

# Diversifying the DRC's Economy

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*With the DRC's new leadership adopting economic diversification as its guiding principle, virtually all sectors are worth renewed exploration.*

JOHANNESBURG, GAUTENG, SOUTH AFRICA, October 3, 2019 /EINPresswire.com/ -- Despite the DRC achieving growth and enjoying a long-awaited peace, fluctuations in minerals prices, lack of competitiveness, regional inequalities and unemployment still hit the majority of an expanding population. To combat these issues, the new administration has made economic diversification a central theme of government plans. Solutions lie in energy, industry, agriculture, infrastructure and the DRC's human resources.

After its visit to Kinshasa in June, an International Monetary Fund delegation was mostly optimistic, and justifiably so. A peaceful political transition and a GDP growth of 5.8 percent in 2018 – up from 3.7 percent in 2017 – made for a positive outlook. But they also pointed out a well-known issue: the DRC's heavy dependence on its valuable minerals. The extractive sector, which makes up at least 80 percent of export earnings and 2 percent of GDP growth, continues to occupy an overwhelmingly dominant role.

The fall of cobalt prices, a blessing in disguise

Cobalt is at the center of a new gold rush because of its usage in modern tech – our smartphones contain 5 to 10 grams of it, computers 30 grams and an electric car's engine between 5 and 10 kilograms. Because of this, it provides an excellent case study of the potential risks. With its price roughly quadrupling between 2016 and 2018, cobalt almost single-handedly explains the DRC's strong GDP growth of late. But today, with the cobalt price now sharply dropping back to what it was in 2016, economic growth is likely to slow to 4.5 percent in 2019 according to the IMF. The extreme price volatility of cobalt has had the virtue of highlighting a vulnerability as well as the dire necessity of diversifying the DRC's economy.

In that respect, President Tshisekedi, [who will give the opening speech of the InvestDRC Forum on the 22 November](#) in Johannesburg, is committed to putting the infrastructure and the agriculture sectors at the very heart of the national diversification project.

"The DRC intends to accelerate the implementation of an infrastructure development program at the level of its immense territory of about 2.3 million square kilometres, in order to connect the country from west to east and from north to south, to facilitate the transit of goods and people and to unlock the agriculture potential of our provinces," he emphasized at the UN General Assembly. Projects will include the Kinshasa-Brazzaville road-rail bridge or the expansion of the Port of Banana. Infrastructure development also holds the key to the DRC's successful regional trade integration and to the reduction of its high import and export costs.

Becoming Africa's breadbasket

The DRC imports 80 percent of its food needs and only 10 percent of its 80 million hectares of arable land – and 40 million hectares of irrigable land – are exploited. Yet, the sector employs about 60 percent of the working population and the country's rich diversity of climates allows a wide array of opportunities for production of various crops and goods. In a keynote address he gave to the National Assembly, Prime Minister Sylvestre Ilunga insisted on the sector's upmost importance: "My conviction is that our country's main wealth is, contrary to popular thinking,

neither cobalt nor gold, nor copper, nor even diamonds but rather agriculture, source of genuine inclusive economic growth.”

To this end, the National Strategic Plan for Development, currently being finalized, will call for the creation of agro-industrial parks across the country. Its aim is to use agricultural transformation to propel the DRC to the rank of middle-income country by 2022. Minister of Agriculture Joseph Antoine Kasonga Mukuta is tasked with changing production from the level of subsistence to industrial. [Also a speaker at the InvestDRC Forum](#), the Minister plans to stimulate agronomic research and has been in talks with Dutch officials, world experts in that field, with regard to investment in the DRC.

### Diversify and prosper

Inevitably, the Democratic Republic of the Congo’s economic diversification plan involves its energy and industry sectors. Initiated in October 2018, The Inga III hydroelectric dam project is advancing towards completion and, in light of its installed capacity of 11,000 MW, will not only be able to answer domestic demand and reduce production costs for DRC-based companies, but also export electricity to neighbouring countries. The government’s drive to install facilities enabling the local processing of minerals and raw materials requires more power availability, and therefore the building and commissioning of small and medium sized hydro projects in every region.

On the industry front, the municipality of Maluku in Kinshasa is about to become the site of a pilot Special Economic Zone (SEZ). Minister of Industry Julien Paluku Kahongya is now inviting investors, both domestic and foreign, to an 885-hectare area with 75 MW of power available. [Confirmed as a speaker at the InvestDRC Forum](#), the Minister has indicated that two or three more SEZs will quickly follow and promised tax incentives by submitting to the government “a draft decree reducing taxations for the economic operators who accept to invest in special economic zones across the DRC.”

With the DRC’s new leadership adopting economic diversification as its guiding principle, virtually all sectors, including renewable energy, tourism, telecommunications, transportation and forestry, are worth renewed exploration.

Alexandre de Grauwe  
Africa Branding Corporation  
+90 552 418 37 18  
[email us here](#)

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