

Services snapshot

Democratic Republic of Congo



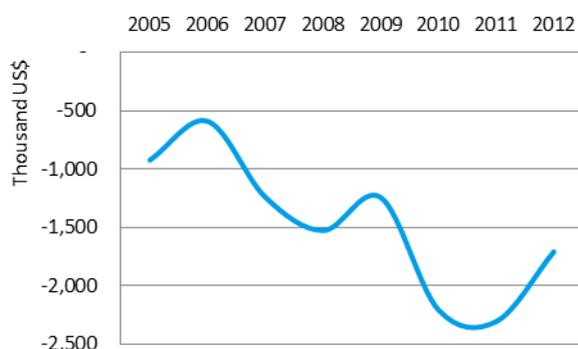
KEY SERVICES DATA¹, 2012

Services² share of industry value added 2013: **41%**
 Trade in services³ contribution to GDP: **9%**
 Services share of total exports: **4%**
 Services export composition: **other commercial services (56%), transportation (41%), travel (3%)**
 Services import composition: **transportation (48%), other commercial services (46%), travel (6%)**
 Services exports: **US\$ 225 million**
 Services imports: **US\$ 2 billion**
 Services trade deficit: **US\$ 1.7 billion**

SERVICES AT A GLANCE

DRC is a mining resources abundant country embodying a lot of potential for economic development that has been devastated by civil wars and internal unrest. The armed conflict ended in 2003 which was the first year DRC recorded a positive GDP growth rate (6% p.a.). It has been recovering ever since with a GDP experiencing a growth rate of 8% p.a. to reach a value of US\$ 31 billion in 2013.⁴ Nevertheless, it is expected to decrease to 4% p.a. by 2016.⁵ According to the most recent UN data for 2013, the services sector was the main contributor to GDP, with value-added at 41%, followed by manufacturing (38%) and agriculture (21%).

Figure 1. Services trade deficit



The net services trade account is traditionally in trade deficit. Transport services contributed most to the overall net services trade deficit (US\$ 828 million) while communication services were the only services subsector in net surplus at US\$ 41 million.⁶ In 2012 transport services accounted for the largest individual shares of services exports (48%) and services imports (41%). In particular, over the 6 years to 2012, the export composition has shifted dramatically with

communication services becoming less important and transport services more important.

DRC continues to face a number of challenges that undermine the development potential of the services sector. A serious lack of quality infrastructure remains one of the biggest obstacles. Continued political instability and insufficient policy or regulatory frameworks also prevent the development of a conducive business environment.⁷

SERVICES SUBSECTORS

Financial services

The financial services sector is underdeveloped. Only 4% of the population is estimated to have access to a formal financial institution. There are 20 approved banking enterprises. Microfinance institutions as well as savings and loans cooperatives are developing rapidly.⁸ Financial services account for 13% of services exports, and 24% of total services imports (see Figure 2). The financial sector is traditionally in net trade deficit. Moreover, the trade deficit has been consistently increasing from US\$ 94 million in 2005 to US\$ 443 million in 2012.⁶

Communication services

In 2012, communication services accounted for 20% of services exports (see Figure 3).⁶ As in other COMESA members, telephony is predominantly mobile rather than fixed line. Whereas there were 2 internet users only per 100 inhabitants, 44% of the population held a mobile cellular subscription in 2013. The number of mobile cellular subscriptions grew considerably between 2003 and 2013, increasing 24 times from 1 million subscriptions to 29 million.⁴ The majority of subscribers are concentrated around the capital Kinshasa.⁷

Figure 2. Financial services share in services trade

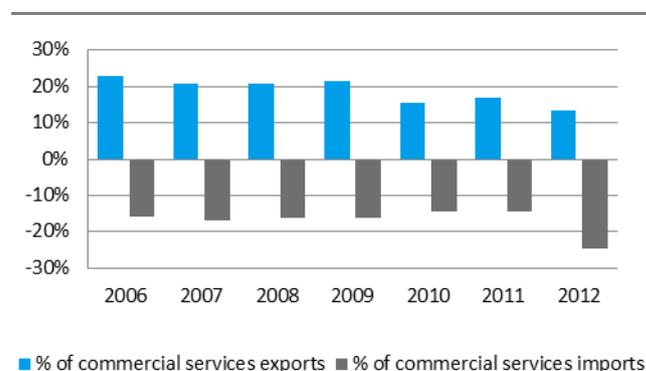


Figure 3. Communication services share in services

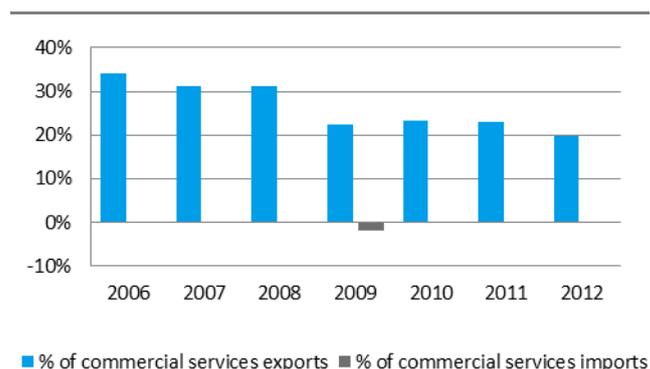
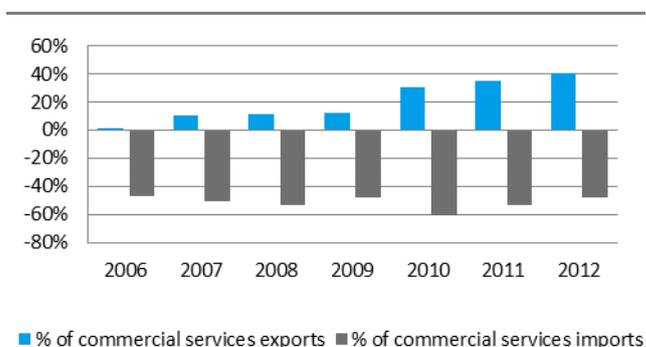


Figure 4. Transport services share in services trade



Transport services

Net imports of transport services contributed most to the overall services trade deficit, though this has declined by roughly 40% between 2010 (US\$ 1.4 billion) and 2012 (US\$ 828 million) (see Figure 4).⁶ The main challenge of transport services is the lack of infrastructure, as a result of armed conflicts and virtually non-existent maintenance. Only 5% of the roads are paved.⁹ Many parts of the country remain inaccessible: the country road network is not sufficient to connect all towns, nor even the provincial capitals.

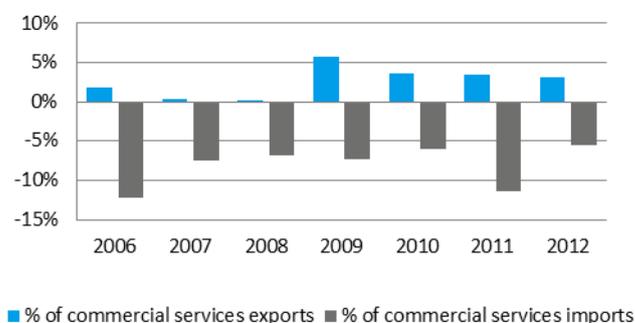
The rail network is disused due to the lack of maintenance and deteriorating conditions of the rails. Some parts of the country remain connected solely via means of air transport, which, however, is very expensive and faces security challenges. The extensive navigable waterways network serves as the main transport service. However, port infrastructure is still very poor and there is a serious lack of capacity.¹⁰

Tourism

There is an enormous potential for a thriving tourism sector. The country ranks among the world's megabiodiversity countries and has a versatile natural habitat in addition to a rich cultural heritage. The DRC boasts one of the biggest rain forest areas in the world.¹¹

Nevertheless, tourism has been hindered by internal armed conflicts and extremely poor infrastructure. The sector's economic significance consequently remains low despite a continuous increase in annual tourist visits. In 2011, 186,000 international tourism arrivals, more than the double the previous year, were registered.⁴ **Travel services are also in net trade deficit (US\$ 101 million).** Travel services account for only 3% of total services exports and 6% of total services imports (see Figure 5).⁶

Figure 5. Travel services share in services trade



FOREIGN DIRECT INVESTMENT (FDI)

Inflows of FDI have been on an overall upward trend since 2006 despite exceptions in 2009, 2011 and 2013.⁴ Telecoms, ICT, transport and energy related services attract the highest value of total investment.⁷ With a ranking of 184th out of 189 countries in the World Bank Ease of Doing Business index 2014, political unrest continues to discourage foreign investment.¹²

FOOTNOTES / SOURCES

1. Key data derived from: UN statistics division – National Accounts Official Country Data, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
4. World Bank – World Development Indicators.
5. World Bank – Global Economic Prospects.
6. ITC Trade Map.
7. WTO Secretariat, Trade Policy Review, Congo Dem. Rep.
8. InterMedia, Research for Global Development, available online: <http://www.intermedia.org/mobile-money-in-the-drc-market-insights-on-consumer-needs-opportunities-in-payments-financial-services/>.
9. World Bank, Poverty Reduction and Economic management Department, Africa Region, Diagnostic Trade Integration Study.
10. PwC, Democratic Republic of Congo.
11. Regional Tourism Organisation of Southern Africa (RETOSA), DRC, available online: <http://www.retosa.co.za/Retosa-Location.aspx?iCountryID=3>.
12. World Bank Group – Doing Business Index, June 2014.



International
Trade
Centre

For additional information

Contact person: Jane Drake-Brockman, Trade in Services Senior Officer
E-mail: drake-brockman@intracen.org
Telephone: +41-22 730 0446

Street address: ITC, 54-56 Rue de Montbrillant, 1202 Geneva, Switzerland
Postal address: ITC, Palais des Nations, 1211 Geneva 10, Switzerland
Internet: www.intracen.org