbank.org/country/congo-dem-rep

Millennium Challenge Corporation Country Scorecard

The Millennium Challenge Corporation (MCC), a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) of $4,125 or less. MCC uses the scorecards to determine eligibility for its assistance programs.

The DRC failed on all three hard hurdles in MCC's 2016 scorecard: "Control of Corruption," "Democratic Rights," and "Pass Half Overall." Full results are available here: https://assets.mcc.gov/documents/score-fy16-english-cg-republic-of-the-congo.pdf

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward FDI

The DRC remains a challenging environment in which to conduct business. At the same time, the DRC's rich endowment of natural resources, large population and generally open trading system provide significant potential opportunities for U.S. investors. The GDRC is pushing to improve economic governance and its business climate. The Prime Minister's office communicates regularly with the diplomatic corps in Kinshasa on investment reform, updated rules and procedures relating to the business climate, and FDI perspectives and impacts. Current investment regulations prohibit foreign investors from engaging in informal small retail commerce, referred to locally as *petit commerce*, and ban foreign majority-ownership of agricultural concerns. Visas for foreign workers are limited to six consecutive months and cost between $300 (single-entry) and $400 (multiple-entry). Following approval of an initial "temporary" work visa, which, normally, is not difficult to procure, a foreign worker may qualify for a more expensive "establishment visa" with at least a one year validity. Salaries paid to expatriates are taxed at a higher rate than those of locals to encourage local employment. For more specific information, please visit the DRC Immigration website at www.dgm.cd.

Other Investment Policy Reviews

In collaboration with the World Bank and European Union, in 2010, the GDRC published a Diagnostic Study on Commercial Integration, a trade survey that identifies commercial hurdles and provides recommendations. The report highlighted four key points:

- The GDRC's customs procedures are outdated and fail to comply with international standards as recommended by the World Customs Organization (WCO) in the Revised Kyoto Agenda;
- Trade information and management systems are inadequately computerized; where they are computerized, computerization is often ignored over the use of manual records;
- Exporters face indiscriminate fees imposed by government agencies along with informal facilitation costs for record handling;
- Onerous regulations and administrative hurdles lead to average administrative wait times of four to five days at port, costing on average over $1,020.

Laws/Regulations on FDI

Most FDI is governed by the 2002 Investment Code. Mining, hydrocarbons, finance, and other sectors are also governed by sector-specific investment laws. There is legislation pending in Parliament to address consumer protection, e-commerce, liberalization of prices, competition regulation, account auditing, agriculture regulation, trade courts, entrepreneurship, and free trade areas. Passage of these bills should improve DRC's investment environment.

The GDRC recently deregulated the electricity and insurance sectors. Parliament was scheduled to debate two separate bills to reform the mining and hydrocarbons sectors during its 2016 spring session, but this has slipped to the fall session. Even if passed, accompanying measures to enforce these laws will be crucial to render them effective.

In 2002, the government created the National Agency for Investment Promotion (ANAPI) to overcome hurdles and facilitate investment. ANAPI's mandate is to simplify the investment process, make procedures more transparent, assist new foreign investors, and improve the image of the country as an investment destination. The GDRC is working to execute a series of reforms aimed at improving the business climate. In August 2009, under the auspices of the Ministry of Planning, the government launched the Steering Committee for the Improvement of the Business and Investment Climate (CPCAI), with the overall goal of improving DRC's ranking in the World Bank's *Doing Business* indicators. Specifically, CPCAI endeavors to reduce administrative delays, red tape, and the overall cost of establishing a business. Since its inception, CPCAI has eliminated 46 of 117 taxes applied to cross-border trade. Similarly, in April 2013, the GDRC created le "*Guichet Unique*," a one-stop shop in Kinshasa to simplify business creation, cut processing time from five months to three days, and reduce incorporation fees from $3,000 to $120.

The GDRC's efforts to improve its investment framework have had some impact: the World Bank's 2015 *Doing Business Report* cited the DRC among the world's top ten most improved countries. The DRC gained three spots in the overall ease of doing business ranking in 2016, but still ranked near the bottom (184 out of 189). Despite the progress, firms continue to complain about corruption and the need to visit multiple ministries in order to incorporate a business.

Business Registration

The GDRC has recently canceled previously required notary services to help ease business registration. ANAPI provides investment facilitation services for initial investments over $200,000. For FDI, at least 80 percent of the total investment must be in foreign currency. The GDRC defines small and medium enterprise (SME) as any organization whose property is owned by one or more natural or legal persons with fewer than 200 employees, an annual turnover of less than $400,000, and initial capital investment of no more than $350,000. SMEs are also entitled to applicable tax relief from the owner's home country.

Useful websites related to the different agencies in charge of investment promotion:

- One Stop Window for Company Creation (www.guichetunique.cd)
- National Agency for Investment Promotion (ANAPI) (www.anapi.org ; www.investindrc.cd)
- Organization for the Harmonization of Business Laws in Africa (www.ohada-rdc.cd)
- Steering Committee for the Improvement of the Business and Investment Climate (CPCAI) (www.cpcai.cd)

Industrial Strategy

According to the national magazine, *Guide Commerciale 2015*, the DRC's manufacturing and industrial sectors respectively represent 17 and 33 percent of GDP. The GDRC has reportedly spent over $100 million to encourage engagement and development in the industrial and manufacturing sectors, including development of the first agro-industrial park in Bukanga Lonzo, 260 km southeast of Kinshasa.

The GDRC hosted two major fora to promote and revive its industry base. The Ministry of Industry initiated the first forum in 2015; the Private Sector Investment Conference for the Great Lakes Region of Africa sponsored the second forum in Kinshasa in February 2016. These fora demonstrated the government's commitment to attract greater FDI. Moreover, in March 2016, the GDRC launched a local industry support program, *Programme d'Urgence de Soutien a l'Industrie Locale* (PUSIL), charged with creating SEZs and the coordination of grants on behalf of the Ministry of Industry. In an effort to enable better access to finance for local entrepreneurs, the GDRC has also redefined the objectives and mission of the Industrial Promotion Fund (FPI) and will convert it into an Industrial Development Bank (BDI).

Limits on Foreign Control and Right to Private Ownership and Establishment

The DRC Constitution stipulates entitlement to own and establish a business enterprise, and to engage in all forms of remunerative activity, noting minimal restrictions related to small commerce (as described above) and a prohibition of foreign shareholder ownership of more than 49 percent of an agri-business. The government has drafted foreign ownership legislation, which Parliament is expected to soon debate. Although it may not be based in law, many investors note the GDRC effectively requires foreign investors to both hire local agents and participate in a joint venture with the government or local partners.

Privatization Program

The Steering Committee for the Reform of Public Enterprises (COPIREP), currently funded by the World Bank but managed by the Portfolio Ministry, promotes restructuring of unprofitable Congolese state-owned companies into public-private partnerships (PPPs), though progress has stalled.

The parastatals not yet restructured include the national power utility, *Société Nationale d'Électricité* (SNEL); port and river authority, *Société Commerciale des Transport et Ports* (SCTP); and rail company *Société National des Chemins de fer Congolais* (SNCC). In 2015, SNEL signed a partnership contract with a Canadian power company to improve the parastatal's management as well as upgrade and maintain SNEL's facilities and improve power distribution. The GDRC in collaboration with the private sector financed $45 million to rehabilitate an abandoned former presidential site and install chicken and egg production for the Kinshasa market. The GDRC and a South African firm signed a $12 million public-private partnership to set up a factory for fertilizer production in Boma, Bas-Congo.

The National Agricultural Investment Plan (2013-2020) aims to reduce food insecurity and diversify food production for both local consumption and export at a projected cost of approximately $6 billion. The GDRC continues to seek private partners to finance the plan's implementation.

Traditional bilateral and multilateral partners continue to provide the government technical and financial support. The ambitious $92 million World Bank-supported Central African

Backbone (CAB) project to build fiber optic cable connecting eleven countries in central Africa, including the DRC, will increase regional bandwidth and improve internet access, reliability and speed. The DRC has also initiated a multimodal transportation project focusing on restoring rail, river and road infrastructure across the country. The DRC seeks private sector partners for both projects.

Screening of FDI

There are no formal limits or screening mechanisms imposed on foreign ownership of most businesses in the DRC. However, the processes of granting permits and licenses in the mining and telecommunication sectors often suffers from arbitrariness, lack of transparency, and corruption. Investment projects benefiting from Investment Code incentives must have an ANAPI assessment every six months.

All investors in the DRC face audits from the various government enforcement agencies that assess violations of tax laws or price controls. Foreigners and Congolese alike suffer the consequences of often dysfunctional judicial institutions. Inadequate physical infrastructure – including land, river and air transport as well as energy and social services – presents a serious challenge and additional cost for nearly all commercial operators in the DRC. International donors and a 2009 multi-billion dollar Sino-Congolese agreement have begun to provide infrastructure development for critically needed resources, but significant constraints remain.

One trend of note in recent years is the propagation of vulture funds: legal actions against the GDRC for recuperation of decades-old unpaid DRC parastatal debt. These legal actions have sought to sequester and redirect profits of private multinational companies currently in partnership with indebted DRC parastatals (through joint venture projects, including mining joint ventures). The vulture fund legal actions add uncertainty to the investment climate, especially for private multinational companies engaging in joint ventures with DRC public enterprises.

Competition Law

As a member of OHADA, DRC's competition law is governed by the OHADA statute. However, historically-granted monopolies still dominate some sectors.

2. Conversion and Transfer Policies

Foreign Exchange

As part of broad economic reforms starting in 2001, the DRC adopted a free-floating exchange rate policy and lifted various restrictions on business transactions, including in the mining sector. International transfers of funds take place freely when sent through local commercial banks. On average, bank declaration requirements and payments for international transfers take less than one week to complete.

The BCC is responsible for regulating foreign exchange and trade. The only currency restriction imposed on travelers is a $10,000 limit on the amount an individual can carry when entering or leaving the DRC. The GDRC requires that the BCC license exporters and importers. The DRC's informal foreign exchange market is large and unregulated and has tended to offer exchange rates not widely dissimilar from the official rate. In practice, the DRC's economy remains highly dollarized. On September 25, 2014, the BCC enforced new foreign exchange regulations, which, *inter alia*, declared the Congolese franc (CDF) as the main currency in all transactions within the DRC. Payment of fees related to education, medical care, water and electricity consumption, residential rents, and federal taxes were mandated to be paid in CDF. Although this requirement has recently been relaxed, and with agreement of the parties involved and the appropriate monetary officials, exceptions may be applied. Payments exceeding $10,000 must be executed within the banking system, unless there is no presence of banking entities. The largest albeit rare banknote in circulation is the CDF 20,000 note (approximately $22). Far more common are the CDF 500 and CDF 1,000 notes worth approximately $0.54 and $1.08, respectively. U.S. banknotes printed after 2008 are readily accepted in virtually all transactions, with the exception of one-dollar bills. Banks provide accounts denominated in either currency. In September 2013, the GDRC embarked on a process of "de-dollarizing" the economy by requiring that tax records be kept in CDF and tax payments from mining companies be paid in CDF. In March 2016, however, on the back of a dollar shortage the government required mining and oil companies to pay their customs fees and taxes in U.S. dollars.

According to the BCC, the CDF depreciated by 0.32 percent against the U.S. dollar between December 2014 and December 2015. While the GDRC has largely maintained a stable exchange rate, the CDF has come under slight pressure in 2016. Inflation rates in 2012 (2.70 percent), 2013 (1.07 percent), 2014 (1.04 percent) and 2015 (1.03 percent) remained under the BCC's latest annual target inflation rate of 4.2 percent. As of early June 2016, annualized inflation was 1.57 percent. Although GDRC fiscal policy may loosen toward the end of the year, it is expected to continue a stringent monetary policy through a stable exchange and low inflation rates. However, economic indicators point to a gradually increasing inflation rate and a depreciating currency. As at May 31, 2016, the official exchange rate was CDF 956 CDF to the dollar, and CDF 989 to the dollar in the parallel market. Foreign currency reserves have increased from $450 million (2008) to roughly $1.2 billion (end May 2016), representing 5.3 weeks of import cover (below the International Monetary Fund's recommended level of three months).

Remittance Policies

There is no legal restriction on converting or transferring funds related to investment, however, new exchange regulations will increase the time for in-country foreigners to repatriate export and re-export income from 30 to 60 days. The BCC is the legal authority controlling and providing legal framework on foreign exchange in the DRC. Foreign investors may remit through parallel markets when they are legally established and recognized by the BCC.

3. Expropriation and Compensation

The GDRC can only proceed with an expropriation when it is for public interest, and the person or entity subject to an expropriation should receive fair compensation. The Embassy is unaware of expropriation actions by the GDRC against U.S. citizens in 2015. However, Post is aware of a number of existing expropriation claims against the GDRC, including by Americans. Some claims have been taken to arbitration, though many arbitral judgments against the GDRC have not been paid in a timely manner, if at all.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The DRC is a civil law country, and the main provisions of its private law can be traced to the Napoleonic Civil Code. The general characteristics of the Congolese legal system are similar to those of the Belgian legal system, as the DRC largely received its law from its Belgian colonialists. Customary or tribal law is another aspect of DRC's legal system. Various local customary laws regulate both personal status laws and property rights, especially the inheritance and land tenure systems in traditional communities throughout the country. The Congolese legal system is divided into three branches: public law, private law and economic law. Public law regulates legal relationships involving the state or state authority; private law regulates relationships between private persons; and economic law regulates interactions in areas such as labor, trade, mining and investment.

In the case of an investment dispute, the U.S.-DRC Bilateral Investment Treaty (BIT) provides for International Center for Settlement of Investment Disputes (ICSID) reconciliation or national or international arbitration. In the case of a dispute between a U.S. investor and the GDRC, the U.S. investor is subject to the Congolese civil code and legal system. If the parties cannot reach agreement, under the terms of the U.S.-DRC BIT, the dispute is taken to ICSID or the Paris-based International Chamber of Commerce (ICC). Parties may also seek redress under the Organization for the Harmonization of African Business Law (OHADA).

Since 2008, the DRC has established ten commercial courts located in DRC's leading business cities, including Kinshasa, Lubumbashi, Matadi, Kisangani, and Mbuji-Mayi. These courts are led by professional judges specializing in commercial matters and exist in parallel with an otherwise inadequate judicial system. With European Union support, buildings are under construction and/or rehabilitation to establish additional commercial courts.

Since September 2014, with the effective implementation of OHADA rules to ensure a secure commercial environment and to promote economic development and integration between members, the GDRC has agreed to adopt the OHADA commercial laws – including contract, company, and bankruptcy laws – and to submit interpretation of those laws to the final jurisdiction of the OHADA court in Abidjan. In practice, there is no effective legal deadline to render a judgment when a commercial matter is brought to the judicial system.

Bankruptcy

OHADA offers a judicial framework for bankruptcy, which the GDRC judiciary system has agreed to enforce.

Investment Disputes

The DRC's extant policies are satisfactory and even attractive to business, but in practice lack enforcement. Courts are marked by a high degree of corruption, public administration is not reliable, and both expatriates and nationals are subject to selective application of a complex legal code. Official channels often do not provide direct and transparent recourse in the event of property seizure, for which legal standing can rarely be determined. Seizures have been made via the police and/or military, often supported by questionable decisions from the courts. Foreign enterprises may have slightly better security of ownership due to the presence and intervention of their diplomatic missions. Many Congolese business contracts provide for external arbitration, but this is an expensive and time-consuming option with little value for resolving routine, day-to-day business problems.

A number of U.S. firms pursued claims against the GDRC for damages resulting from civil disturbances by military mutinies in 1991 and 1993. At least two investors won settlements under the ICSID.

International Arbitration

As a signatory to the OHADA, the DRC also adopted the OHADA Uniform Act on Arbitration (the Uniform Act). The Uniform Act sets out the basic rules applicable to any arbitration where the seat of arbitration is located in an OHADA member state. Because DRC is a member of the New York Convention, the requirements set out under Article 5 of the New York Convention for the recognition and enforcement of foreign awards will apply where the seat of any arbitration is outside a member state, but the Uniform Act provisions apply where the parties chose arbitral rules outside the Uniform Act.

The DRC has signed other conventions and treaties including the Convention on the Settlement of Investment Disputes between States and Nationals of other States (in 1965), Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958), bilateral investment treaty with the United States (1984).

ICSID Convention and New York Convention

The DRC is a member of the ICSID convention and is a Contracting State to the New York Convention. The DRC has been a Contracting State to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention) since February 2015. Although the DRC has not made any notifications or reservations in accordance with the New York Convention, the internal legislation facilitating the DRC's accession to the New York contains reservations regarding reciprocity (the DRC will only enforce awards made in the territory of other Contracting States); commerciality (only awards on matters which are considered commercial under DRC law will be recognized and enforced under the New York Convention); non-retroactivity (the New Convention will only apply to awards made after February 3, 2015); and finally, that the New York Convention will not apply to disputes related to immovable property or on a right related to immovable property.

The DRC's accession is important to international investors seeking to develop activities in the DRC because it facilitates the enforcement of international arbitral awards. However, the reservation related to immovable property effectively excludes disputes relating to mining rights which, under Congolese law, are considered immovable property.

Duration of Dispute Resolution – Local Courts

Although there are deadlines in the civil code related to the time in which a legal judgment should be rendered, in practice they are generally not respected.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

DRC is a World Trade Organization (WTO) member and has not notified it of any measures that are not consistent with its Trade Related Investment Measures (TRIM) commitments.

The DRC does not have any barriers specifically targeting or restricting U.S. trade or investment. Nevertheless, there are some challenges, including the multitude of taxes collected on imported goods by several government agencies and expensive, slow, and burdensome customs procedures. There has been some general progress and improvement in the investment climate. For example, in October 2014, the DRC Customs Office set up a one-stop shop to handle the myriad administrative processes involved with external trade. In essence, all administrative formalities related to import-export, including the collection of taxes and transshipment operations will now happen through a single point of contact, the "*Guichet Unique*." Traders have already noted progress, particularly in the hub cities of Kinshasa, Matadi, Kasumbelsa, Goma, and Beni. On the other hand, the GDRC has signaled its intention to impose local content/sourcing requirements on foreign investors, particularly in the mining sector.

Investment Incentives

Like performance requirements (see below), incentives are negotiated during a streamlined negotiating period of approximately 30 days. Negotiated incentives can range from tax breaks to duty exemptions, and are dependent upon the location and type of enterprise, the number of jobs created, the extent of training and promotion of local staff, and the export-producing potential of the operation. Investors who wish to take advantage of customs and tax incentives in the extant 2002 Investment Code must apply to ANAPI, which will, in turn, submit the applications to the Ministries of Finance and Plan for final approval.

The Ministry of Labor controls expatriate residence and work permits. For U.S. companies, the BIT assures the right to hire staff of their choice to fill some management positions, but the companies agree to pay a special tax on expatriate salaries. Visa, residence, or work permit requirements are not discriminatory or excessively onerous, and are not designed to prevent or discourage foreigners from investing in the DRC, though corruption and increased bureaucracy can create serious delays in obtaining necessary permits and visas. ANAPI and the Congolese Chamber of Commerce (FEC) play an important role in promoting investment and advocating for business interests in the DRC.

According to the terms of the Investment Code, the GDRC may require compliance with an investment agreement within 30 days of notification. Continued violations of an agreement may result in sanctions, including repayment of benefits received (such as tax exemptions) and eventual nullification of the agreement.

Foreign investors may bid on government contracts on the same terms as domestic investors. Foreign firms may even be favored in the bidding process because they can more easily access and present international insurance funding guarantees. With the sponsorship and technical assistance of the World Bank, the Budget Ministry now has two agencies that work on tender issues, *l'Autorité de Régulation des Marchés Publics* (ARMP) and la *Direction Générale de Contrôle des Marchés Publics* (DGCMP). Normally, however, public companies and/or parastatals do not participate in the bidding process, due to the financing guarantees required beforehand. In addition, contracts are often negotiated directly with the GDRC, not through an international tender process, thus reducing transparency

Research and Development

There is no discrimination against U.S. (or in general against third country) foreign firms in participating in government-sponsored or subsidized research and development programs, as participation is vetted on a national treatment basis and thus local actors do not receive preferential treatment.

Performance Requirements

Although there are no specific performance requirements for foreign investors, invariably, they must negotiate many of the conditions of their investments with ANAPI. Performance requirements agreed upon with ANAPI typically include a timeframe for the investment, use of OHADA accounting procedures and periodic authorized GDRC audits, protection of the environment, periodic progress reports to ANAPI, and the maintenance of international and local norms for the provision of goods and services. The investor must also agree that all imported equipment and capital will remain in country for at least five years.

The GDRC has signaled its intention to impose local content/sourcing requirements on foreign investors, particularly in the mining sector. The GDRC has proposed a bill on subcontracting, which, if passed by Parliament, will impose stipulations on foreign companies to use local subcontractors for subsidiary services.

Data Storage

The DRC does not have a specific legislation on data storage. However, it recognizes the need for appropriate regulation. As there is no obligatory legislation, in practice, few companies report on data storage.

6. Protection of Property Rights

Real Property

The DRC's Constitution (Chapter 2, Articles 34-40) protects private ownership without discrimination between foreign and domestic investors. The GDRC acknowledge the lack of enforcement in the protection of property rights and relevant draft bills are pending before Parliament. The Congolese law related to property rights enumerates provisions for mortgages and liens; ownership interest in movable property (e.g. equipment, vehicles, etc.) is protected and registered through the Ministry of the Interior's Office of the Notary. Real estate property (e.g. buildings and land) is protected and registered through the Ministry of Land's Office of the Mortgage Registrar, however land registration can be risky, as records are often incomplete and legal disputes over land deals are common. When it comes to protection of tribes and traditional rights of indigenous populations, they are beneficiaries of specific rights provided in national customary law. There is no specific regulation of lease or acquisition.

Intellectual Property Rights

In principle, intellectual property rights (IPR) are legally protected in the DRC, but enforcement of IPR regulations is virtually non-existent. The country is signatory to a number of relevant agreements with international organizations such as the World Intellectual Property Organization (WIPO), and the Paris Convention for the Protection of Intellectual Properties, which protects trademarks and patents. The DRC is also a member of the Berne Convention that protects copyrights, artistic works and literary rights. The pertinent conventions provide maximum protection of 20 years for patents, and 20 years, renewable, for trademarks, starting from the date of registration. If it is not used within three years, a trademark can be cancelled. The DRC has not yet signed the WIPO Internet Treaties.

In July 2011, the Ministry of Culture and Art established the *Société des Droits d'Auteur et des Droits Voisins* (SOCODA) to address IPR issues faced by authors. The Ministry of Culture, in collaboration with SOCODA, has presented a law to the government that seeks to rectify shortcomings of the existing 1982 IPR law. The law is pending Parliamentary approval.

Resources for Rights Holders

Embassy POC:
Elisée Kaozi
Commercial Assistant
KaoziEN@state.gov or KinshasaEcon@state.gov

For a list of local lawyers, see:
http://photos.state.gov/libraries/congo/1120904/Pdf_files/ATTORNEY%20LIST%202015.pdf

7. Transparency of the Regulatory System

The DRC does not yet have a complete legal and regulatory framework for the orderly conduct of business and the protection of investments. The GDRC authority on business standards, the Congolese Office of Control (OCC), oversees foreign businesses engaged in DRC.

There are no formal or informal provisions systematically employed by the GDRC to impede foreign investment. Problems encountered within the GDRC tend largely to be administrative and/or bureaucratic in nature, as reforms and improved laws and regulations are often poorly or unevenly applied. Proposed laws and regulations are not often published in draft format for public discussion and comments; discussion is typically limited to the governmental entity that proposes the draft law and Parliament prior to enactment.

By implementing OHADA, the GDRC strengthened its legal framework on competition and set up an accounting system better aligned to international standards. For this purpose, a Coordination Committee was established to monitor OHADA implementation.

The Extractive Industries Transparency Initiative (EITI), a multi-stakeholder initiative to increase transparency in transactions between governments and companies in the extractive industry, declared in 2014 that DRC's payment and receipt procedures conform to EITI requirements.

8. Efficient Capital Markets and Portfolio Investment

The banking sector is expanding rapidly, but lack of financing in the banking sector remains a constraint on economic growth. Bank penetration is roughly 5 percent, placing DRC among the most under-banked nations in the world. Although the banking system is expanding, it remains limited in its ability to lend to any but the largest and most profitable enterprises in the country. Foreign and domestic economic actors have equal access to DRC's inchoate credit markets without discrimination. However, foreign investors are more likely to benefit from credit markets, as they are more likely able to provide valid guarantees and collateral.

Borrowing options for small and medium enterprises are limited, maturities for loans are usually limited to 3-6 months, and interest rates typically hover around 16-18 percent. The weakness of the legal system, the often cumbersome business climate and the difficulty in obtaining inter-bank financing discourages banks from providing long term loans. There are limited possibilities to finance major projects in CDF, including banks' limited holdings in the national currency (on average roughly $12 million per bank), while foreign currency deposits account for almost 90 percent of bank holdings.

The DRC has roughly $3 billion of deposits in the banking system, and an estimated $10 billion of savings exists outside of banks. Most deposits in the formal system are dollar-denominated. A significant increase in bank penetration occurred after 2011 as the GDRC switched public employee payments from cash to bank transfers. Banks are increasingly offering savings accounts that pay approximately 3 percent interest, but few Congolese hold savings in banks. Of an estimated 65% of the population that saves, only 4.7% do so through a bank, according to the Banking Association of Congo (ACB). Most account holders withdraw their balance in full shortly after their salary is deposited.

Portfolio investment has not yet developed in the DRC. Cross-shareholding and stable shareholding arrangements are also not common. There are occasional complaints about unfair privileges extended to certain investors in profitable sectors such as mining and telecommunications.

Money and Banking System, Hostile Takeovers

As of June 2016, there were 18 local and foreign commercial banks operating in the DRC as well as one development bank, SOFIDE (*Société Financière de Developpement)*. Commercial banks are supported primarily with foreign capital. The DRC has approximately 150 microfinance institutions. Money transfer agencies are concentrated in the Kinshasa and the greater Katanga region, while credit cooperatives are concentrated in North and South Kivu and Kinshasa Provinces. The volume of deposits was $3.3 billion in mid-2016, up slightly from 2014 and up from $2.3 billion in 2012. The overall balance sheet of the DRC banking system amounted to roughly $4.5 billion in mid-2016, flat from 2014 but up from $3.5 billion in 2012; lending volume reached $2.0 billion in mid-2016, up from $1.4 billion in 2012.

The DRC banking system has not witnessed a hostile takeover.

9. Competition from State-Owned Enterprises

State owned enterprises (SOEs) and other Congolese parastatal organizations are in a poor financial and operational state due primarily to indebtedness, mismanagement of resources and employees, and bad service delivery. With support of the World Bank, the GDRC established a Steering Committee in 2010 for the Reform of Public Enterprises (COPIREP), which attempts to address the performance of SOEs. To date, only a handful of SOEs have undergone reform, with mixed results.

Reporting on the assets of SOEs and other parastatal enterprises is limited, making valuation difficult. According to State law N° 08/007 of July 7, 2008 (related to business transformation), any firm of which the state owns 50 percent plus one share is considered to be an SOE. DRC law does not grant SOEs advantage over private companies in bidding for government contracts.

There a number of large scale infrastructure contracts granted to Chinese and Indian firms. The GDRC is not party to the WTO's Government Procurement Agreement (GPA). The GDRC established SOFIDE, a financial institution, to contribute technically and financially to the DRC development by promoting the creation, expansion and/or modernization of the industrial and agricultural sectors.

There is no official provision requiring preferential access to land and raw material for SOEs; in a situation where both an SOE and private enterprise show interest to the same land or material, preferential access shall be granted to the first applicant.

OECD Guidelines on Corporate Governance of SOEs

Not applicable/information not available.

Sovereign Wealth Funds

The DRC has no reported Sovereign Wealth Funds.

10. Responsible Business Conduct

The GDRC encourages business to engage in responsible business conduct by encouraging businesses to develop and follow a code of ethics, and respect the environment in which they operate. The GDRC is making efforts to reform its commercial and public sector enterprises, including by sending representatives to the 2014 OECD Informal Ministerial Meeting on Responsible Business Conduct.

OECD Guidelines on Multinational Enterprises

Not applicable/information not available.

11. Political Violence

The Department of State's Security Environmental Threat List Report has designated the DRC as a high-threat post for political violence. The DRC has suffered bouts of civil unrest and conflict for many years. Large-scale military looting in 1991 and 1993, for example, resulted in significant loss of economic productive capacity and flight of foreign investors. In addition, widespread looting and destruction associated with wars in the DRC from 1996-1997 and from 1998-2003 further damaged the Congolese economy.

The country's first democratic elections in more than 40 years took place in 2006, under a new constitution that established national and provincial governments. National presidential and legislative elections again took place on November 28, 2011. Incumbent President Kabila was declared the winner, although local and international observers reported widespread irregularities, logistical problems, and a lack of transparency. Though the DRC Constitution calls for national legislative and presidential elections to take place in November 2016, the DRC's National Independent Electoral Commission and government authorities have said publicly elections cannot be organized on schedule without excluding millions of voters who are not yet enrolled. The DRC's highest court ruled that President Kabila could remain in office beyond the end of his mandate until elections are held to name a successor. Calls for a national inclusive dialogue to address these issues have yet to bear significant fruit. Lack of progress on electoral preparations and voter registration, insufficient movement on dialogue to address technical obstacles and agree to a calendar, lack of clarity on President Kabila's plans beyond 2016, and/or failure of divergent opposition elements to come together and negotiate a settlement could all contribute to political instability in the months to come.

The United Nations has its largest peacekeeping operation in the world in the DRC. Known by its French acronym, MONUSCO, it has roughly 20,000 peacekeepers deployed throughout the country, with a majority of them in the east. The DRC military (FARDC) has conducted a series of operations against the Democratic Forces for the Liberation of Rwanda (FDLR), and other armed groups in eastern DRC in effort to restore state authority to the region. As a result of conflict and resulting humanitarian crises, there are approximately 2.7 million internally displaced persons in the DRC. In April 2012, a group known as M23 began an aggressive rebellion in North Kivu Province, at times occupying large parts of the Province, including the provincial capital of Goma for two weeks in November 2012. The FARDC, with the assistance of a new UN Intervention Brigade, defeated M23 in November 2013. Since 2014 the security situation in Goma has improved significantly, with the exception of one relatively small attack on the Goma airport. The security in rural areas in the East remains unpredictable as a result of localized violence perpetrated by a variety of armed groups.

Political instability results in a highly unpredictable security situation in many parts of the country, including Kinshasa. On December 30, 2013, clashes occurred when armed supporters, who may have been inspired by a religious leader, attacked strategic government locations in Kinshasa, including the airport, as well as key locations in three other Congolese cities. Over 100 people were killed across the country when Congolese police and military units responded with live gunfire, effectively shutting down the capital until the situation stabilized. Clashes again erupted in January 2015 in reaction to President Kabila's reported attempt to extend his stay in office past the Constitutionally-mandated two terms; in addition to more than 20 reported deaths, some foreign businesses, particularly Chinese, were looted.

The security situation in the DRC remains precarious and difficult to predict, but can generally be categorized as either politically related or armed group activity. Embassy personnel travel throughout the country must be reported to Embassy security staff for accountability purposes and risk assessment. Contributing to the unpredictability is a lack of training and equipment among host nation security forces.

12. Corruption

The GDRC's constitution provides laws to fight corruption and bribery for all citizens, including public officials; however the application of the law is rare, and when applied, politically motivated. The GDRC encourages private companies to establish an internal code of conduct and prohibit bribery. Private sector companies are more likely to develop and implement anti-corruption controls than their SOE and parastatal counterparts. The DRC hosted the Southern African Commission Against Corruption (SAFAC) in November 2015 to discuss strategies to combat corruption. In 2015, the President appointed a corruption czar to decrease governmental malfeasance, though the new office is reportedly under-financed.

Several NGOs contribute to the fight against corruption; their reports on the matter are frequently ignored by the government, particularly when government officials are implicated. American firms see corruption as one of the main hurdles to investment in the DRC.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

The DRC is a signatory to the UN Anticorruption Convention, but not of the OECD Convention on Combating Bribery. In September 2007, the DRC ratified a protocol agreement with SADC on Fighting Corruption. In 2015, the government drafted a bill to fight corruption that is scheduled to be discussed in Parliament this year.

Resources to Report Corruption

The Agency in charge of fighting corruption in the DRC is:

The Technical Entity in charge of impunity, including corruption and bribery

Title: Coordinator
Name: Nkulu Mbayo Marie-Claude
Tel: 00243815189341
Email: nmbayo2002@yahoo.fr

Palais de Justice, Place de l'Indépendance
Kinshasa/Gombe, DRC
Special Advisor for Good Governance
Luzolo Bambi Lessa
Email: jedenonce2015@gmail.com

13. Bilateral Investment Agreements

The U.S. and DRC BIT was signed in 1984 and entered into force in 1989. The treaty guarantees reciprocal rights and privileges to each country's investors. The BIT provides that should a claim arise under the treaty, it can be submitted to a dispute resolution mechanism through international arbitration.

Germany, France, Belgium, Italy, South Korea, and China (PRC) have also signed bilateral investment treaties with the DRC. South Africa and Kenya are negotiating bilateral investment treaties with the DRC. Lebanon, Ivory Coast, and Burkina Faso have negotiated, but not yet signed, bilateral investment treaties with the DRC.

Bilateral Taxation Treaties

There is no bilateral taxation treaty between the U.S. and DRC.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

The DRC does not have designated free trade areas or free port zones, however legislation is pending to create such zones. The DRC is a member of SADC and the Common Market of Eastern and Southern Africa (COMESA), but has not yet joined either COMESA or SADC Free Trade Areas. In 2015, the GDRC confirmed its commitment to work to enter the tripartite COMESA-SADC-EAC (Eastern African Community) Free Trade Area and the African Free Trade (by 2017).

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Data not available.

Table 3: Sources and Destination of FDI

Data not available.

Table 4: Sources of Portfolio Investment

Data not available.

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chiefs of State and Cabinet Members, please access the following - Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments

Legal system:

civil legal system based on Belgian version of French civil law

International organization participation:

ACP, AfDB, AU, CEPGL, COMESA, EITI (candidate country), FAO, G-24, G-77, IAEA, IBRD, ICAO, ICRM, IDA, IFAD, IFC, IFRCS, IHO, ILO, IMF, IMO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, NAM, OIF, OPCW, PCA, SADC, UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

There is no exchange control restriction on the repatriation of profit for a foreign company

Treaty and non-treaty withholding tax rates

DRC has entered into a double tax treaty with Belgium, which was effective from 1 January 2012.

Methodology and Sources

Section 1 - General Background Report and Map

(Source: CIA World Factbook)

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: CIA World Factbook)

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: US State Department)

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: CIA World Factbook / https://www.cia.gov/library/publications/world-leaders-1/index.html)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: OECD Global Forum on Transparency and Exchange of Information for Tax Purposes PKF International)

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