

DEMOCRATIC REPUBLIC OF CONGO MARKET BRIEF



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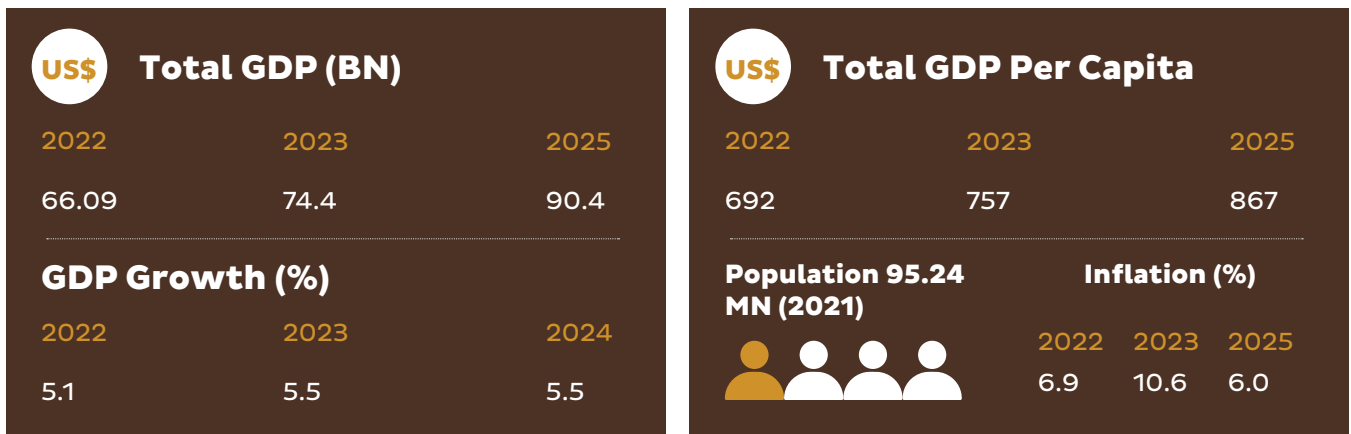
BACKGROUND

Being one of the largest economies in Africa and the 15th largest importer in Africa makes the Democratic Republic of Congo (DRC) an important potential market for Botswana exports. The objective of this brief is to identify export opportunities of Botswana products in the DRC market. The brief heavily relies on findings of the 2022 IMANI study that analysed export potential of Botswana goods and services in the DRC market.

DEMOCRATIC REPUBLIC OF CONGO MARKET SNAPSHOT

According to Fitch Solutions Country risk report 2022, the gross domestic product (GDP) of DRC has increased to reach an estimated value of USD 55.7 billion in 2021 from USD 37.13 billion in 2016, with an average growth rate of 3.95 percent. It is forecast that the DRC economy will grow by 5.5 percent in 2023 to reach USD 74.4 billion, growing faster than the Sub-Saharan Africa. DRC is one of the world's most mineral-rich countries; it sits on almost half of global cobalt reserves, as well as large deposits of copper, gold and diamonds. Additionally, it is one of the world's top producers of cobalt, which is used in electric car batteries and Africa's leading miner of copper. Further, the mining sector accounts for over 98 percent of exports and is a very important contributor to fiscal revenues. Lastly, the DRC produces few manufactured and consumed goods hence, high reliance on imports to meet domestic demand. This presents an opportunity to identify Botswana products with export potential in the DRC market.

Macroeconomic Indicators



DEMOCRATIC REPUBLIC OF CONGO TRADE PROFILE









The DRC's exports to the world have increased significantly from USD 6.56 billion in 2016 to USD 18 billion in 2021. The mineral exports comprise the largest share in total exports at about 98 percent, specifically, refined copper wires, cobalt matters and other, copper ores. Furthermore, the DRC is also home to large deposits of lithium, a mineral critical for the EV batteries. Consequently, it becomes a strategic partner in boosting Botswana's efforts towards tapping into the EV sub-sector. Lastly, the largest destination markets for DRC's products are; China, European Union, South Korea, Italy, and Spain.

The DRC imports have increased from USD 6.63 billion in 2016 to USD 9.37 billion in 2021. DRC's most significant imports are parts of machinery for sorting & grinding, insulated wire cable, and construction equipment's. Furthermore, the largest supplying partners are China, South Africa, European Union, Belgium, Netherlands, and India.

BOTSWANA EXPORTS TO CONGO, DEM. REP.

Botswana's exports to DRC have increased significantly from USD 1.87 million in 2016 to USD 5.12 million in 2021. Botswana's most traded commodities with DRC are; soda ash; parts of machinery; frozen meat; live cattle; cruise ships and excursion boats.

Table 1: Botswana's Export to Democratic Republic Of Congo

HS6 Tariff Code	Examples	Friendly Product Description	Export Value ('USD\$ 000) 2020	Export Value ('USD\$ 000) [2021
HS870410		Soda Ash	-	2,843.8
847990		Part of machinery and mechanical appliances	2,677	1274.27
020230		Frozen beef	1,012	876.09
HS846693		Cattle purebred	0.18	67.7
890110		Cruise ships and Excursion boats	-	13.72
250100		Salt	-	10.17
110313		Maize	534	8.9
850140		AC Motors	0.10	4.84
903281		Hydraulic	0.48	4.35
		Total	4645	5118.57








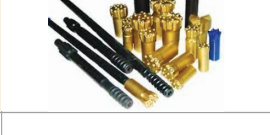


BOTSWANA IMPORTS FROM CONGO, DEM. REP

Botswana’s total imports from DRC has increased significantly from USD 27,785 in 2016 to USD 1.3 million in 2021, with growth rate of 25.2 percent. Botswana’s most imported goods are; wire of refined copper; construction equipment, and motor vehicles parts. Further, DRC’s exports of these products has increased significantly, specifically wires of refined copper with growth of over 100 percent and construction equipment by 36.5 percent. Thus, there is an opportunity for Botswana to import more of these products as they are critical inputs in industrial production.

Further, another window of opportunity for increasing Botswana’s imports from DRC, comes in the form of raw materials for the EV sub-sector. DRC has abundant battery grade raw materials such as cobalt, copper, zinc and lithium which are critical inputs in the manufacturing of EV batteries. Botswana already has a thriving wiring and harness components manufacturing sub-sector and could, through strategic partnership with the DRC, build on existing capabilities, position herself competitively in the EV industry value chain development.


Table 3: Botswana’s Imports From Democratic Republic Of Congo

HS6 Tariff Code	Examples	Friendly Product Description	Import Value ('USD\$ 000) 2020	Import Value ('USD\$ 000) [2021
740811		Refined Copper wire	240.63	645.18
842649		Construction Equipment	291.09	213.61
870899		Motor vehicle parts	401.88	120.34
401693		Gaskets, Washers, and other seals	52.92	33.57
722880		Drilling equipment's	-	28.67
731815		Threaded screws and bolts	65.74	25.07
120190		Soyabeans	-	24.54
850140		Rock drilling tools	-	19.65
		Total	1052.40	1125.03

Source:Global Trade Atlas, 2022

BOTSWANA EXPORTS OPPORTUNITIES: DEMOCRATIC REPUBLIC OF CONGO

From broad products group perspective the following were identified as having significant export potential to DRC: motor vehicles parts & accessories; parts of machinery and industrial stones. The total estimated export potential is valued at USD 12.81 million. The table belows indicate eight (8) niche products with highest potential in the short to medium term in the DRC market.

HS6 Tariff Code	Examples	Friendly Product Description	Export Potential ('000) [USD]	Tariff %
HS870410		Articulated off-road dumping/ tipping trucks	10,634.13	5
HS843041		Self-propelled rock-drilling or boring machinery	1,326.81	5
HS871631		Tanker (full and semi) trailers	648.85	5
HS846693		Parts of industrial machinery like ultrasonic, electro-discharge, electro-chemical, electron beam	102.66	5
HS843039		Coal or rock cutters and tunnelling machinery	49.31	5
HS870110		Walk-behind tractors	34.0	5
HS846900		Non-computer typewriters and word-processing machines (including braille typewriters)	15.67	5
HS251310		Industrial pumice stone	0.36	5
		Total	4645	5118.57

source:Decision Support Model 2022



CONCLUSION

Overall, Democratic Republic of Congo is a potential market for Botswana's exports. The country's economic prospects are projected to grow significantly over the next five years presenting export market opportunities for Botswana products. From broad products group perspective the following were identified as having significant export potential to DRC: motor vehicles parts & accessories; parts of machinery and industrial stones.

Further, DRC can become a strategic partner to Botswana by supplying raw materials to the manufacturing sector, especially electric vehicle sub sector. In addition to being a potential export market for Botswana products, DRC is one of the world's most mineral-rich countries; it sits on almost half of global cobalt reserves, as well as large deposits of copper, gold and diamonds. This makes DRC a potential strategic partner as a regional source of critical inputs used in the manufacture of EV batteries and related products. Realising such a partnership exploiting and export opportunities will contribute towards Botswana achieving the objective of an export-led economy.



BITC Head office

Private Bag 00445,	:	Central Business District
Gaborone, Botswana	:	Gaborone, Botswana
Plot 54351, off PG	:	T: +267 363 3385
Matante Road	:	F: +267 317 0452
Exponential Building	:	