

# Country profile: Democratic Republic of Congo

Main economic sectors and multinational companies

## Colophon

**Country profile DRC**  
**Main economic sectors and multinational companies**  
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SOMO is an independent, non-for profit research and network organisation that promotes sustainable and fair global economic development and the elimination of the structural causes of poverty, environmental problems, exploitation and inequality.

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# 1. Introduction

This country profile forms part of SOMO's programme on Multinational Corporations in Conflict-Affected Areas. This four-year programme, funded by the Dutch Ministry of Foreign Affairs, aims to empower local NGOs and communities to analyse the impact of the private sector in conflict-affected areas, and to ensure that companies are held to account for corporate misconduct. The programme aims to pave the way for multinational enterprises and their suppliers to make a positive contribution to post-conflict reconstruction. The programme focuses on five conflict-affected countries: Colombia, Democratic Republic of Congo, Liberia, Sierra Leone and South Sudan.

This profile provides an overview of the following: conflict in DRC; the country's key economic characteristics; the main economic sectors, their significance for the national economy and their associated risks. It also includes an overview of the major multinational companies active in DRC in the four selected sectors, namely agriculture, forestry, manufacturing and the extractives industry.

General information about the conflict and the economic sectors was obtained from publicly available sources, articles and reports. Company information was obtained from corporate database Orbis, as well as from annual reports and from the companies' websites. For any additional information, or to query omissions, please contact us at [info@somo.nl](mailto:info@somo.nl).

## 2. Democratic Republic of Congo: a brief introduction

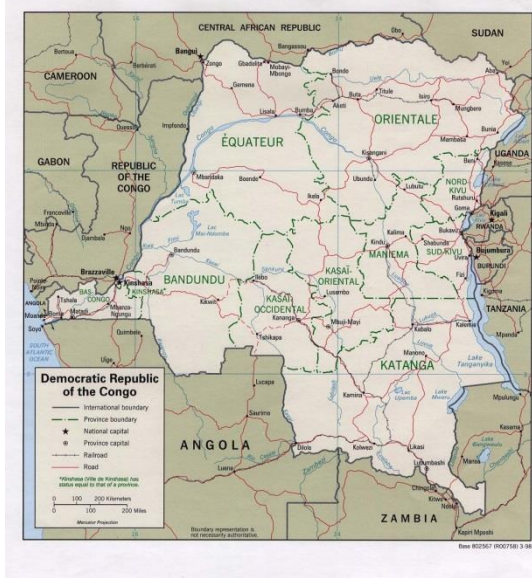
### 2.1. Key facts

The Democratic Republic of Congo (DRC) is situated in central Africa and spans the Equator. A major part of the country has a tropical forest landscape, although savannah dominates the southern province of Katanga. Annual rainfall ranges from 1000 mm to over 4000 mm in the forested areas of the Congo Basin, a famously biodiverse region covering northern DRC and various neighbouring countries such as Cameroon and the Central African Republic.

A large number of rivers cross the country, many originating in the mountainous eastern and southern parts of the country – in North and South Kivu and in Katanga (important regions for the extractive industries). These tributaries flow into the Congo River and empty into the South Atlantic Ocean, where the DRC has a 37 km long coastline.

DRC is Africa's second largest country after Algeria. Kinshasa, located near the Atlantic Ocean and alongside Congo River, is the capital. Other major cities are Lubumbashi, Kananga and Kisangani. The main languages spoken are French, Lingala, Kiswahili, Kikongo-Kituba, and Tshiluba and the country is divided into 10 provinces: Bandundu, Equateur, Orientale, East Kasai, West Kasai, Maniema, Katanga, and North and South Kivu.

Figure 1: Provinces of the DRC



Of the entire Congolese population of over 75 million people, 71 per cent live below the poverty line and lack access to adequate food.<sup>1</sup> In 2011, 34 per cent of the total population lived in urbanised areas.<sup>2</sup> With a life expectancy of 50 years and Gross National Income per capita of US\$ 444, the

<sup>1</sup> Central Intelligence Agency, The World Fact book: Democratic Republic of Congo, <<https://www.cia.gov/library/publications/the-world-factbook/geos/cg.html>> (12 August 2015).

<sup>2</sup> Ibid.

DRC ranks second-last on the Human Development Index.<sup>3</sup> At present, there are 2.7 million internally displaced people in the country because of ongoing conflicts in the east of the country.<sup>4</sup> According to the World Food Programme, the Congolese food production deficit is 30 per cent to 40 per cent.<sup>5</sup>

DRC is a republic that became independent from its former coloniser, Belgium, in 1960. President Joseph Kabila has been in power since 2001, and may be re-elected for another five-year term in 2016, if pending legislative changes are passed.

## 2.2. Short history of the conflict

Over the centuries, DRC has been plagued by many different actors seeking economic gain through exploiting the nation's people and natural resources. In the 16<sup>th</sup> and 17<sup>th</sup> centuries, Europeans were involved in the region's slave trade, while eastern Congo was controlled by eastern African slave traders until the end of the 19<sup>th</sup> century. The country's colonisation by the Belgian king Leopold II in the 1880s introduced the populace to systematic and planned suppression, leading to the mutilation and death of millions and to great personal wealth for the king. Large parts of the population were forced to produce rubber, while timber, too, was exported in large volumes. In 1908, the Belgian state annexed Congo; in 1960, Joseph Kasavubu became the first president of a newly independent DRC. His newly appointed prime minister Patrice Lumumba, however, was soon dismissed, then assassinated. Both Kasavubu and Lumumba's successor, Tshombe, were ousted in a coup by Joseph Mobutu in 1965. Mobutu's authoritarian rule was accompanied by violent conflicts and rebel activities over the following decades. The dictator was replaced by Laurent-Desire Kabila in 1997, who was killed in 2001 and succeeded by his son Joseph Kabila. The latter remains the country's president until today.

Since independence in 1960, rebel activities in the DRC have never ceased and the country has been embroiled in several internal wars. Although these wars have been conducted within the country's borders, they have been characterised by interference from foreign entities. International state and non-state actors such as multinational businesses, investors and armed groups have attempted to promote their interests during the Congolese conflicts and many of them have actively been involved in the violence. The first Congolese war of 1996-1997, during which Ugandan and Rwandan troops joined forces with Kabila's Alliance of Democratic Forces for the Liberation of Congo (AFDL), was followed by a second war which lasted from 1998 until 2002 and in which Rwandan troops collaborated with Congolese Rally for Democracy (RCD). Many states in the region became actively involved in this war. Some nations, such as Angola, Zimbabwe, and Namibia, supported Kabila, while rebel groups originating from and supported by Uganda and Rwanda were seeking to end Kabila's rule.<sup>6</sup>

<sup>3</sup> United Nations Development Programme, Human Development Index 2014, <<http://hdr.undp.org/en/content/table-1-human-development-index-and-its-components>> (12 January 2015).

<sup>4</sup> UNHCR, 2015 UNHCR country operations profile – DRC, <<http://www.unhcr.org/pages/49e45c366.html>> (12 February 2015).

<sup>5</sup> World Food Programme website, no date, <<http://www.wfp.org/countries/congo-democratic-republic>> (10 February 2014).

<sup>6</sup> P. Vinck et al., Living with Fear, August 2008, Human Rights Center, University of California, Berkeley, Payson Center for International Development, Tulane University, International Center for Transitional Justice, <<http://ictj.org/sites/default/files/ICTJ-DRC-Attitudes-Justice-2008-English.pdf>> (20 December 2013).

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Between 1998 and 2007 more than five million people died as a result of continuous conflict in DRC.<sup>7</sup> Since the end of the second Congolese war, some regions still suffer widespread violence, mostly in North and South Kivu. Most of the armed groups (of various origins) who are fighting government troops have no ideological or political agenda for the country, and most often they are not centrally organised. Some originate from – or are supported by – Rwanda and Uganda, while others are wholly Congolese, and they are mostly fighting over access to resources. The presence of 20,000 UN troops has not prevented large-scale rape, displacements and killings. Millions of citizens have become refugees. Not only militias, but also government troops of the Forces Armées de la République Démocratique du Congo (FARDC) are accused of large-scale human rights violations as well as illegal mining activities and trade in minerals.<sup>8</sup> Currently active armed groups include the Democratic Forces for the Liberation of Rwanda (FDLR), the Allied Democratic Forces (ADF), the Lord's Resistance Army (LRA), the Bakata-Katanga, and Mai Mai.

Katanga, the southern province that has historically known many conflicts, was relatively safe for several years but recently became the centre of renewed conflict over access to resources. Militia leader Gedeon Kyungu Mutanga, who was sentenced to death but escaped prison in 2011, founded the Mai Mai Bakata Katanga militia, which attacked Lubumbashi in 2013. Various attacks have recently led to 400,000 fleeing the area, to children being forcibly incorporated into the militia, and thousands of rapes by militia members.<sup>9</sup> Mai Mai Bakata Katanga demands independence for Katanga, a province that is exceptionally rich in copper, cobalt and other minerals.<sup>10</sup>

UN peacekeeping forces have been stationed in DRC since the 1960s. The interventions brigade of the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) is currently focusing its peacekeeping operations on eastern DRC, with 22,000 personnel.<sup>11</sup>

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<sup>7</sup> International Rescue Committee, Congo Crisis, <<http://www.rescue.org/special-reports/congo-forgotten-crisis>> (20 December 2013).

<sup>8</sup> Thomson Reuters Foundation, Congo (DR) Conflict, 9 December 2013, <<http://www.trust.org/spotlight/Congo-DR-conflict/?tab=background>> (20 December 2013).

<sup>9</sup> Monusco, "MONUSCO welcomes the separation of 82 children from Mayi Mayi Bakata Katanga," 16 August 2013, <<http://monusco.unmissions.org/Default.aspx?tabid=10846&ctl=Details&mid=13890&ItemID=20069&language=en-US>> (20 December 2013).

<sup>10</sup> BBC News, "Katanga: Fighting for DR Congo's cash cow to secede," 11 August 2013, <<http://www.bbc.co.uk/news/world-africa-23422038>> (20 December 2013).

<sup>11</sup> United Nations Security Council, Resolution 2147 (2014), S/RES/2147 (2014), 28 March 2014, <[http://www.un.org/en/ga/search/view\\_doc.asp?symbol=S/RES/2147%282014%29](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/2147%282014%29)> (21 December 2014); MONUSCO Facts and Figures, no date, <<http://www.un.org/en/peacekeeping/missions/monusco/facts.shtml>> (21 December 2014).

## 3. Main economic sectors

### 3.1. Key characteristics of the economy

DRC ranks 183<sup>rd</sup> on the World Bank's Doing Business Index 2013.<sup>12</sup> Obtaining credit, electricity, or construction permits is time-consuming and difficult,<sup>13</sup> as is importing and exporting goods, enforcing contracts and paying taxes.<sup>14</sup>

Nevertheless, GDP is growing continuously – 7.2 per cent in 2012; 8.1 per cent in 2013; 8.5 per cent in 2014 – and the government is taking measures to stimulate economic growth. The country has recently joined OHADA (Organisation pour l'Harmonisation en Afrique du Droit des Affaires), which has modernised business law and brought DRC's legislation in line with 16 other African countries.<sup>15</sup> As the OHADA Uniform Acts cannot be changed unilaterally and take precedence over national Congolese legislation, greater stability and legal certainty is provided to companies.<sup>16</sup> This is expected to attract investors.<sup>17</sup> Inflation reached a low of 1 per cent in 2013.<sup>18</sup>

In 2012, turnover tax was replaced by value added tax (VAT), with the aim of encouraging economic growth. Economic performance is mainly dependent on mining, trade, agriculture and construction.<sup>19</sup> Even though these sectors are the drivers of the Congolese economy, government income derived from mining is described as “paltry in light of the potential”, unemployment is high, salaries are low, and three quarters of the population remains subject to malnutrition.<sup>20</sup>

Only 9 per cent of the population has access to electricity.<sup>21</sup> The lack of adequate power supply restrains economic and social development in the country, and has increased the country's indebtedness: World Bank as well as mining companies have provided loans to the Société Nationale d'Electricité (SNEL) in order to invest in energy infrastructure.<sup>22</sup>

<sup>12</sup> World Bank Economy Rankings, benchmarked June 2013, <<http://www.doingbusiness.org/rankings>> (10 February 2014).

<sup>13</sup> World Bank and International Bank for Reconstruction and Development, “Doing Business 2013. Smarter Regulations for Small and Medium-Size Enterprises”, 2013, pp.157, <<http://www.doingbusiness.org/reports/global-reports/doing-business-2013>> (10 February 2014).

<sup>14</sup> Ibid.

<sup>15</sup> The OHADA Uniform Acts apply in the DRC since 12 September 2012.

<sup>16</sup> Hogan Lovells, “Democratic Republic of Congo: OHADA comes into force today,” 2012,

<[http://m.hoganlovells.com/files/Publication/f5cf4455-19bc-4c96-a44e-8470313400f0/Presentation/PublicationAttachment/416fbcd4-41d2-4c52-9e2d-8aaf4aad85b/Africa\\_September\\_newsletter\\_2012\\_-\\_DRC\\_article.pdf](http://m.hoganlovells.com/files/Publication/f5cf4455-19bc-4c96-a44e-8470313400f0/Presentation/PublicationAttachment/416fbcd4-41d2-4c52-9e2d-8aaf4aad85b/Africa_September_newsletter_2012_-_DRC_article.pdf)> (10 February 2014).

<sup>17</sup> Ibid.

<sup>18</sup> World Bank, “DRC: A giant in the making,” 9 June 2014, <<http://www.worldbank.org/en/news/feature/2014/06/09/drc-a-giant-in-the-making>> (21 December 2014).

<sup>19</sup> African Development Bank website, no date, <<http://www.afdb.org/en/countries/central-africa/democratic-republic-of-congo/democratic-republic-of-congo-economic-outlook/>> (10 February 2014).

<sup>20</sup> African Economic Outlook website, last updated 6 September 2013,

<<http://www.africaneconomicoutlook.org/en/countries/central-africa/congo-democratic-republic/>> (10 February 2014).

<sup>21</sup> World Bank, 9 June 2014, <<http://www.worldbank.org/en/news/feature/2014/06/09/drc-a-giant-in-the-making>> (21 December 2014).

<sup>22</sup> SOMO, unpublished, 2015.



The main economic sectors are manufacturing (27 per cent of GDP in 2013); agriculture and forestry (21 per cent); transport and communication (14 per cent); trade and hospitality (14 per cent); finance and real estate (7 per cent); construction (5 per cent) and mining (5 per cent).<sup>23</sup>

The total value of imported goods (US\$ 5 billion) exceeds the value of exports, which amount to US\$ 4.3 billion.<sup>24</sup> The country's top export products are copper (57 per cent); petroleum (15 per cent); cobalt (21 per cent) and wood (2 per cent), with the main export destinations being China (77 per cent); South Korea (5 per cent); Finland (4 per cent); Italy (3 per cent) and Egypt (2 per cent).<sup>25</sup>

### 3.2. Manufacturing

Manufacturing is still the main contributor to GDP, but its contribution to growth is very low as the sector suffers from obsolete equipment, high costs due to poor infrastructure, limited access to energy and a limited ability to use new technologies.<sup>26</sup> The sector is also affected by foreign competition. The lack of competitiveness has destroyed the once-profitable textile industry. The sector is reported to be vulnerable to external shocks and is insufficiently diversified.<sup>27</sup>

### 3.3. Forestry and agriculture

Agricultural production has decreased by 40 per cent since 1990, and although agricultural potential is estimated to comprise 80 million hectares of farmland, only 10 per cent of available agricultural land is being farmed.<sup>28</sup> The agricultural sector employs 70 per cent of the labour force but suffers from low productivity and food production is not nearly enough to feed the population.<sup>29</sup> Some agricultural products are exported unprocessed, but export figures are low and there are only five food industries in DRC. Subsistence farming by smallholders is the most common form of agriculture.<sup>30</sup>

Most timber production (around 90 per cent) is illegal and/or informal for domestic and regional markets.<sup>31</sup> Timber exports from DRC to Europe mainly consist of processed products and account for 100,000 to 200,000 cubic metres. Main destinations in the EU are France (30 per cent); Portugal (23 per cent); Belgium (11 per cent) and Italy (9 per cent).<sup>32</sup>

As most timber production takes place illegally, countries importing Congolese timber risk contributing to deforestation and loss of habitats and biodiversity. This also has a negative impact

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<sup>23</sup> African Economic Outlook, Democratic Republic of Congo 2014, <<http://www.africaneconomicoutlook.org/en/countries/central-africa/congo-democratic-republic/>> (12 January 2015).

<sup>24</sup> Observatory of Economic Complexity, Democratic Republic of the Congo, <<http://atlas.media.mit.edu/profile/country/cod/>> (12 January 2015).

<sup>25</sup> Observatory of Economic Complexity, Democratic Republic of the Congo, <<http://atlas.media.mit.edu/profile/country/cod/>> (12 January 2015).

<sup>26</sup> African Economic Outlook, Democratic Republic of Congo 2014, <<http://www.africaneconomicoutlook.org/en/countries/central-africa/congo-democratic-republic/>> (12 January 2015).

<sup>27</sup> Ibid.

<sup>28</sup> Global Growing, Casebook, "Agricultural Development in the Democratic Republic of the Congo," no date, <[http://global-growing.org/sites/default/files/GGC\\_DRCongo.pdf](http://global-growing.org/sites/default/files/GGC_DRCongo.pdf)> (12 January 2015).

<sup>29</sup> African Economic Outlook, Democratic Republic of Congo 2014, <<http://www.africaneconomicoutlook.org/en/countries/central-africa/congo-democratic-republic/>> (12 January 2015).

<sup>30</sup> Ibid.

<sup>31</sup> Chatham House, "Illegal Logging in the Democratic Republic of the Congo," April 2014, <[http://www.chathamhouse.org/sites/files/chathamhouse/field/field\\_document/201404DRC.pdf](http://www.chathamhouse.org/sites/files/chathamhouse/field/field_document/201404DRC.pdf)> (12 January 2015).

<sup>32</sup> European Commission, "Fight against illegal timber exports: the EU and the DRC launch negotiations," October 2010, [http://ec.europa.eu/commission\\_2010-2014/piebalgs/headlines/news/2010/10/20101021\\_en.htm](http://ec.europa.eu/commission_2010-2014/piebalgs/headlines/news/2010/10/20101021_en.htm) (12 January 2015).

on indigenous communities that are affected by loss of resources. Lack of free, prior and informed consent, and lack of respect for human rights as well as labour rights, are serious concerns in the logging sector.

### 3.4. Extractive industries

Mining is the main contributor to economic growth, although it is not one of the country's main sectors in terms of its contribution to GDP. A large part of production is generated by artisanal miners, who receive minimal compensation for their hazardous work. In the eastern part of the country, which is seriously affected by armed conflict, many of the mines are controlled by armed groups that are financed by mineral proceeds. This is a major problem in eastern DRC. In 2014, Belgian research organisation IPIS has produced a comprehensive map of mining activities and rebel movements in eastern DRC that is worth consulting.<sup>33</sup>

In the southern province of Katanga, a mining region currently less impacted by rebel activities, international mining companies are now extracting copper and cobalt from large industrial mines. These companies work in joint ventures with Gecamines, a company owned by the Congolese government, which usually has a minority share in the mines. Major mining companies in Katanga include Glencore Xstrata, Groupe Bazano, Misa Mining, Compagnie Minière de Luisha, Congo International Mining Corporation, Chemaf, Ruashi, Minière de Kalumbwe Myunga, Huachin Mining, Société d'Exploitation Minière, Golden African Resources, Tenke Fungurume Mining (Freeport McMoran, Lundin) and China Overseas Engineering Corporation.<sup>34</sup>

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<sup>33</sup> See <[http://ipisresearch.be/wp-content/uploads/2014/04/20141031-Promines\\_analysis.pdf](http://ipisresearch.be/wp-content/uploads/2014/04/20141031-Promines_analysis.pdf)> (12 August 2015).

<sup>34</sup> For more information, see SOMO, Unheard Voices, 2011, <[http://www.somo.nl/publications-en/Publication\\_3727](http://www.somo.nl/publications-en/Publication_3727)>; IPIS, Analysis of the interactive map of artisanal mining areas in eastern DR Congo: May 2014 Update, <[http://ipisresearch.be/wp-content/uploads/2014/04/20141031-Promines\\_analysis.pdf](http://ipisresearch.be/wp-content/uploads/2014/04/20141031-Promines_analysis.pdf)>; Amnesty, DRC: Profits and loss: Mining and human rights in Katanga, DRC, June 2013, <<https://www.amnesty.org/en/documents/AFR62/001/2013/en/>>

## 4. Major corporate players in important sectors

The table below provides a list of major corporate players in DRC in the four selected sectors, namely agriculture, forestry, manufacturing and extractive industries.<sup>35</sup> Please note that this list is not exhaustive.


Logo	Company name	Country of origin	Sector	Key information (2014)
	Feronia inc.	DRC	Agriculture	Activities (local): Palm oil Revenue (global): US\$10.8 million Net profit (global): US\$-20.2 million Employees (global): 4,000
	Lonrho Limited	UK	Agriculture	Activities (local): Investment in large-scale agriculture a.o. Revenue (global): unknown Net profit (global): unknown Employees (global): unknown
	Socfin Group <sup>36</sup>	Luxembourg	Agriculture	Activities (local): Palm oil Revenue (global): US\$508.4 million Net profit (global): US\$105.6 million Employees (global): 30,000
	Societe Internationale de Plantations et de Finance SA (SIPEF)	Belgium	Agriculture	Activities (local): unknown Revenue (global): US\$285.9 million Net profit (global): US\$39 million Employees (global): unknown
	TEXAF	Belgium	Agriculture, mining & manufacturing	Activities (local): Stone quarrying, textile production and manufacturing Revenue (global): €18.9 million Net profit (global): €4.7 million Employees (global): unknown
Unavailable	Nordsudtimber	Liechtenstein	Forestry	Activities (local): Timber logging Revenue (global): unknown Net profit (global): unknown Employees (global): unknown

<sup>35</sup> Data sources include: Orbis corporate databases and annual reports from the companies' websites.

<sup>36</sup> Socfin Group's largest shareholder is the Bolloré Group, one of the 500 largest corporations in the world, which owns a 38.7% share.

	AngloGold Ashanti	South Africa	Mining	<p>Activities (local): Gold mining            Revenue (global): US\$5.4 billion            Net profit (global): US\$-39 million            Employees (global): 62,000</p>
	MMG Ltd	China	Mining	<p>Activities (local): Copper mining            Revenue (global): US\$2.5 billion            Net profit (global): US\$99.2 million            Employees (global): 26,000</p>
	Glencore PLC	UK (Jersey)	Mining	<p>Activities (local): Copper and cobalt mining            Revenue (global): US\$221 billion            Net profit (global): US\$5.7 billion            Employees (global): 200,000            Operate in Katanga province through majority share in Katanga Mining Limited</p>
	Kilo Goldmines Ltd	Canada	Mining	<p>Activities (local): Gold mining. Company has not earned significant revenues and is in the exploration stage.            Employees (global): unknown</p>
	Mwana Africa	South Africa	Mining	<p>Activities (local): Iron, copper, cobalt, diamond and gold mining and exploration            Revenue (global): US\$142.4 million            Net profit (global): US\$43.9 million            Employees (global): unknown            Operate in Katanga through the Hailiang Joint Venture, in which Mwana holds a minority share</p>
	Randgold Resources	UK (Jersey)	Mining	<p>Activities (local): Gold mining            Revenue (global): US\$1,1 billion            Net profit (global): US\$324 million            Employees (global): unknown</p>
	Trafigura Beheer B.V.	Netherlands	Mining	<p>Activities (local): Copper and cobalt mining            Revenue (global): US\$127.6 billion            Net profit (global): US\$1,1 billion            Employees (global): 5,000            Operate in Katanga province through subsidiaries Impala Terminals and Lunar Mining</p>

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	Eni	Italy	Petroleum	Activities (local):Petroleum exploration Revenue (global): €109.8 billion Net profit (global): €1291 million Employees (global): 77,000
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