U.S. DEPARTMENT OF STATE

DIPLOMACY IN ACTION

EXECUTIVE SUMMARY

The Government of the Democratic Republic of the Congo (GDRC) has repeatedly cited attracting foreign investment as one of its highest priorities, yet the country remains a very difficult environment for investors. The GDRC is justifiably proud of achieving macroeconomic stability in recent years however reforms to improve the business climate have stalled. The economic outlook for the medium term remains generally positive although there are concerns the Congolese economy and budget are overly dependent on global commodity prices. The DRC rebounded remarkably well from the global financial crisis thanks to improved fiscal policy, high global commodity prices and the largest debt forgiveness in history. The DRC averaged 6% annual growth over the last decade, including 8.5% GDP growth in 2013. Despite this recent growth the DRC has the world’s lowest gross national income per capita, it also ranks last in the UN Human Development Index, and near the bottom in business climate, hunger and many other indices. Businesses in the DRC face numerous challenges, including little functional infrastructure, endemic corruption at all levels of government, dysfunctional institutions, predatory tax agencies, little access to finance, shortage of skilled labor, unenforceable contracts, a high crime rate, an unpredictable security environment, and ongoing armed conflicts in the eastern part of the country. The Embassy strongly urges all prospective investors to visit www.travel.state.gov to read the latest country-specific information and travel warning before traveling to the DRC.

Despite these difficulties, the DRC’s abundant resources, a decade of positive economic growth and increased investment in infrastructure offer opportunities for American businesses, particularly those with experience in similar business environments. Mining is the Congo’s dominant revenue generator, with the DRC estimated to hold mineral reserves worth over $24 trillion. Sales from the mining sector were estimated at over $8 billion in 2012 and there remains significant room for growth in mining and related products or services, despite a severe electricity shortage and little transport infrastructure. Additional opportunities exist in agricultural, construction and heavy equipment (including used and reconditioned equipment), transportation, energy, engineering, and consumer goods.

The U.S. Financial Reform Act (Dodd-Frank) 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. They must also document their due diligence to ensure that their sourcing arrangements are not benefiting armed groups. The State Department and USAID have worked with the private sector, the GDRC, civil society, and international partners to develop pilot supply chains of artisanal-mined conflict-free minerals out of the eastern Congo. The Congolese Army’s victory against the M 23 rebels and the conclusion of a regional peace agreement in Addis Ababa have focused the GDRC on eliminating other armed groups and encouraging economic development in the eastern DRC.

1. OPENNESS TO, AND RESTRICTIONS UPON, FOREIGN INVESTMENT

The GDRC has prioritized attracting foreign investment; however its efforts to improve economic governance and the business climate have stalled. Congolese investment regulations prohibit foreign investors from engaging in small retail commerce and ban foreign majority-ownership of agricultural firms. Visas for foreign workers are limited to three months at a time. After the approval of a work permit, they may qualify for an establishment visa, which is more expensive but valid for up to a year. Expatriate salaries are also taxed at a higher rate than those of locals. Foreign investors, like local businesses, face frequent harassment, demands for bribes, and subjective, predatory interpretation of regulatory and taxation policies. Most foreign direct investments are governed by the Investment Code of February 2002. The mining, hydrocarbons, finance and other sectors are governed by sector-specific investment laws. The DRC will officially join the Organization for the Harmonization of Business Laws in Africa (OHADA) in September 2014.

In 2002, the GDRC created the National Agency for Investment Promotion (ANAPI) to overcome hurdles and to simplify 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 DRC as an investment destination.

With support from international donors, the GDRC is also working to implement a series of reforms aimed at improving the business climate. Specifically, in August 2009, the GDRC launched the Steering Committee for the Improvement of Business and Investment Climate (CPCAI) under the Ministry of Plan with the goal of improving the GDRC's ranking on the World Bank's Doing Business report. The main objectives of CPCAI are to reduce red tape, decrease delays and the cost of establishing a business, improve transparency of procedures, and strengthen judicial security. CPCAI has achieved the elimination of 46 "zero-revenue" taxes among the 117 that were previously applied in cross-border trade. In April 2013, a one-stop window was created to simplify business creation, cut the processing time from five months to three days, reduce the number of formalities, and reduce fees from $3000 to $120 for forming a corporation. The one-stop window has sped-up business creation, but businesses continue to complain of corruption and the need to visit multiple ministries.

The Steering Committee for the Reform of Public Enterprises (COPIREP), funded by the World Bank but falling under the Ministry of Portfolio, seeks foreign investors to enter into public-private partnerships (PPPs) with Congolese state-owned companies. However restructuring approximately 60 Congolese parastatals, none of which were profitable, has stalled. The parastatals not yet restructured include the national power utility (SNEL), port and river authority (SCTP), and rail company (SNCC).

Broadly, there are no formal limits or screening mechanisms imposed upon foreign ownership of most businesses in the DRC. However, the processes of granting permits and licenses in the mining and telecommunication sectors often suffer from arbitrariness, lack of transparency, and corruption. Investment projects which benefit from Investment Code incentives must have an assessment completed by ANAPI agents every six months. All investors in the DRC face multiple audits by various government enforcement agencies seeking evidence of violations of tax laws or price controls. Foreigners and Congolese alike suffer the consequences of non-functional judicial institutions. Inadequate physical infrastructure – including internal land, river, and air transport, 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 critically needed resources for infrastructure development, but significant constraints remain.

One trend of note in recent years is the propagation of so-called "vulture fund" legal actions against the DRC government for recuperation of decades-old unpaid private debts owed by

DRC parastatal companies. These legal actions have sought to sequester and redirect profits and other payments owed by private multinational companies to DRC public enterprises through joint venture projects, including mining joint ventures. These "vulture fund" legal actions add uncertainty to the investment climate, especially for private multinational companies which are in joint ventures with DRC public enterprises.

The Democratic Republic of Congo (DRC) remains a highly challenging environment in which to conduct business. The DRC's rich endowment of natural resources, large population and generally open trading system provide potential opportunities for U.S. investors.
The Millennium Challenge Corporation, 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 2012 per capita gross national income (GNI)of $4,085 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: http://www.mcc.gov/pages/selection/scorecards. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: http://www.mcc.gov/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf

Measure	**Year**	**Rank or value**	**Website Address**
TI Corruption Perceptions index	2013	154 of 177	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2013	172 of 177	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2014	183 of 189	http//doingbusiness.org/rankings
Global Innovation Index	2013	N/A	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	USD 230	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD
MCC Government Effectiveness	2014	-0.74 (RED)	http://www.mcc.gov/pages/selection/scorecard
MCC Rule of Law	2014	-0.75(RED)	http://www.mcc.gov/pages/selection/scorecards
MCC Control of Corruption	2014	-0.39 (RED)	http://www.mcc.gov/pages/selection/scorecards
MCC Trade Policy	2014	63.0 (RED)	http://www.mcc.gov/pages/selection/scorecards
MCC Regulatory Quality	2014	-0.76 (RED)	http://www.mcc.gov/pages/selection/scorecards
MCC Business Start Up	2014	0.658(RED)	http://www.mcc.gov/pages/selection/scorecards

MCC Land Rights Access	2014	0.54 (RED)	http://www.mcc.gov/pages/selection/scorecards
MCC Natural Resource Mgmt	2014	59.9 (GREEN)	http://www.mcc.gov/pages/selection/scorecards
MCC Access to Credit	2014	18 (RED)	http://www.mcc.gov/pages/selection/scorecards
MCC Inflation	2014	2.1(GREEN)	http://www.mcc.gov/pages/selection/scorecards
MCC Fiscal Policy	2014	1.0 (GREEN)	http://www.mcc.gov/pages/selection/scorecards
MCC Political Rights	2014	9 (RED)	http://www.mcc.gov/pages/selection/scorecards

2. CONVERSION AND TRANSFER POLICIES

The DRC adopted a free-floating exchange rate policy in 2001 as part of broader economic reforms. The DRC has also lifted restrictions on business transactions nationwide. International transfers of funds take place freely when sent through local commercial banks. The bank declaration requirement and payments for international transfers now take less than one week to complete, on average.

The Congolese Central Bank (BCC) is responsible for regulating foreign exchange and trade. The only currency restriction imposed on travelers is a USD 10,000 limit on the amount an individual can carry when entering or leaving the DRC. The GDRC also requires that the Central Bank license exporters and importers. The DRC's informal foreign exchange market is large and unregulated and offers exchange rates similar to the official rate. The DRC's economy remains highly dollarized. The largest banknote in circulation is the 20,000 Congolese franc (CDF) note (worth approximately USD 22), though it is very rare. Far more common are the 500 and 1000 franc notes worth approximately 54¢ and $1.08, respectively. U.S. banknotes are readily accepted in all major transactions. Banks provide accounts denominated in either currency. The GDRC has begun the process of de-dollarizing the economy by requiring tax records be kept in CDF and tax payments from mining companies must be in CDF.

The Congolese franc depreciated by 35% against the U.S. dollar between December 2008 and September 2009, but the GDRC has since maintained a stable exchange rate. Inflation in 2012 (2.7%) and 2013 (1.07%) remained under the BCC's target of 4%. Although GDRC fiscal policy may loosen in the run-up to elections in 2015 and 2016, it is expected to continue prioritizing a stable exchange rate and low inflation. As of May 2014, the exchange rate was 925 CDF per dollar at the BCC, and 938 CDF per USD in the parallel market. The DRC finished 2013 with international reserves of USD 1,766,450,000, corresponding to 9.4 weeks of import cover.

The BCC is drafting a new strategic plan for 2014-2017, which will focus on four major axes: sustaining monetary stability, promoting financial system stability, developing the financial system, and financing the real economy.

3. EXPROPRIATION AND COMPENSATION

The DRC's land law allows for expropriation of property by the government for the sake of public interest, such as the protection of community heritage, completing public works (such as infrastructure projects) and the presence of precious minerals. The illegitimate acquisition of property is also grounds for expropriation. In any case of expropriation, the GDRC is required to offer fair compensation; as with many Congolese laws, these requirements are not always fully respected. Activities that have an impact on the environment, such as mining, energy and forestry are at greater risk for expropriation.
There have been no expropriation actions against U.S. citizens in the past year. Post is aware of a number of existing claims against the GDRC, some of which were taken to arbitration (see Dispute Settlement section below). Arbitration judgments against the GDRC, however, have not been paid in a timely manner, if at all.

4. DISPUTE SETTLEMENT

On paper, the DRC's official policies are satisfactory and even attractive to business, but in recent years they have often been inoperative in practice due to problems with the judicial system. 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.

The U.S.-DRC Bilateral Investment Treaty (BIT) provides for International Center for Settlement of Investment Disputes (ICSID) reconciliation or binding arbitration in the case of investment disputes. In the case of a dispute between a U.S. investor and the GDRC, the investor is subject to the Congolese civil code and legal system. If parties cannot reach agreement, under the terms of the U.S.-DRC BIT, the dispute is taken to the ICSID or the Paris-based International Chamber of Commerce (ICC). A number of U.S. firms pursued claims against the GDRC for damages resulting from civil disturbances by military mutinies in 1991 and 1993. Two investors have won settlements from the ICSID. In early 2004, a claimant under the BIT won a settlement from ICSID but has not yet collected payment from the GDRC. The other investor, who successfully collected the compensation awarded by the ICSID, received damages in 1999. A third U.S. Company won a settlement from a Jersey, Channel Islands court in October 2010, but has not yet collected payment from the GDRC. The DRC is in the process of becoming a party to the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards.

In 2008, the DRC established commercial courts in Kinshasa and Lubumbashi. These courts are led by professional judges specializing in commercial matters and exist in parallel with an otherwise inadequate judicial system. The DRC will officially join the Organization for the Harmonization of Business Laws in Africa (OHADA) in September 2014. The core purpose of OHADA is to promote economic development and integration between its members, as well as to ensure a secure commercial environment in Africa. OHADA members agree to adopt a common set of commercial laws – including contract, company and bankruptcy laws – and to submit interpretation of those laws to the final jurisdiction of the OHADA court, which sits in Abidjan, Cote d'Ivoire.

5. PERFORMANCE REQUIREMENTS AND INVESTMENT INCENTIVES

The DRC does not have any barriers specifically targeting or restricting U.S. trade or investment. There are, nevertheless, some non-tariff related barriers, including the multitude of taxes collected on imported goods by several government agencies and expensive, slow and burdensome customs procedures. The DRC has not maintained any measures that are inconsistent with the WTO's Trade Related Investment Measures (TRIM) requirements. However the GDRC has signaled its intention to impose local content/sourcing requirements on foreign investors, particularly in the mining sector. Although there are no specific performance requirements for foreign investors, there are investment conditions that must be negotiated with ANAPI. The DRC has shortened this procedure to approximately 30 days, and has created a number of incentives to attract foreign investment. 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 of the 2002 Investment Code must apply to ANAPI, who will in turn submit their applications to the Ministry of Finance and Ministry of Plan for 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.

Performance requirements agreed upon initially with ANAPI include a timeframe for the investment, the use of Congolese accounting procedures and periodic authorized GDRC audits, the 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 place for at least five years. There is no discriminatory or excessively onerous visa, residence or work permit requirement designed to prevent or discourage foreigners from investing in the DRC, though corruption and bureaucracy can create delays in obtaining necessary permits. ANAPI and the Congolese Chamber of Commerce (FEC) play a vital role in addressing business issues 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. There is no discrimination against U.S. or foreign firms in participating in government-sponsored or subsidized research and development programs, since participation is done on a national treatment basis. With the sponsorship and technical assistance of the World Bank, a tender board now works under the supervision of the Ministry of Budget. 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. Parliament passed a new procurement law in April 2010 and the GDRC has also adopted key implementing steps, institutions, and a manual of procedures to implement the new procurement law. The government said it would launch a public procurement website by December 2011, but it has not yet done so.

6. RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

The DRC's Constitution (chapter 2, articles 34-40) protects private ownership without discrimination between foreign and domestic investors. It also protects investments against takeover, unless the investment conflicts with some overriding public interest. In this case, there are legal provisions for equitable and appropriate compensation for the parties involved. As with many Congolese laws, these requirements are not always fully respected.

Foreign investors can operate in the DRC either through establishing a branch or local subsidiary. The individual business may either be designated a "Société en Commodite Simple" (SNC), a "Société Privée à Responsabilité Limité (SPRL), a "Société par Actions à Responsabilité Limité (SARL), or a "Société Cooperative." The most common adopted forms of establishment are the SPRL and SARL, which are both limited liability companies. While in an SPRL shares are not freely negotiable, SARL shares are freely negotiable in principle, unless there are particular arrangements already within the SARL. Incorporation of an SARL requires a minimum of seven shareholders. Furthermore, incorporation of an SARL requires authorization of the Head of State. The Ministry of Justice is entitled to receive 1% of the original stock invested in the business by its founders. Some sectors, including mining, insurance, and banking, have different procedures for creating a company.

The GDRC has restricted some categories of small businesses to Congolese nationals. This includes artisanal production, small retail commerce, small public transport firms, small restaurants, and hotels with fewer than ten beds. Despite GDRC restrictions, some foreign-owned small retailers, particularly Chinese-owned stores, have opened. Additionally, the GDRC bans the majority foreign-ownership of agricultural firms.

7. PROTECTION OF PROPERTY RIGHTS

Ownership interest in movable property (e.g. equipment, vehicles, etc.) is secured and registered through the Ministry of the Interior's Office of the Notary. Real estate property (e.g. buildings and land) is secured and registered at the Ministry of Land's Office of the Mortgage Registrar. Land registration can be particularly problematic as records are often incomplete and legal disputes over land deals are very common.

In principle, Intellectual Property Rights (IPR) are legally protected in the DRC, but enforcement of IPR regulations is virtually non-existent. The country is a signatory to a number of international agreements with 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 maximum protection that these conventions provide is 20 years for patents and 20 years, renewable, for trademarks, beginning 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 Sociéte 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 the flaws of the existing 1986 IPR law. The law is still pending Parliamentary approval.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Embassy point of contact: Economic and Commercial Section at KinshasaEcon@state.gov

Local lawyers list: http://kinshasa.usembassy.gov/attorneys-in-drc.html

8. TRANSPARENCY OF THE REGULATORY SYSTEM

Implementing a transparent regulatory system is still a challenge in the DRC. It is still far from securing 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 participation by foreign businesses.

There are no formal or informal provisions by any private or public structure, in any business-related environment, used to impede foreign investment. Problems encountered within the GDRC tend to be administrative and/or bureaucratic in nature since reforms and improved laws and regulations are often poorly or unevenly applied. Proposed laws and regulations are not published in draft format for public discussion and comments. Normally discussion only occurs within the governmental or administrative entity that drafts them and at the parliament prior to a vote.

In 2008, the DRC became a candidate country for the Extractive Industries Transparency Initiative (EITI), a multi-stakeholder effort to increase transparency in transactions between governments and companies in the extractive industries. The GDRC has taken positive steps under EITI; however it remains a suspended candidate due to repeated deficiencies in the DRC's EITI reports.

9. EFFICIENT CAPITAL MARKETS AND PORTFOLIO INVESTMENT

The banking sector is expanding rapidly, but lack of finance remains a significant constraint on economic growth. The banking penetration rate is only about 6%, but this has doubled since 2009. This places DRC among one of the most under-banked nations in the world. Although the banking system is growing rapidly, it remains limited in its ability to lend to anything but the largest and most profitable enterprises in the country. All economic operators, foreign and domestic, have access to credit markets in the DRC without discrimination. However, foreign investors are more likely to benefit from this type of credit, since they are able to provide guarantees and collateral secured by foreign banks.

Borrowing options for small and medium enterprises are limited and maturities for loans are usually only 3-6 months, and interest rates are high at 16-18%. The weakness of the legal system, the hostile business climate and the difficulty of obtaining inter-bank financing discourage banks from providing long term loans. There are limited possibilities to finance major projects in CDF, given the banks' limited holdings in the national currency (roughly $12 million per bank), while foreign currency deposits account for 89% of their holdings. The DRC had approximately 3.1 million bank accounts in 2013, up from 1.6 million in 2012, most of which are dollar-denominated. Much of this increase is the result of the GDRC paying employees through bank transfers. Banks are increasingly offering savings accounts that pay approximately 3%, but few Congolese hold savings in banks. Most account holders withdraw their balance in full shortly after their salary is deposited.

As of March 2014, there were 18 commercial banks and one development bank, SOFIDE (Société Financière de Developpement). All 18 banks are supported primarily with foreign capital. The DRC also has approximately 150 microfinance institutions. Money transfer agencies are concentrated in Kinshasa and Katanga Provinces, while credit cooperatives are concentrated in North and South Kivu and Kinshasa Provinces. The volume of deposits was $3.15 billion in March 2014, up from $2.34 billion in 2012. The overall balance sheets of the DRC banking system amounted to $4.43 billion in March 2014 up from $3.47 billion in 2012 while lending volume reached $1.9 billion in March 2014 up from $1.4 in 2012.

Portfolio investment is not yet developed in the DRC. Cross-shareholding and stable shareholding arrangements are not common in the DRC. There are occasional complaints about unfair competition between investors in profitable sectors such as mining and telecommunications.

10. COMPETITION FROM STATE OWNED ENTERPRISES

The DRC's state-owned enterprises (SOEs) are a large burden on the country's economic development. The SOEs stifle competition and are unable to provide reliable electricity, transportation and other important services over which they have near monopolies. Most of the SOEs are overstaffed and laden with large debts, usually including salary arrears, and large unpaid debts to foreign creditors, other SOEs and the state. The GDRC, via the Steering Committee for the Reform of Public Enterprises (COPIREP), and with support from international donors, began working to reform SOEs in 2010; however it has made little progress.

11. CORPORATE SOCIAL RESPONSIBILITY

The GDRC requires companies in key sectors to provide significant Corporate Social Responsibility (CSR) to surrounding communities, including many services normally provided by government. Mining companies are frequently required to support and maintain infrastructure projects such as roads, schools, dams and hospitals. Many companies involved in extractives industries are required to establish a community development fund with projects selected by a committee of representatives from surrounding communities and indigenous groups.

12. 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 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. Local and national elections are expected in 2015 and 2016.

The United Nations has its largest peacekeeping operation in the world in the DRC. Known by its French acronym of MONUSCO, it has over 20,000 peacekeepers deployed throughout the country, with a majority of them in the east. The DRC military has conducted a series of operations against the Democratic Forces for the Liberation of Rwanda (FDLR), the Allied Democratic Forces (ADF), the Lord's Resistance Army (LRA) and other armed groups in the eastern DRC in an effort to restore state authority to the region. As a result of conflict and the resulting humanitarian crises, there are approximately 2.7 million internally displaced persons in the DRC. In April 2012, a group calling itself M23 began an aggressive rebellion in North Kivu province, occupying large parts of the province including the provincial capital of Goma for two weeks in November 2012. The Congolese Army, with the assistance of a new UN rapid intervention brigade, defeated M23 in November 2013.

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 of 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.

The security situation in the DRC remains unstable and difficult to predict. All travel by Embassy personnel outside of Kinshasa must be vetted by Embassy security staff for approval.

In addition to continuing instability in the eastern DRC, chronic strikes by civil servants, public transport providers and teachers continue to cause social upheaval. Military and police personnel remain poorly trained and underpaid.

13. CORRUPTION

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/.

14. BILATERAL INVESTMENT AGREEMENTS

The United States and the DRC (then-Zaire) signed a Bilateral Investment Treaty (BIT) in 1984 that entered into force in 1989. This treaty guarantees reciprocal rights and privileges to each country's investors. The BIT provides for binding third-party arbitration in the event of an investment expropriation dispute. There is no Bilateral Taxation Treaty between the U. S. and the DRC.

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

15. OPIC AND OTHER INVESTMENT INSURANCE PROGRAMS

The U.S. Overseas Private Investment Corporation (OPIC), which provides political risk insurance and project financing to U.S. investors and non-governmental organizations, has granted political risk insurance for projects in the DRC in the past and is open to working on future projects in the DRC.

The DRC is a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA), which offers insurance on new foreign investments to protect against foreign exchange losses, expropriation, and civil unrest. The GDRC is negotiating resumption of the MIGA program which would allow for investment insurance in other sectors of the economy. The DRC is also a member of the African Trade Insurance Agency, which provides political risk insurance.

16. LABOR

The DRC's large urban population provides a ready pool of available labor, including a significant number of high school and university graduates, a few of whom have studied at American universities. Employers cannot, however, take diplomas at face value. Skilled labor is in short supply and must usually be trained by individual companies.

The GDRC sets regional minimum wages for all workers in private enterprise, with the highest pay scales applied in the cities of Kinshasa and Lubumbashi. Most foreign employers pay higher wages than the official minimum wage.

The Labor Code is in compliance with the recommendations of the International Labor Organization. The code provides for tight control of labor practices and regulates recruitment, contracts, the employment of women and children, and general working conditions. Strict labor laws can make termination of employees difficult. The code also provides for equal pay for equal work without regard to ethnicity, sex, or age. The DRC Parliament passed a new labor code in April 2014 which will enforce a six day work week, allow married women to work without their husband's approval, permit pregnant women to take leave without suspending their work contract, and ban discrimination on the basis of HIV status.

Employers must cover medical and accident expenses. Larger firms are required to have medical staff and facilities on site, with the obligations increasing with the number of employees. Mandated medical benefits are a major cost for most firms. Employers must provide family allowances based on the number of children, paid public holidays and annual vacation based on length of service. Employers must also provide daily transportation for their workers or pay an allowance in areas served by public transportation. Outside the major cities, large companies often provide infrastructure, such as roads, schools and hospitals. The Ministry of Labor must grant permission for staff reductions. Generous severance packages are required by the labor code.

Every foreign employee must apply for a work permit from the National Committee of Employment of Foreigners within the Ministry of Labor. The right to strike is recognized and the law provides for reconciliation procedures in cases where the government is not involved.

17. FOREIGN TRADE ZONES / FREE PORTS

The DRC does not have any areas designated as free trade or have any free port zones. The DRC is a member of the Southern African Development Community (SADC) and the Common Market of Eastern and Southern Africa (COMESA), but has not yet joined either COMESA or SADC free trade Areas. During the 2014 COMESA forum, the GDRC expressed its intention to join the free trade area of the COMESA.

18. FOREIGN DIRECT INVESTMENT AND FOREIGN PORTFOLIO INVESTMENT STATISTICS

Obtaining reliable statistical data on foreign direct investment (FDI) in the DRC remains a challenge. Most data of FDI presented by authorized public institutions and agencies are estimates. There are currently two sources of information on FDI in the DRC: the Central Bank (BCC) and the National Agency for Investment Promotion (ANAPI).
BCC statistics are based on funds reported to the bank from actual investment projects underway, and are more accurate than those of ANAPI. These figures, however, may not

capture all FDI flowing into the DRC. Actual FDI amounts are probably higher than the BCC figures shown here. For the last seven years, BCC has published the following totals:

FDI (in millions of USD):

Year	**FDI in the DRC**	**DRC Investment Abroad**	**Net FDI**
2007	1,808	14.3	1,793.7
2008	1,726.9	54.1	1,672.8
2009	663.8	34.8	629
2010	2,939.3	7.2	2,932.1
2011	1,686.9	90.9	1,596.0
2012	3,312.1	420.5	2,891.6
2013	2,098.3	400.7	1,697.6

The following ANAPI-registered data are obtained from proposals by potential foreign investors. They summarize approved projects in services (including telecommunication, transportation, lodging, and electricity), industry (construction, mining, pharmaceuticals, brewery, manufacturing sector, and agribusiness), forestry / agriculture, and infrastructure.
FDI (in millions of USD)

	2010	**2011**	**2012**	**2013**
SERVICES	512	1,230	1,635	1,888
INDUSTRY	757	697	470	600
FORESTRY / AGRICULTURE	323	39	18	24
INFRASTRUCTURE	2023	61	-	53
TOTAL	3,615	2,027	2,123	2,565

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