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INTERNATIONAL TRADE IN GOODS AND SERVICES : THE CASE OF THE DEMOCRATIC REPUBLIC OF CONGO IN THE AFRICAN CONTINENTAL FREE TRADE AREA 2018-2019

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Summary:
***Introduction**: By establishing a single market of 1.2 billion people representing $2.5 trillion in cumulative GDP, the African Continental Free Trade Area (AfCFTA) constitutes an important lever to strengthen the Democratic Republic of Congo's (DRC) productive capacities and unleash its trade potential. [1]. The objective of the study was to identify the position of the DRC in the African Continental Free Trade Area (AfCFTA) and the types of products to be traded.*

***Method:** To do so, we used systemic, dialectical and quantitative methods as well as documentary techniques.*

***Results:** From the in-depth analysis of this study, we came to the following results: the DRC presents remarkable opportunities to develop in this space of the African continental free trade area and occupies a strategic position, a catalyst for the development of the continent. Based on these opportunities, it can specialize in the commercialization of certain products in particular the electric current, the industrialization of fishing, agricultural products, mining products in order to bring back a lot of currencies in the country and to finance the projects of development through its budget.*

Keywords: *Foreign trade, free trade and Africa*

I.INTRODUCTION

Foreign or international trade is defined as the exchange of goods, services and capital between different countries. For centuries, countries have engaged in trade that has developed very rapidly due to economic globalization with the emergence of economic powers on the world scene, which currently play a hegemonic role [3].

For this state of affairs, it can be argued that international trade is complex with regard to many useful aspects concerning the mastery of the regulatory tools governing it. It is within this framework that laws on foreign trade are established. There are different currents: there are those who defend free trade or, on the contrary, those who advocate protectionism as a means of defending their economy through the introduction of restrictive measures [4].

As can be seen, in the context of international trade, the DRC has signed several regional agreements, notably SADEC (Southern African Development Community), COMESA (Common Market for Eastern and Southern Africa), CEAC (Community of Central African States), and recently the FTAA franc zone, in order to exchange goods, services and capital between the different countries of the region of which it is a member. The objective pursued by the DRC is to seek its emergence and development and to be open with other countries because a country cannot develop without competition from others [4].

The African Continental Free Trade Area (ACFTA) is an old project whose agreement was adopted with great enthusiasm on May 21, 2018, which should have formally entered into force on May 30, 2019 but was postponed to January 1, 2021 following the Covid-19 pandemic; and this after the deposit of the 22nd ratification with the African Union Commission. And, this ratification allowed to reach the minimum threshold required for the entry into force of the agreement [1].

Certainly, since January 1, 2021, African countries should already officially begin trading within the framework of the implementation of this continental free trade area, which today represents a market of 1.2 billion consumers and a combined GDP of about 3,000 billion U.S. dollars for the 54 member states of the African Union that have formally adopted this agreement [1].

This economic integration zone could significantly boost intra-African trade, especially if countries work to remove non-tariff bottlenecks, such as physical infrastructure, logistics costs, and other barriers to trade facilitation in Africa. But it will not have the same effect everywhere in Africa. African countries with more diversified economies and better logistics and infrastructure will benefit more from regional trade integration than others [2].

The African Continental Free Trade Area, whose establishment agreement was adopted in Kigali, Rwanda since March 21, 2018 and entered into force on January 1, 2021 after ratification by 22 state parties, is headquartered in the city of Accra, Ghana.

The African Continental Free Trade Area is an old project to create a single market in Africa. Starting from an observation on the weakness of trade relations between African countries, estimated at only 16% against about 70% with Europe and Asia, the creation of the FTAA has germinated and made its way within the African Union. Its purpose is to open up Africa to itself and create a single market with a population of about 1.2 billion and a GDP of about 2.5 billion US [2] .

Africa is a continent rich in natural resources but it is less industrialized because of the lack of integrated initiatives and lack of productive investments. Yet, the development of trade between African countries remains a powerful tool to fight poverty in Africa.

To remedy this very low level of intra-African trade, the scope of this FTAA is presented as "a very large project covering trade in goods and services, free movement of capital, productive investment, intellectual property rights and competition policy.

FTAA is intended to bring together the tripartite free trade area in Africa, which is to include the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC) and the Southern African Development Community (SADC), with the Economic Community of Central African States (ECCAS), the Economic Community of West African States (ECOWAS), the Arab Maghreb Union and the Community of Sahel-Saharan States. The objective is to integrate all 55 member countries of the African Union[5].

Given its ultimate interest and its socio-political, socio-economic, geopolitical and geo-strategic landscape that it wants to trace in Africa, several African countries are already devoting spaces for reflection so as not to be the only losers in this challenge of economic development to be implemented by this free trade area by 2050.

However, the worst thing is that since its creation, there is little or no talk of it in DR Congo in political, economic, commercial, intellectual, academic, diplomatic and socio-cultural circles. What seems to be alarming or attractive in DR Congo are the political, sports and artistic issues. But we ignore the analysis of the problems of economic integration already raised by the agreement of creation of the FTAA.

Our problematic on this study comes down to a main question: by throwing itself into this space of the ZLECAF, what would be the position of the DRC and what types of products would it commercialize?

In relation to this concern, taking into account the various assets and opportunities that it presents to other African countries geographically, economically, commercially and ecologically, without forgetting its dimension as a giant market, we believe that with more than 80 million consumers, the DRC presents a real business opportunity for other producing countries. With its strategic geographical location with its nine neighboring countries, combined with its hydroelectric and mining potential and counting on its relatively young population estimated at more than 60% of its inhabitants, the DRC could be the catalyst and gas pedal of regional integration in Africa. To facilitate trade between north and south, east and west, the DRC would be a conduit (by road, air and rail). Integrative projects such as the road-rail bridge, or the opening of border corridors could allow the mobility of people, services and goods [4]. The Inga dam, the agricultural sector and the fishery would be major assets. Implementing these projects will give the DRC strong and important financial, economic, diplomatic and strategic benefits.

In addition, the liberalization of the market will also encourage the local workforce to become more competitive by opening the door to competition from products manufactured in other countries in the African space. Industrial fisheries, agricultural production and energy production would be potential areas of specialization for the DRC to develop. Open trade increases imports and facilitates large exports. Increased imports will increase the tax base through domestic taxation and consumer taxes. As for exports, the country will be able to collect foreign currency. Specialization in open trade will enable the member country to provide its partners with high quality products at better prices.

II. METHODOLOGY

In the context of this study, two methods were useful to us to better define the different contours of the FTAA. The systemic method, which is nothing other than that which relies on system, the choice of this method allowed us to consider this economic and customs grouping as a new breath in the development of African countries. Once the FTAA is operational, it will boost the African continent to develop, especially the DRC which, until now, remains a third world country despite its natural potential. The exploitation and commercialization of these resources within the FTAA zone would allow the DRC to bring in foreign currency in order to finance its own development projects towards emergence without sometimes reaching out to the outside world. In addition, the choice of the dialectical method is justified by the fact that it allowed us to grasp the realities of the FTAA zone that affect the sovereignty of member states. Thus, we were motivated to examine all the contradictions and advantages. While the quantitative method allowed us to quantify certain data used to make analyses in relation to our study. The documentary technique was put in contribution.

III. RESULTATS

Production et commerce

Tableau I : Evolution de la balance des biens 2018-2019 (en million de USD)

	2018(p)	2019(p)	Change in value as a %.
Exports	**15 966,5**	**15 031,3**	**-5,9**
Mining and hydrocarbon products	15 826,8	14 91,7	-5,7
Agricultural products	124,0	100,7	-18,8
Imports	**14 92,7**	**14 631,7**	**2,3**
Consumer goods	3 555,2	3 667,3	3,2
Energy	1 108,6	1 068,7	-3,6
Raw materials and semi-finished products	3 187,6	3 573,2	12,1
Capital goods	7 121,2	6 322,4	11,2
Balance	**994,1**	**399,6**	**-59,8**

Source: Central Bank of Congo

Exports from the Democratic Republic of Congo amounted to USD 15 billion 31.3 million in 2019 compared to USD 15 billion 966.8 million in 2018, a decrease of 5.9%, according to the Central Bank's 2019 monetary policy report.

According to the Central Bank of Congo, the decline in the value of exports observed in 2019 was mainly attributable to the decrease in exports of mining and hydrocarbon products, which account for more than 90% of the Republic's export revenues, following the decline in average prices of the main products exported by the DRC on the international market

As for imports, they are estimated at 14 billion 631, 7million USD in fiscal year 2019 against 14 billion USD 972 million USD the previous year, a decrease of 2.3% compared to the previous year, according to the same report. This was a result of the decline in capital goods imports by 11.2%. As much as to say that the trade balance of the DRC was in surplus in 2019 of 399.6 million USD but down 59.8% compared to 2018 when the balance was 994.1 million USD.

The DRC: A country of assets for the consolidation of the FTAA

However, the various challenges facing the implementation of the African Free Trade Area are of several kinds and are likely to slow down or hurry it. They include political, legal, infrastructural, financial and security issues[6] .

With its strategic geographical location with its 9 border neighbors, combined with its hydroelectric and mining potential and counting on its relatively young population estimated at 60% and its 80 million inhabitants, the DR Congo could be the catalyst and gas pedal of regional integration in Africa. Considering the weight of its equatorial forest and peatlands, in the Congo basin, capable of absorbing the GHGs emitted by anthropogenic activities, the DR Congo remains the only more favorable framework for industrialization or productive investments in Africa [4].

To facilitate trade between North and South, East and West, the DR Congo should be counted on as a transit channel (by road, air and rail). Integrative projects such as the road-rail bridge, or the opening of border corridors could thus allow the mobility of people, services and goods, to cross all African markets through the DR Congo.

The immense extent of its cultivable and fertile land makes the DR Congo the mother of the world. Moreover, it has nearly 80 million hectares of arable land, 4 million hectares of irrigable land, of which only 1% is cultivated. Its vegetation can support a breeding of about 40 million heads of cattle and its fishing density is estimated at 700,000 tons of fish per year. With this potential, the DR Congo is capable of feeding about 2 billion people per year. Thus, it can accommodate without fail agricultural and agri-food industries [4].

The Inga dam remains another major asset to propel the industrialization and construction of heavy industries in Africa. The execution of this project will give strong and important benefits to the DR Congo on the financial, economic, diplomatic and strategic level, but by evaluating beforehand the consequences of an environmental nature [6].

The DR Congo a country of challenges for the consolidation of the FTAA

The agreement for the creation of the African continental free trade area aims essentially to create a single, liberalized market for goods and services, and to facilitate the movement of capital, individuals and investments throughout the continent.

The agreement is based on the principles of flexibility and special and differential treatment, transparency and dissemination of information, preservation of the acquis, most-favoured-nation treatment, national treatment, reciprocity, substantial liberalization and consensus in decision-making. The agreement in question covers trade in goods, trade in services, investment, intellectual property rights and competition [6].

The DR Congo is facing an infrastructural impasse in order to be competitive in the integrated market. Without significant reforms in all sectors, the few existing businesses and Congolese entrepreneurship will disappear.

IV. DISCUSSIONS

Production and trade framework

Exports from the Democratic Republic of Congo amounted to US$15 billion 31.3 million in 2019 compared to US$15 billion 966.8 million in 2018, a decrease of 5.9%, according to the Central Bank's 2019 Monetary Policy Report.

According to the Central Bank of Congo, the decline in the value of exports observed in 2019 was mainly attributable to the decrease in exports of mining and hydrocarbon products, which account for more than 90% of the Republic's export revenues, following the decline in the average prices of the main products exported by the DRC on the international market.

According to the BCC, the quantities exported fell for cobalt and crude oil, while the volume of copper exports rose.

Cobalt, oil, and copper saw their average prices fall by 53.3%, 11.8%, and 8.0% respectively. The drop in the price of cobalt was the result of an excess of supply over demand [6].

As for imports, they are estimated at USD 14 billion 631, 7million in fiscal 2019 compared to USD 14 billion 972 million in the previous year, a decrease of 2.3% compared to the previous year, according to the same report. This was a result of the decline in imports of capital goods by 11.2% [4].

As much as to say that the trade balance of the DRC was in surplus in 2019 of 399.6 million USD but down 59.8% compared to 2018 when the balance was 994.1 million USD. The trade balance is the difference, in terms of monetary value, between exports and imports of goods or services [6].

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The trade balance is the difference, in terms of monetary value, between exports and imports of goods or goods and services (depends on the country) in an economy over a given period. It is also called trade balance.

Competitiveness Framework for the FTAA

With its 80 million unproduced consumers, the DRC presents a real business opportunity for other producing countries. With its strategic geographic location with its nine neighboring countries, combined with its hydroelectric and mining potential, and counting on its relatively young population estimated at 60% of its inhabitants, the DRC could be the catalyst and gas pedal of regional integration in Africa[6].

To facilitate trade between north and south, east and west, the DRC should be counted on as a conduit (by road, air and rail). Integrative projects such as the road-rail bridge, or the opening of border corridors could allow the mobility of people, services and goods. The Inga Dam remains our major asset to propel the industrialization of Africa. Implementing this project will bring strong and important financial, economic, diplomatic and strategic benefits to the DRC [4] .

The liberalization of the market will also encourage the local workforce to become more competitive by opening the door to competition from products manufactured in other African countries. Industrial fisheries, agricultural production and energy production would be areas of specialization for the DRC to develop. Open trade increases imports and facilitates large exports. The increase in imports will increase the tax base through domestic taxation and consumption rights. As for exports, the country will be able to collect foreign currency. Specialization in open trade will allow the member country to provide its partners with high quality products at better prices [6].

V.CONCLUSION

FTAAP, like any economic organization created for the development of the African continent, its first priority is to expand the economic space and the market. Apart from that, there is also the elimination of supply-side constraints, low productive capacity and infrastructural bottlenecks.

It presents itself as a forum to facilitate the inclusive structural transformation of African countries, thereby contributing to the thrust of Agenda 2063 and helping Africa move towards achieving the Sustainable Development Goals. It is a unique opportunity to bring the benefits of growth and expanded opportunities to thousands of Africans.

In addition, it has the potential to increase employment opportunities and incomes, thereby helping to expand the prospects of all Africans. It is expected to lift about 68 million people out of moderate poverty and make African countries competitive.

The scope of the FTAA is broad. Its full implementation will also reorganize the region's markets and economies and boost production in the services and natural resource manufacturing sectors.

The success of its implementation is paramount and its effects on women and men, skilled and unskilled, in all countries and sectors should be monitored alternately to ensure that the agreement bears full fruit.

As for the DRC, despite certain weaknesses, notably: infrastructural problems such as the lack of roads, the restructuring of the economy, the legal and judicial insecurity of investments, the wars in the east of the country and the political fragility of the institutions; we can nevertheless present some recommendations for a useful positioning in the FTAA.

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