



MASTERING YOUR MARKET UNDER AFCFTA - REPUBLIC OF CONGO



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OVERVIEW OF CONGO

The Republic of Congo, is a sub-Saharan African country with combined land area of about 342,000km² (Wikipedia). It is located in the Central African region, bordering countries like Cameroon Gabon, DR Congo and the Atlantic ocean with its capital in Brazzaville. Congo is not a landlocked country, it is blessed with a coastline of about 169km² that houses two liner ports and a terminal port. The Congolese economy is largely dominated by oil production, which accounts for 80% of exports and 60% of domestic revenues (Coface). This oil dependency makes the country vulnerable to shifts in commodity prices. Main Agricultural crops grown are Cassava, Sugar Cane, Oil Palm fruit, cassava leaves, Banana, Plantains, Root Tubers, Vegetables, mangoes and Guava. In Congo, agriculture contributes to 9.6% of GDP and employs 34% of the active population (World Bank, 2020), most of whom practice subsistence farming. Though it possesses many fertile lands, only a minor part of these lands is cultivated (less than 10%).

ECONOMIC SNAPSHOTS

The Republic of Congo has three ports, housed on the coastline of 169km². It is predominantly a Christian nation, Catholics (33.1%), Pentecostal (22.3%) Protestants (19.1%), Catholics(20%). French (official), French lingala and Monokituba are the languages spoken in the country. It is a lower middle income country with a GDP per capita income of about \$1,830 (2020). The GDP was about \$11.37 Billion (2019). Inflation and unemployment rate is 1.8% (2020) and 10.3% respectively (Trading Economics), while about 58.5% of the country's population is between 1-24years of age. The major products exported from Congo include Crude Petroleum (\$3.57B), Refined Copper(\$2.22B), Special purpose ships(\$505M), Refined petroleum(\$303) and Rough wood (\$248M). Foreign company should be looking at producing or exporting the following products to Republic of the Congo, as



ECONOMIC SNAPSHOTS

its major imports are Passenger & Cargo ship (\$121M), Poultry meat (\$110M), Special purpose ships(\$83.5M), Palm oil (70.3M) and Cars (\$69.4) (OEC 2020).



MARKET CHALLENGES

A trade surplus of \$4,668.0M (Country economy.com). Republic of the Congo is one of the poorest countries in the world, with extreme and widespread poverty in the land, Poverty rate is alarming, reaching 52.5% in 2020 according to the World Bank. The country ranked 149th in the world on the 2020 human development index, Unemployment rate in Congo was estimated at around 10.3% in 2020 (World Bank). High dependence on oil (42% of GDP), Weak manufacturing activity, leading to dependence on imported goods, Lack of communication, education, health

and urban infrastructure, Un-supportive business environment: poor governance, corruption, informal economy. External and domestic over indebtedness, Lack of transparency on use of the oil wind-fall, despite progress in implementing the EITI standard.



IMPORT PRODUCTS

In 2020, the total import volume of Republic of Congo amounts to about \$2.76 billion. Some of the items imported and the amount include the following:

1. Machine - \$501M
2. Transportation - \$461M
3. Animal Product - \$302M
4. Chemical Product - \$227M
5. Foodstuff - \$215M
6. Metals - \$165M
7. Textile - \$148M
8. Veg. Products- \$139M
9. Mineral Products - \$120M
10. Plastic&Rubber- \$92.6M
11. Stone&Glass- \$90M
12. Animal Bi-Prod - \$86.8M
13. Paper Goods - \$64.3M
14. Miscellaneous - \$54.4M
15. Instrument - \$47.1M
16. Foot&Headware- \$28.1M
17. Animal Hides- \$9.18M
18. Weapons- \$5.91M
19. Wood Products- \$4.08M
20. Precious Metals- \$1.46M

The total service import volume of Republic of Congo in 2017 is about \$1.81 billion and some of the services imported include the following:

1. Transportation - \$936M
2. Insurance- \$373M
3. Miscellaneous- \$209M
4. Government Ser.- \$178M
5. Travel - \$67.5M
6. Fin. Services - \$24.7M
7. Construction- \$18M
8. Personal- \$2.3M
9. Communication- \$1.1M

MARKET OPPORTUNITIES

A strategic link in the region, Congo boasts Central Africa's only deepwater port, the Port of Pointe-Noire, which complies with the International Ship and Port Facility Security (ISPS) Code. Pointe-Noire hosts a modern airport that opened in 2019. A railway connects Pointe-Noire to the capital of Brazzaville, whose new airport opened in 2018. The African Development Bank is working to facilitate the construction of a road-rail bridge to across the Congo River that would connect Brazzaville with Kinshasa, the capital of the Democratic Republic of the Congo.

Years of over investment in the petroleum sector have left opportunities in a number of markets that are ready to grow. Agriculture, tourism, transportation, and energy are promising sectors. While only a fraction of the size of the oil industry, for-

estry is currently the second-largest sector of the economy and continues to expand. Congo has much unused arable land, providing potential for mechanized agriculture and associated food processing endeavors. According to recent estimates only four percent of Congo's arable land is being farmed.

MARKET ENTRY

Personal connections matter greatly in Congo, and the importance of visiting to make connections with import partners cannot be overstated. Such partners can provide an important orientation to the business environment, opportunities, and challenges.

The legality of ones business comes in different form and they are matched with certain requirements. For a limited liability company, Number of partners: Minimum one shareholder and one director. The director has to be resident in Congo since at least two years

Capital (max/min): XAF 1 million minimum capital
Shareholders and liability: Liability is limited to the amount contributed. For a public limited company, Number of partners: Minimum one shareholder and one director.

The director has to be resident in Congo since at least two years
Capital (max/min): XAF 10 million minimum capital divided into
Shareholders and liability: Liability is limited to the extent of the shareholders' contributions.

For a limited partnership, Number of partners: Minimum one

with limited liability and one with unlimited liability
Capital (max/min): n/a
Shareholders and liability: Limited partners who do not participate in management have limited liability. However, general partners or managing partners have joint and unlimited liability

IMPORT DOCUMENTATIONS

All goods entering the Republic of Congo shall be accompanied by a commercial invoice, the certificate of origin, the packing list, the bill of lading or the airway bill according to the means of transport. Import permits and sanitary certificates are required for farm products (such as meat and poultry), as well as for hazardous products (weapons, explosives, chemical products). Import permits and sanitary certificates are required for farm products (including meat and poultry), and permits must also be secured for hazardous products (weapons,

explosives, chemical products). The Republic of the Congo is a member of the World Customs organization and does comply with the harmonized customs system. To be able to import or export products, economic operators must obtain an installation license from the Ministry responsible for trade; be authorized and enrolled in the Trade and Personal Property Credit Register; be registered in the files of the National Centre for Statistics and Economic Studies; obtain a unique identification number from the Directorate

General of Taxes; be registered with the Chamber of Commerce, Industry, Agriculture and Trades; and be registered with the National Social Security Fund.



SELLING FACTORS

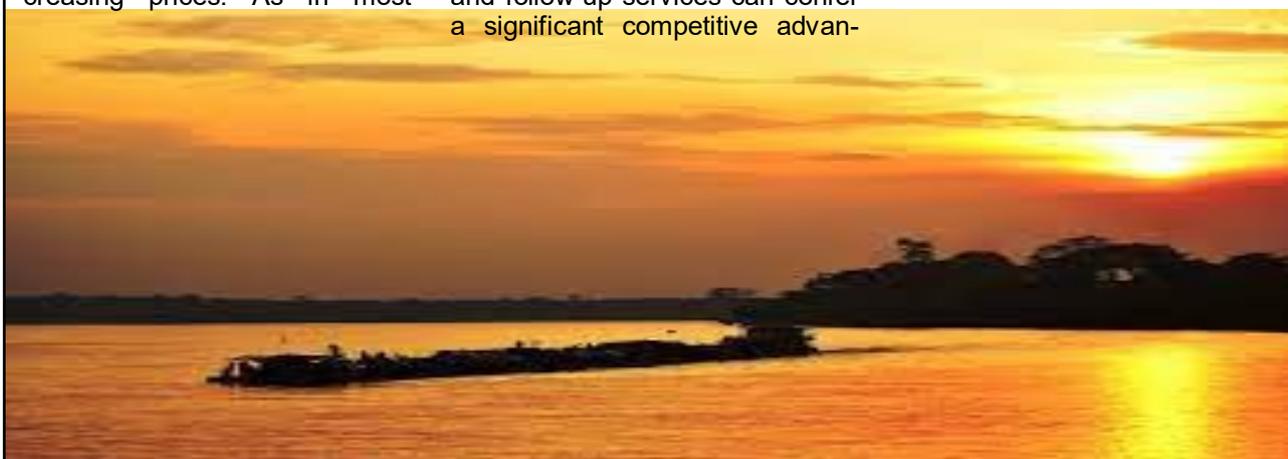
Generally, Congolese consumers have a limited income and low purchasing power, making price the main purchasing factor. For most people, the shopping basket is composed almost entirely of essential products (when food cannot be grown directly through subsistence farming).

Nearly all locally sold goods are imported, and domestic transportation costs contribute to increasing prices. As in most

countries in the region, availability and proximity two important purchasing drivers. There is no sizeable middle class with robust education, skills, and material living standards.

Advertising is carried on mainly through radio, television and newspaper (in French). Online advertising is not very common, as the internet penetration rate is still low. Consumer credit is still not developed. Good customer and follow-up services can confer a significant competitive advan-

tage (especially for durable goods and B2B commerce)



BUSINESS CULTURE

People of the republic of the Congo are mostly open and a warming host in both personal and business dealings. However, observing protocol is very important in business meetings and transactions, particularly with government officials. Common sense, courtesy, and European traditions of social etiquette apply. Hands are shaken with men and women on encounter and departure. Avoid the use of first names until invited to do so. “Monsieur,” “Madame,” and “Mademoiselle” are the usual forms of address. Senior government officials should be addressed with the appropriate formal title (such as Excellency or Mr. Minister). French is the language of business in the country; almost all meetings will be conducted in French. Requests for meetings, particularly with government officials, should be

sent by formal written request. Business attire or *tenue de ville* is ideal for business meetings with private sector or government officials, and it can also be worn for most dinner engagements, unless more casual dress *décontractée* is explicitly indicated. Bring casual wear for club or outdoor functions and an umbrella during the rainy season, which is usually October through April. Given the heat and humidity, natural fibers provide the most comfort.



Congo has much unused arable land, providing potential for mechanized agriculture and associated food processing endeavors.



IN CONCLUSION

Republic of the Congo is a country blessed with petroleum resources that presents an opportunity for foreign businesses, but like most African countries, has endured high level corruption which has hampered the economic growth of the country. This market offers huge opportunities for Foreign (African businesses) under AfCFTA.

Forestry, Agriculture and Tourism are sectors that presents lots of opportunities. Any business looking to enter the market must be ready to put structure in place for a successful venture. There are no laws impeding foreign businesses to set up struc-

ture in Congo, but it is imperative to take note of the businesses not allowed to be owned by foreigners and also their import prohibition list.

Finally, the Congolese market also gives businesses the opportunity to trade with other countries in the ECCAS, and ACP region. The country is also a member of the following organizations, and these includes OPEC, IMF, UN and AU.



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