



### *Casa África-business opportunities*

#### **Democratic Republic of Congo**

The country's economic prospects before the pandemic were modest, with projected GDP growth of 3.9% in 2020 and 3.4% in 2021, due to downward trends in commodity prices, most notably copper and cobalt. In addition, agriculture has also suffered from low productivity, and energy shortages have hampered industrialization efforts. Given the current situation, a 2.3% contraction in GDP is expected by 2020 if the pandemic disappears in July, and 4.2% if it lasts until December. The activity in the extractive industry, the main driver of growth in the economy, will slow down due to the fall in prices and the decrease in Chinese demand, in addition to the general reduction in the level of activity due to isolation and reduced mobility, which will push the country into a recession in 2020 with an estimated growth loss of between 6.2% and 8.1% of the GDP. Compared to the situation before COVID-19, budget and current account deficits are expected to widen by 2020, but in a limited way. Inflation is also expected to increase significantly, doubling the level previously projected.

Prior to COVID-19, the planned adoption of the Strategic Development Plan for 2019-2023 was expected to give greater visibility to national priorities. Moreover, thanks to the low debt, the country has room to secure new external loans on favourable terms, which can help in these times of crisis. In addition, the normalization of the political situation and a new determination to reform and combat corruption instil a climate of confidence, which promotes new private investment in sectors that drive the economy. In addition, an IMF-supported economic and financial programme would pave the way for additional economic stimulus; however, priorities may now change.

The Democratic Republic of the Congo belongs to the group of LDCs (Least Developed Countries) and imports almost everything it consumes, with capital goods followed by consumer goods, and to a lesser extent energy. Minerals, especially copper, are the most important export item. It is followed by gold and oil. China and France are its main customers, although Zambia has been among the first in recent years. South Africa continues to be its main supplier, with China, France and Zambia also at the top of the list.

The economy remains heavily dependent on mining products, making it vulnerable to fluctuations in world prices. Structural weaknesses in revenue systems make it difficult to finance priority programmes. Infrastructure shortages in most sectors continue to significantly hamper economic development. In addition, the Ebola epidemic still has consequences that continue to hamper economic development in the area of security, which will now be compounded by the effects of COVID-19. The pandemic is expected to significantly affect the national economy and the quality of life of the Congolese population with increased mortality, job losses, declining real incomes, reduced food supplies, etc. Consequently, the government has granted facilities to businesses and households, along with a multisectoral emergency program to mitigate the impact of the pandemic and protect the population, in addition to strengthening the capacity of medical institutions and taking economic measures to ensure macroeconomic stability and ensure recovery as soon as possible.

AEO: <https://www.afdb.org/en/documents/african-economic-outlook-2020>

AEO (Suplemento COVID-19): <https://www.afdb.org/en/documents/african-economic-outlook-2020-supplement>

ICEX: [http://www.exteriores.gob.es/Documents/FichasPais/CONGOKINSHASA\\_FICHA%20PAIS.pdf](http://www.exteriores.gob.es/Documents/FichasPais/CONGOKINSHASA_FICHA%20PAIS.pdf)