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The Congolese industry performance facing the breakthrough of regional trade in democratic republic of Congo

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Abstract – This article intends to underline the complementarity, better the synergy between trade policy and industrial policy with the double optics of revitalizing the process of industrialization of the country and ensuring the influence of national industries in the sub-areas and African economic areas, in in order to better take advantage of the advantages associated with the economic integration in which the DRC is committed.

It suggests that the process of deindustrialization of the Congolese economy initiated following the disintegration of the industrial fabric following the perverse effects of Zairianization combined with the looting of sad memory of the years 1991 and 1993 as well as the material damage caused by the wars of liberation from 1997 to 2003, risk of being amplified by the breakthrough of industrial products judged to be more competitive compared to local industrial products.

Faced with the weak competitiveness of local industries having accumulated several handicaps resulting among other things from the deterioration of the business climate following an industrial policy that is both incomplete and passive combined with the inertia of national / local industries, the analysis recommends the trend reversal by the implementation of both ambitious and pragmatic reforms oriented towards the modernization of the geographical landscape combined with the improvement of institutional quality.

Keywords – Trade policy - Deindustrialization - Industrial competitiveness - Economic integration.

I. INTRODUCTION

Analyzing the performance and competitiveness of Congolese industry in the face of international competition is of interest because of the need to make the Congolese economic system survive in an economic environment marked by the process of regional and international integration, with as a corollary, the abolition of customs tariffs which should lead to the reduction of fiscal resources (following the reduction in door taxes) and the closure of uncompetitive local industries in favor of imports of competitive products.

Indeed, the economic and social implications of the DRC's membership of several regional organizations (ECGLS, ECCAS, SADC, COMESA and recently ACFTA) some of which have already ratified charters and others are pending signature, are likely to plunge the country into a circle of deindustrialisation - job destruction - poverty - external dependence if effective strategies for resilience and promotion/support for the productive sectors in general, and industrial in particular, are not envisaged and implemented to improve their competitiveness in the face of competition from foreign products.

This reflection proposes to analyze the problems, constraints, assets, opportunities and perspectives linked to the problem of the interaction between the breakthrough in international trade and the performance of the Congolese industrial sector in order to challenge and / or remind the national community, in general, and the scientific world, in particular, the sword of Damocles hanging over the Congolese economy, in terms of tipping into a spillway, outlet or even rubbish bin for industries in neighboring countries, which are fine-tuning their conquest strategies of the “big Congolese market”.

It is based on the central hypothesis according to which, the national industry, after being disintegrated following the perverse effects of Zairianization combined with the looting of sad memory of the years 1991 and 1993 as well as the material damage caused by the wars of Liberation 1997 to 2003, is currently strained by competition from neighboring countries and, therefore, is endangered.

This is why it underlines the need to implement suitable trend reversal strategies, a sine qua non condition for strengthening and consolidating its driving role in the process of acceleration and consolidation of growth, and even of the emergence from the country.

To this end, it is structured in three points:

(i) The first relates to the interaction between industrial policy and trade policy;

(ii) The second is devoted to the inventory of industry and foreign trade in the DRC;

(iii) The third addresses the industrial strategy capable of meeting the challenges of foreign trade for the DRC: Foundation, prerequisites and perspectives.

II. Literature paper

There is a close link between industrialization and the intensification of foreign trade, although scientific research has been slow to look in depth at the relationship between these two phenomena, which were once analyzed separately.

Indeed, understood as "a structuring of a whole economic whole by the use of the systems of the machines in the drawing and with the effect of cumulatively increasing, and at a decreasing cost of the individual effort, the power which a human group to obtain the objects which are beneficial to it ”(Perroux, F. 1958), industrialization implies, among other things, the increase of productive capacities and, consequently, the expansion of demand or of outlets which must absorb production increasingly increased [1], [2].

This last aspect is highlighted to justify one of the advantages associated with free trade, relating to the possibilities offered to companies to sell more and to take advantage of economies of scale following the meeting of new customers in foreign markets by opening up to international trade.

Also, the external market constitutes an essential complement to the internal market to absorb the excess of national production over domestic consumption [3].

This only represents one facet of the contribution of foreign trade to industrialization, as Guy Care underlines by evoking three possible options in relation to the link between industrialization and international trade, such as [4], [5]:

- Industrialization can be transmitted, conveyed and encouraged by foreign trade;
- Industrialization can be blocked by foreign trade;
- Industrialization can be concerted and mediated by foreign trade.

The first option is the result of the enlargement of the market induced by opening up to international trade, international capital flows injected to finance domestic investments as well as by the immigration of gray matter (international expertise) coming to the rescue of the industry or national economy.

The second option is that enshrined in the thesis advocating the international division of labor advocated by liberal theories of international trade:

- Or for a framework of static reasoning where international exchanges, far from triggering this process of progressive structuring of the economy characteristic of industrialization, most often perpetuate specializations qualified as “innate”, relegating developing countries to simple suppliers of raw materials and passive consumers of manufactured products;

- Or in a dynamic perspective where, the game of world trade, instead of ensuring a common industrial promotion, aggravates the initially concerted disparities.

Finally, the third option is that which should result from concessions and other arrangements resulting from diplomatic activities between countries with a view to promoting industries common to two trading nations with a view to consolidating their mutual economic interests.

The least that can be noted after reviewing these options is the fact that trade can offer opportunities for economic growth through the emergence or consolidation of the industrialization process, just as they can be erected as a major obstacle to the process of industrialization.

It all depends on the presence of emergence factors or blocking factors within the national economy that may or may not favor the emergence of industrialization in the context of internationalization of trade.

On this subject, moreover, views have significantly evolved concerning the justifications for foreign trade where the emphasis formerly focused on comparative advantages is currently placed on competitive advantages, reflecting the capacity of a country to produce large-scale goods. value at low costs compared to its trading partners [6].

Emphasis is therefore placed on the emergence or consolidation of a business environment conducive to national competitiveness, likely to bring dividends to the country or to national companies.

To this end, as Michael Porter had underlined, with regard to the concept of a country's competitive advantage, understood as the ability to stimulate firms (both local and foreign) to use the country as a platform. -form from which to conduct business "," national prosperity is created, it is not inherited ". Hence the need and the urgency of countries to implement strategies geared towards creating and maintaining the conditions for the emergence of this competitive advantage[7], [8].

The strategies to be implemented should take into account the competitive strengths and weaknesses of the countries, assessed on the basis of the following determinants, representing the different facets associated with the “competitive diamond” model: (i) the existence of resources (resources human resources and infrastructure for research and information); (ii) a business environment where one invests in innovation; (iii) a local demand market, and (iv) the presence of supporting industries. [8].

From this model proposed by Michael Porter, the following considerations emerge:

- Competitive advantage can be created or at least greatly increased.
- Improving competitiveness within an economy should be a key element of the national export strategy;
- Regardless of a country's stage of development, export strategies that encourage innovation and the use of technology help it move forward.

Unfortunately, "in many developing countries, resources are the only 'side of the diamond' where policy makers can consider the possibility of increasing competitiveness, and thus improving short-term results."

The other characteristic weakness of these countries remains their specialization in a limited range of products with low added value, with as a corollary their fragility in the face of the volatility of commodity prices.

In this case, the ideal remedy would consist both in increasing and diversifying national production through a policy aimed at attracting investment in the main growth sectors as well as in sectors determining the improvement of national competitiveness, in particular health. , education and infrastructure.

Armed with this consideration and aware of the challenge of offering an environment conducive to the redeployment of firms seeking relocation or industrial relocation according to competitive production costs, some developing countries are deploying commercial strategies geared towards the creation of a highly competitive industrial environment with respect to their partners, with the aim of promoting the establishment of industrial units of multinational firms or emerging powers, interested in the project of conquering sub-regional markets including several developing countries.

This new approach of interaction between (strategic) commercial policy and industrialization strategy makes it possible to establish synergy links between: efficiency of industrial policies (including among other measures to improve the business climate), flows of Direct Investments Foreigners and foreign trade.

It follows that the good synergy between industrial policy and trade policy is likely to promote the industrialization of the country and on the other hand the mismatch between these two policies can be a vector of the deindustrialization of the national economy with as a corollary its strong dependence on imports.

Which approach makes it possible to shift the stakes of international trade from the sphere unequal exchange between developed and developing countries to that of stiff competition between underdeveloped countries, better less industrialized countries, in the distribution or deployment of FDI.

By virtue of this new situation, countries which are less competitive on the industrial level, due to the multiple handicaps accumulated in the search for the attraction of FDI, thus risk in the long run being subjected to the law of the relatively competitive industries of their neighbors, with as a corollary, the deindustrialisation of their economies. Indeed, deindustrialisation can also result from a loss of competitiveness vis-à-vis traditional competitors [9].

Applied to the partner and border countries of the DRC, this analysis will provide information to what extent the DRC economy enjoys competitive advantages or suffers from the industrial competitiveness of its partners in the Region.

III. Methodology

The analysis of the interaction between industrial policy, trade policy, economic competitiveness and the influx of FDI can be done through the evolution of the indicators associated with these variables or economic facts.

To date, the availability of indicators measuring qualitative phenomena facilitates economic analysis, allowing the application of econometric models to previously unthinkable situations.

Thus, today there is a series of indicators for measuring the competitiveness of countries as well as those relating to the ease of doing business to which we can add data on industrial production and foreign trade to carry out a relative analysis. to the interaction between the aforementioned phenomena.

In the absence of an appropriate econometric model, the interaction between trade policy, industrial policy and trade openness can be analyzed using a historical approach comparing the evolution of FDI, competitiveness indicators and the trade balance of the few. country.

IV. Results

The evolution of the economic structure of the DRC from 1960 to the present day makes it possible to highlight important changes inevitably translating a regressive process on the path of progress, modernization and influence of productive structures.

Among the highlights of this development, it is worth mentioning:

- The deindustrialization of the country, perceptible through the decline in the importance of the industrial sector in the country combined with the disappearance for certain industrial branches of statistics of industrial production and exports;
- The shrinking of the country's export base combined with the heavy dependence on imports;
- The relative decline in the country's competitiveness compared to its sub-regional partners.

4.1. Deindustrialization of the national economy: disappearance, decline and / or stagnation of the main industrial branches

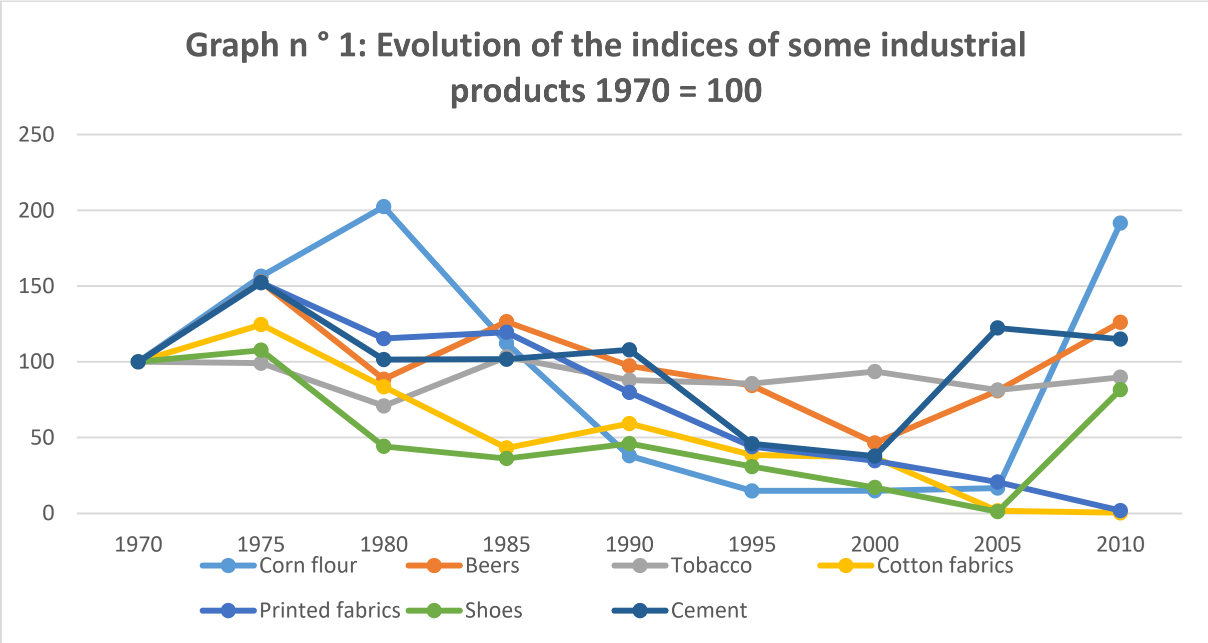
The process of deindustrialization of the DRC can be understood from the graph above, generally reflecting the decline of the industrial sector perceptible through a downward trend in industrial production indices.

Indeed, graph 1 below shows the following facts on this sample of 8 industrial branches:

- Two branches, having experienced the perverse effects of the crisis of the decade 1990-2000, have recovered to find or even exceed their levels of the 1970s. These are the brewing industry and the cement industry;

- Three branches, after having fallen dramatically, have nevertheless resumed the rise in their activity levels and now stand at more than 50% of their 1970 levels. These are the tobacco and flour branches, wheat and shoe production.
- Finally, three branches have practically sunk to the point of disappearing from the sphere of industrial production statistics. This is the case for the branches of the textile sectors (production of cotton fabrics and printed fabrics) as well as corn flour.

To this end, it should be mentioned that even for sectors that have maintained their absolute performance, the relative appreciation would reveal a slowdown. Indeed, certain productions, related to the size of the population, to the number of households, would reflect low rates of coverage of the population's needs. This is the case for cement production / inhabitant which would reflect a very low indicator.



Source: Data compiled from the CBC (central bank of Congo) Annual Reports (1970 to 2016)

The disappearance of activities combined with the decline in production in certain sectors of the economy as well as the slow progress in others is indicative of the country's deindustrialization phenomenon.

This deindustrialization can also be read through the regressive evolution of the relative importance of industry in the economy, assessed from the weight of the added values of manufacturing industries relative to GDP.

The graph below shows the following phases:

●*First phase*: ascending (1960-1974): industrial growth boosted by: (i) the increase in the purchasing power of the populations following the rise in wages in the public administration after independence ; (ii) the second wave of industrialization sparked by the 1969 investment code combined with massive public investments financed by public debt.

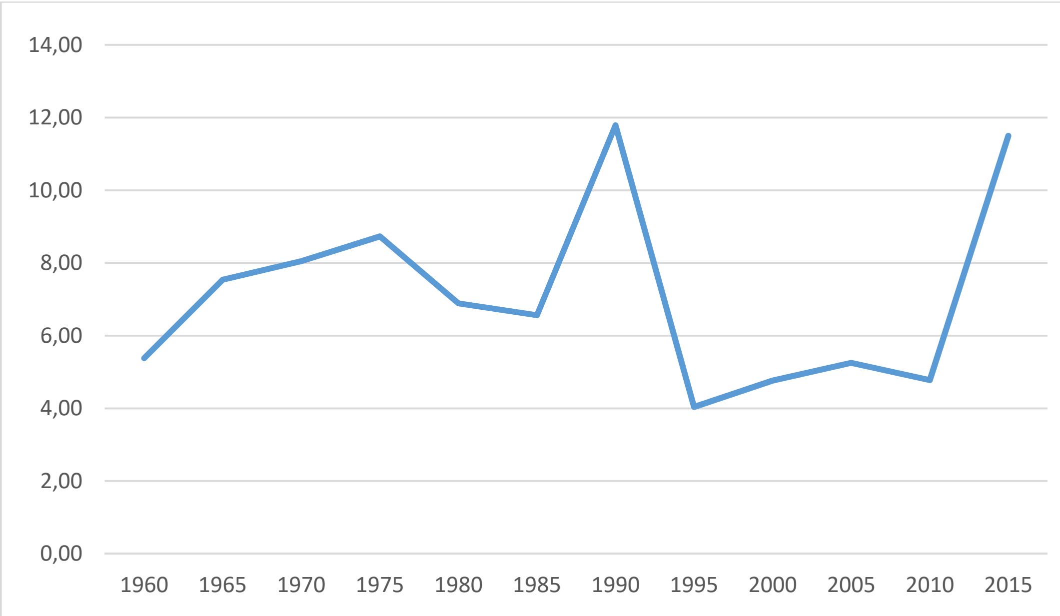
● *Second phase:* industrial regression (1975-1982): the Zairianization (1973) and radicalization (1974) measures, which consisted in the confiscation of agroindustrial and commercial enterprises belonging to the settlers for the benefit of Congolese politicians, who were otherwise deprived of the management experience, dealt a fatal blow to the country's productive sector through the cessation of activities of most medium-sized enterprises on the one hand and above all, the severing of the links formerly maintained between peasants, SMEs and large industry , on the other hand (Lokota MC, 1994); the associated negative effects were accentuated by those linked to the turnaround in the international economic situation following the oil shocks, with as a corollary the fall in copper prices, the effects of which were persistent macroeconomic imbalances (public finance crisis, deterioration of the exchange rate , inflationary pressures) and the chronic decline in purchasing power having literally contracted domestic demand as well as the country's insolvency, that is to say its inability to cope with the repayment of the debt due. This crisis had literally eroded the purchasing power of the population and hence contributed to the decline in industrial activity rates following the contraction of the domestic market.

● Third phase: short industrial growth (1983-1990): the application of structural adjustment measures initiated since 1983, despite the social costs imposed on the population, had nevertheless made it possible to redress the country's economic situation, notably through the resumption of growth accompanied by relative stability in the industrial sector until 1990.

●Fourth phase: collapse of the industrial fabric (1991-2002): from 1991, the Congolese economy was plunged into an acute crisis following the collapse of the Kamoto mines, Gecamines main metallurgical plant, the effects of which were worsened. By the harmful consequences of the political adjustment of the country by the looting of 1991 and 1993, the breakdown of international cooperation, the armed conflicts that raged from 1996 to 2002, which completed the destruction of the industrial fabric of the country started during the looting of sad memory.

●Fifth phase: recovery of the industrial sector (2003) : the lost decade on the economic level was followed by the period of post-conflict reconstruction, marked by the implementation of recovery programs supported by the international community. This period, which coincides with the economic recovery (sustainable growth observed for a whole decade driven by the dynamics of extractive activity and that of telecommunications) and the stabilization of the economic framework has gradually seen the resumption of activities in the industrial sector which has experienced a meteoric growth between 2010-2015.

Graph n ° 2: Relative importance of manufacturing industries in the economy



Source: Central Bank of Congo, 1960 - 2010

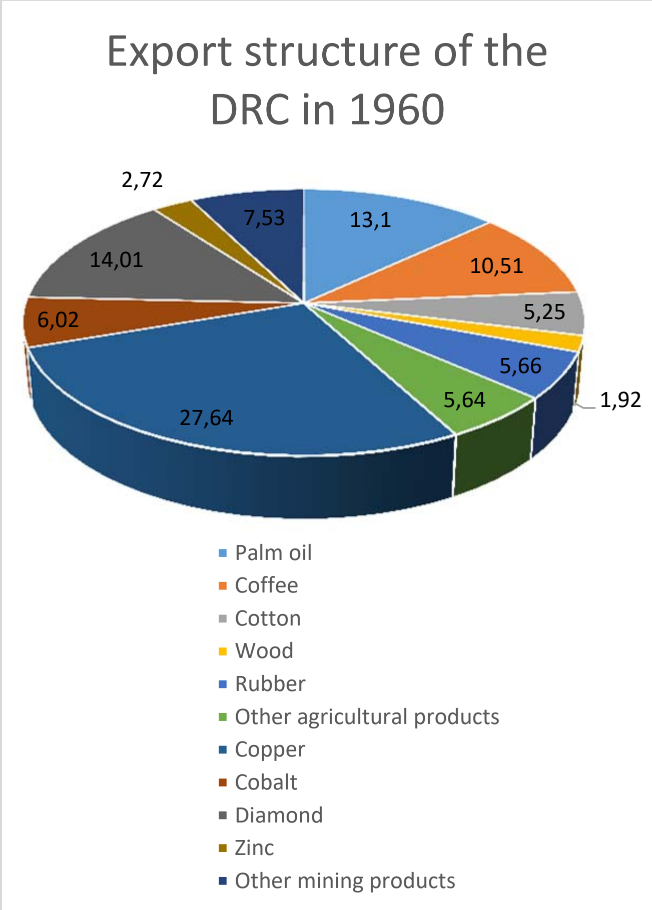
The less we can mention concerning this development is that despite the spectacular recovery of the industrial sector observed since 2010, the national economy has been marked on the whole by the process of its perceptible deindustrialisation in particular through: (i) the shrinking of the productive base of the country (from a diverse range of industrial activities including agro-food, textiles, breweries, chemical industry, metal factory, cement factory, vehicle assembly plants such as General Motors Company, manufactures tires,… the Congolese industry is now reduced to breweries, cement factories and biscuits,…); (ii) the disappearance of industrial districts converted to real estate sites (such as the Quartier Limete Industriel in Kinshasa, transformed into a residential city to date); (iii) the decrease in the workforce of industrial companies having fallen from 6,500 in 1960 to 1,500 in 1980 and to 160 in 2017.

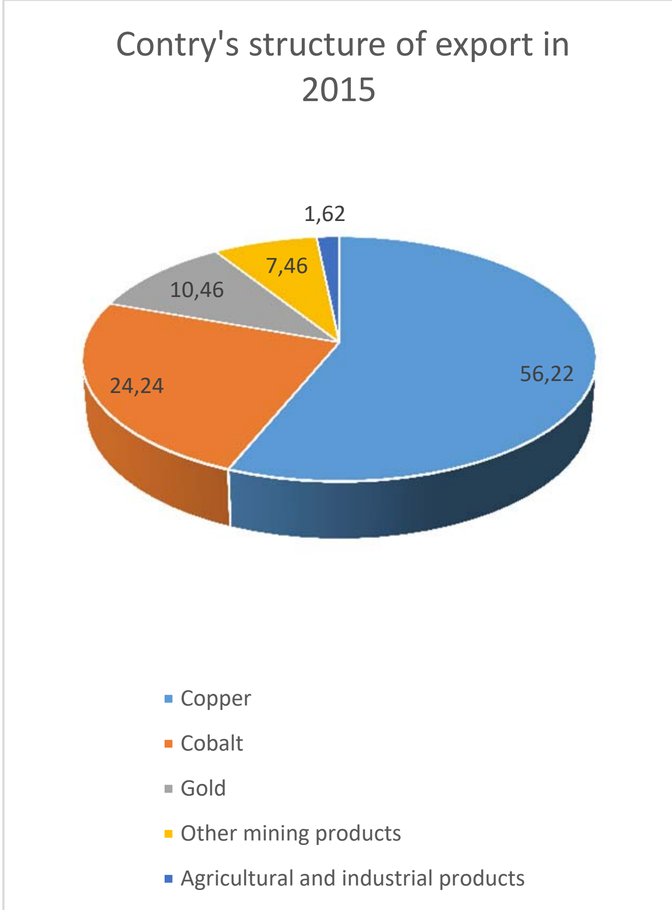
This deindustrialization was naturally accompanied by the disappearance of the industrial sector from the country's export statistics, thus confirming the shrinking of the country's export base.

4.2. Shrinking export base combined with heavy dependence on imports

The evolution of the structure of the exports of the DRC during the postcolonial period makes it possible to underline an inescapable progress of the country towards the mono-export, better the bi-export of copper and cobalt, contrasting with a broad base and diversified of the countries. exports inherited from colonization. Indeed, mining exports to date represent 98% of total exports against 60% in 1960.

Graph 3: The country's exports structure in 1960 and 2015





Source: Central Bank, Annual Reports 1963 and 2016

The disappearance of other products from export statistics is the result of poor performance of public policies (agricultural policy, industrial policy, trade policy, etc.), the corollary of which is the drop in production and in the productivity / competitiveness of products in the sectors (agriculture commercial, manufacturing industries, etc.).

The shrinking of the export base has been accompanied by the diversification of the country's import base, to such an extent that some Congolese caricature this situation in the following terms: "we produce what we do not consume and we consume what we do not produce"[10].

In the same vein, the Round Table on the promotion of exports of Congolese products and the reduction of dependence on imports, organized in May 2018 by the Ministry of Foreign Trade of the DRC, highlighted the inadequacy of the economic structure in relation to the challenges of the country's development and changes in the regional and international socio-economic environment.

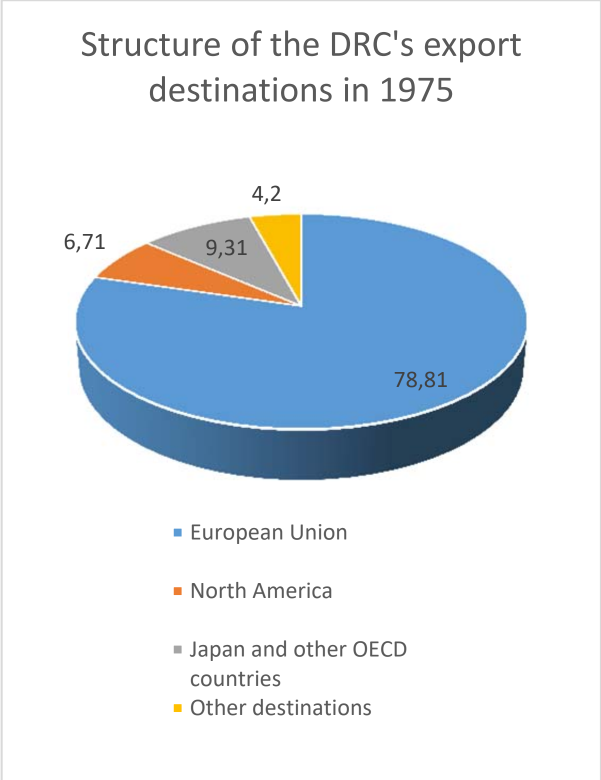
On this occasion, the following structural weaknesses were highlighted concerning the DRC's foreign trade: (i) the imbalance of the trade balance, (ii) the predominance of primary products (combined with the weakness, even the absence of agricultural and manufactured products) in the structure of Congolese exports, (iii) the predominance of agricultural products and manufactured products over all imports from the DRC.

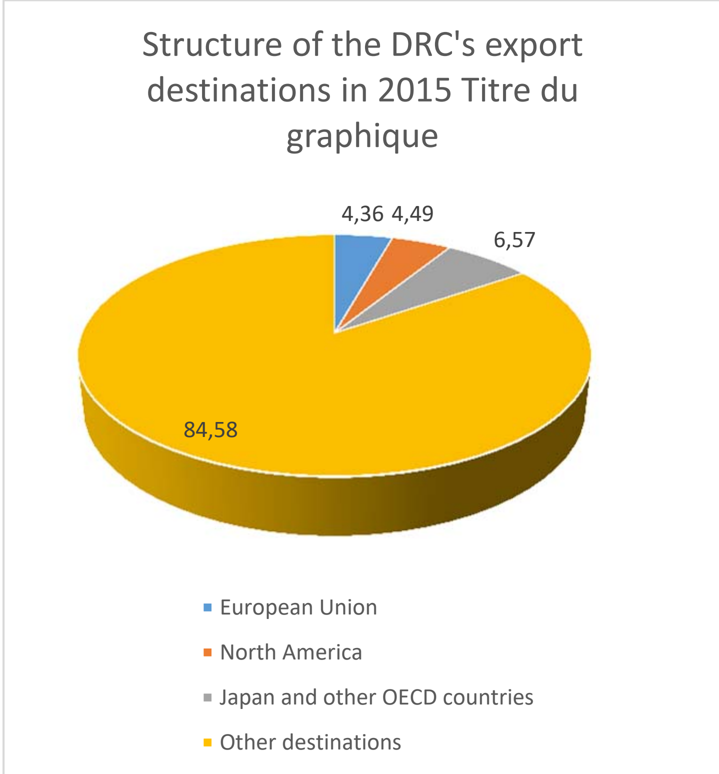
The other fact that deserves to be highlighted is the marked restructuring of the geographic distribution of the DRC's trading partners over the past decades.

The structures of the DRC's exports and imports between 1975 and 2015 are represented by the graphs below which reveal significant changes in the destinations of the country's exports as well as in the origins of imports. There is a very significant reduction in the relative importance of the European Union in the commercial structure of the DRC, falling respectively from 80% to 4% for exports and from 63% to 24% for exports.

On the other hand, the relative importance of non-OECD partners has increased very dramatically, going from less than 5% to 85% for exports and from 7.6% to 72% for imports over the past year this period.

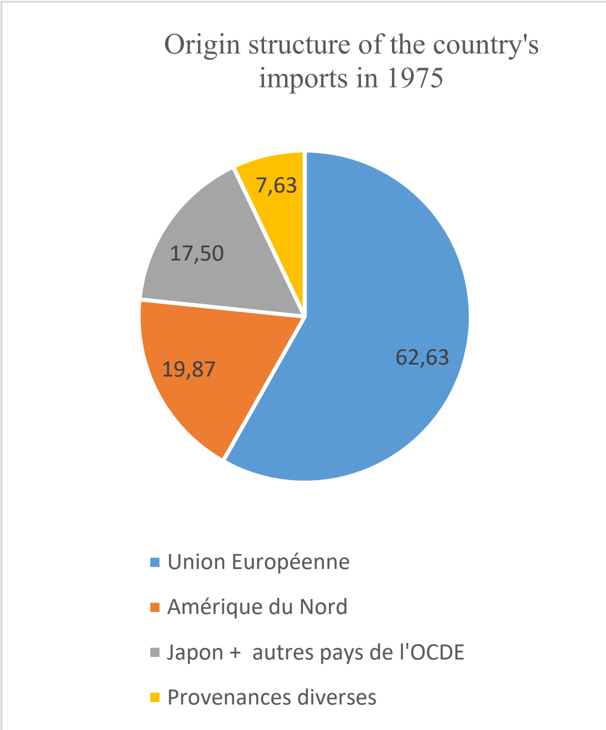
Graph 4: Comparison between structure of export destinations in 1975 and 2015

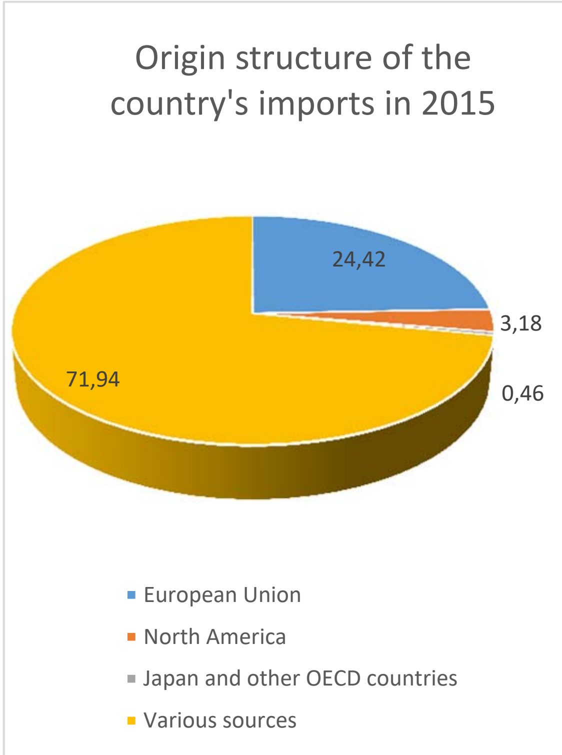




Source: Compiled from data from the CBC

Graph 5: Comparison between structure of origins of imports from 1975 and 2015





Source: Compiled from data from the CBC

It is fitting to underline the important place occupied by China both in the origins of imports and in the destinations of exports (partners outside of OECD members). Admittedly, the Central Bank provides information between 20% and 30% of the shares allocated to it respectively to the destinations of exports and to the origins of imports. But by breaking down the shares accruing to the countries, it is necessary to increase the final share of China, by dissociating the re-exports of other countries to China, and the re-export of imports of Chinese products to the DRC from the neighboring countries.

But in any event, after deduction of the shares accruing to China, there would remain a not insignificant part of the transactions that can be associated with neighboring countries, a situation which reflects the rise in Congolese imports from neighboring countries combined with the increase in Congolese exports to neighboring countries.

4.3. Breakthrough of regional industries in the Congolese market

4.3.1. The amplification of the trade imbalance between the DRC and its neighbors 96

The trade imbalance between the DRC and its neighbors can be seen through the table below which attests to the persistence of the deficit in the trade balance between the DRC and its neighbors.

Table n ° 1: Cross-border trade recorded in the Great Lakes region (2009, $ 000)

	IMPORTS					
EXPORTS		BURUNDI	DRC	RWANDA	OUGANDA	TOTAL
	BURUNDI		7 037	3 291	426	10 754
	DRC	652		5 975	4 349	10 976
	RWANDA	1 738	11 392		3 071	16 201
	UGANDA	28 517	78 307	141 853		248 677
	TOTAL	30 907	89 699	147 828	7 420	275 4

Source: World Bank, 2011

Taking into account the considerations of Sabwa and Mukhebi relating to the underestimation of the volume of official exports from the DRC, estimating that the volume of informal trade of the DRC, with the countries of the Great Lakes, concerning foodstuffs food, is almost 5 times greater than the volume of formal trade in these same products. The above table should be readjusted and, based on the table below relating to the estimate of the informal trade of the DRC, with the Great Lakes countries, in foodstuffs[11].

Table 2: Estimate of formal and informal food trade for East Africa

	DRC	KENYA	RWANDA	UGANDA
Formal	3 276	22 728	8 286	205 585
Informal	16 078	9 116	2 177	114 879
Informal/formal Report	4,91	0,40	0,26	0,56
Export index	5,91	1,41	1,26	1,56
Import index	1,83	1,76	1,83	4,07

Source: Estimated from World Bank data, 2011

Table n ° 3: Adjusted data on cross-border trade recorded in the Great Lakes region (2009, $ 000)

	IMPORTS					
		BURUNDI	DRC	RWANDA	UGANDA	TOTAL
EXPORTS	BURUNDI	0	9 922	4 640	601	15 163
	DRC	3 853	0	35 312	25 703	64 868
	RWANDA	2 190	14 354	0	3 869	20 413
	UGANDA	48 215	139 930	230 612	0	418 757
	TOTAL	54 258	164 206	270 564	30 173	519 201

Source: Readjusted from World Bank data, 2011

Going from Table 1 to Table 3, the exports and imports of the several of each country are multiplied by the indices shown in the table below.

Table 4: Correction index for cross-border trade data between Great Lakes countries in 2009

	EXPORTS	IMPORTS
BURUNDI	1,41	1,76
DRC	5,91	1,63
RWANDA	1,26	1,83
UGANDA	1,68	4,07
TOTAL	1,88	1,88

This table, far from providing us with exhaustive reliable statistics on the structure of cross-border trade, nevertheless gives us indications on the trend of transaction flows between the DRC and its neighbors. It emerges from Table 5 below that overall the DRC recorded during 2009 a trade balance deficit of nearly 100,000 USD.

Indeed, the cumulative cross-border exports would be estimated at nearly 65,000,000 USD against the volume of imports of around 165,000,000 USD. Rwanda, the only country with which the DRC had recorded a trade surplus, had absorbed about 55%, of eastern DRC's cross-border exports. 85% of cross-border imports from eastern DRC are reportedly sourced from Uganda.

Table n ° 5: Trade balance between the DRC and its Great Lakes neighbors in thousands of USD in 2009

	Exports	Imports	Trade balance
Burundi	3 853	9 922	-6 069
Rwanda	35 312	14 354	20 958
Ouganda	25 703	139 930	-114 227
Total	64 868	164 206	-99 338

Source: Elaborated from World Bank readjusted data, 2011

This trend identified in 2009 would certainly have been consolidated if one has to refer to the evolution of the structures of commercial transactions between the DRC and non-OECD partners, as presented in the table below.

Table n ° 6: Evolution of the structure of the DRC's foreign trade with non-OECD partners from 2010 to 2015

	2010		*2015*	
	Exports	*Imports*	*Exports*	*Imports*
China	22,85	20,56	30,43	19,34
Brazil	3,18	1,36	0,00	0,50
South Africa	14,65	15,17	24,18	17,76
Other countries	59,32	62,92	45,39	62,40

Source: Central Bank of Congo, 2016

This table reveals the following considerations: (i) an increase in the share of exports from the DRC to China and Africa; (ii) a decrease in the share of exports to other countries; (iii) an increase in the share of imports from other countries and South Africa.

This results in an unfavorable development concerning the relationship between the DRC and other countries following the decrease in exports combined with the increase in imports. Situation which corroborates the consolidation of the trade imbalance between the DRC and its neighbors.

This situation results not only from the shortcomings, dysfunctions and failures of the Congolese public services, perceptible through the inability to collect information relating to the exits and entries of goods from national borders (together with their taxation and accounting in an adequate manner) but also and, above all, it stems from the strategies of neighboring countries intended to capitalize on the business opportunities offered by the DRC market.

This consideration is underlined by Mwarabu A, in his reflection in these terms: “The neighboring countries of the DRC are preparing to take maximum advantage of the vast economic market represented by the great Congo. … Rwanda is building mineral processing plants. Uganda already has three gold refineries. Angola has already prepared the railways to evacuate the minerals from the DRC through the port of Lobito. Congo Brazzaville is waiting for the construction of the road-rail bridge over the Congo River to make its port of Pointe Noire more profitable.... As many projects carried out by neighboring countries, in a legitimate way, to get their hands on the vast economic market of the DRC. »[12].

4.3.2. Factors explaining the underperformance of the industrial sector and the domination of regional economies

Among the factors explaining the emergence of an economic and commercial context not very conducive to the industrialization of the country, the following should be mentioned mainly:

- the inertia of local industry;
- the ineffectiveness of industrial policy and;
- the bad business climate.

4.3.2.1. Local industry Inertia in the face of regional economies rise

Perceptible through their loss of speed on the national and cross-border market acquired a few decades ago, the inertia of local industries is the result of the absence of a growth strategy on the part of local industries combined with the inadequacies of public policies in promotion of the industrial sector.

The most illustrative case of this situation is that of Marsavco which, through its commercial structure, SEDEC, flooded all the major urban centers of the DRC with diversified ranges of agro-industrial products (margarine, palm oil, soaps, toothpastes, etc.) as well as cross-border markets. Alongside Marsavco, there were other large, medium-sized companies specializing in the production of palm oil, soap… like Sorgeri, Solbena, Socituri… which have disappeared.

=t$

The brewing sector dominated the national and cross-border market with the reign of “made in Zaire” drinks.

Today, this supremacy is far from being taken for granted, worse it is completely questioned. Indeed, not only that Congolese products have disappeared from cross-border markets but also and above all, the main agglomerations of the border provinces (Beni, Butembo, Bukavu, Bunia, Goma, Lubumbashi, Matadi, etc.) are subject to the law of imports of industrial products of our neighbors.

The lack of a growth strategy for local industrial companies can be understood on the one hand, through the narrowing of their range of actions (Marsavco, Brewing industries, tobacco industry, etc.) and on the other hand, through everything simply their dismantling (most of the textile industries, most of the agro-food industries and the sugar production industry, etc.) as pinpointed in the point devoted to the deindustrialization of the country.

4.3.2.2. Ineffectiveness or even absence of industrial policy

Industrial policy refers to all the measures / actions / interventions initiated by the public authorities in order to make the industrial sector competitive.

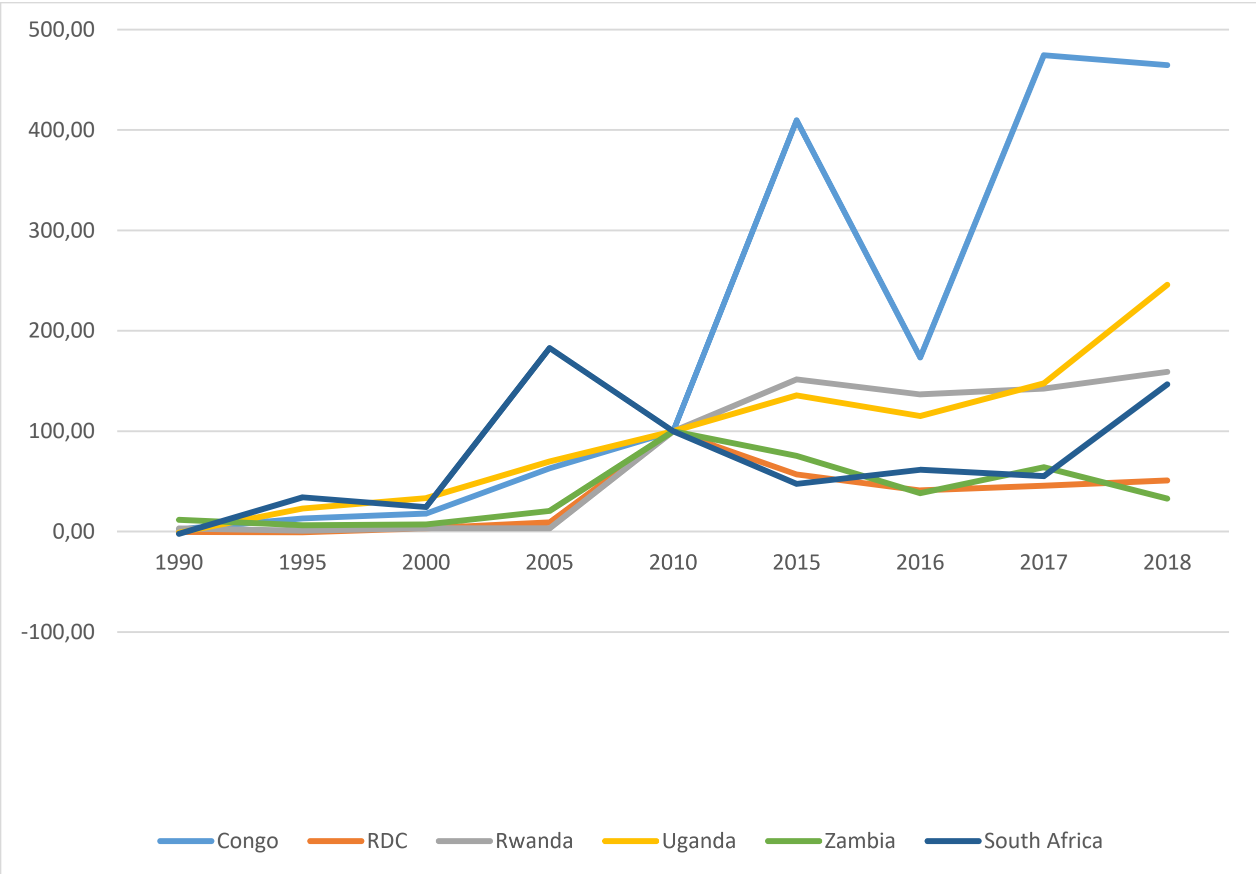
In the case of the DRC, the absence of a coherent and effective industrial policy is perceptible through: (i) the absence of a strategy based on concrete actions to improve the competitiveness of local industries intended to curb the pernicious factors hampering the development of industrial enterprise and hence improving the business climate; (ii) the inadequacy of measures intended to build up the middle class through the supervision and promotion of SMEs; (iii) the lack of funding for research, the corollary of which is the absence of technological innovations, ...

The resulting poor business climate does not encourage both national and foreign investors to locate productive activities in the DRC apart from extractive activities, which are speculative.

A situation which favors the establishment in neighboring countries of industrial firms primarily targeting the Congolese market, as can be observed in the development of FDI in certain countries bordering the DRC.

It follows that the decline in national industrial production contrasts or coincides with the rise in industrial production in the countries bordering the DRC. In the light of the graph below, it emerges that these are Rwanda (whose FDI increased from 250 million to 400 million USD from 2010 to 2018), Uganda (where the volume of FDI increased from 540 million to 1.3 billion USD) and South Africa (where FDI fell from 3.6 billion to 5.3 billion for the same period) which seem to benefit significantly from the decline of Congolese industry.

Graph 6: Evolution of FDI indices, 2010 = 100



Source: Elaborated from CNATD data

4.3.2.3. Poor business climate combined with the weak competitiveness of the national economy

The promising economic prospects of the new provinces of the DRC contrast with the real mechanisms for promoting the activities of the productive sectors, as indicated by the indicators linked to the business climate. Indeed, the comparative situation of the DRC with its African trading partners concerning the indicators associated with doing business reveals certain handicaps, better still real disadvantages, in terms of the attractiveness of both national and international investors.

The data in the table below illustrate this evidence. Indeed, the country is:

(i) Very poorly ranked for three indicators: last for three indicators (ease of doing business, protection of minority investors and regulation / promotion of cross-border trade), penultimate for two indicators (obtaining a driving license and resolving insolvency) and ninth out of 11 for three indicators (paying taxes, obtaining loans and executing contracts);

(ii) Moderately placed for two indicators: 8th and 7th out of 11 for the criteria relating to the transfer of ownership and connection to electricity, respectively

(iii) Well placed (4th out of 11) for a single criterion, that relating to the creation of the company.

Compared to its regional trading partners, the country accumulates major obstacles in attracting investors in the productive sectors. To this must be added the perverse effects of insecurity linked to the recurrence of armed conflicts.

This largely explains the poor position occupied by the country in terms of country competitiveness as shown in the table below.

Table n ° 7: Evolution of the competitiveness indices of some countries bordering the DRC from 2016 to 2018

	2016-2017	2017-2018
RWANDA	4,41	4,35
SOUTH AFRICA	4,47	4,32
KENYA	3,90	3,98
TANZANIA	3,67	3,71
UGANDA	3,69	3,70
ZAMBIE	3,60	3,52
DRC	3,29	3,27

Source: World Economy Forum, 2019.

Once again, the country, credited with a low competitiveness index, is at a great disadvantage compared to its direct competitors in terms of industrial production.

The persistence of this unhealthy environment will only push the country into the process of deindustrialization combined with the "reprimarization" of the economy, relegating it to the servile role of exporter of primary products in their current state, combined with that of an all-round importer of manufactured products from industries in neighboring countries, dedicated to the Congolese market.

Hence the need and urgency to reverse the trend by initiating a series of measures, actions and interventions designed to promote the national industry and make it competitive in the face of increasingly aggressive regional competition.

Table 8: Ranking of the DRC and its main African partners according to Doing Business indicators in 2018

	Ease of doing business	*Business creation*	*Obtaining a construction permit*	*Electricity connection*	*Transfer of ownership*	*Transfer of ownership*	*Protection of minority investors*	*Payement of taxes*	*Cross-border trade*	*Execution of the contract*	*Insolvency settlement*
RWANDA	29	51	106	68	2	3	14	35	88	78	58
KENYA	61	126	128	75	122	8	11	91	112	88	57
SOUTH AFRICA	82	14	96	109	106	73	23	46	143	115	66
ZAMBIA	87	102	70	128	150	3	110	17	153	134	91
OUGANDA	127	164	145	175	126	73	110	87	119	71	112
TANZANIE	144	163	150	83	146	60	131	167	183	64	117
BURUNDI	168	17	162	183	97	178	132	138	169	158	147
ANGOLA	173	139	87	152	170	184	89	104	174	186	168
CONGO	180	179	127	182	177	134	149	185	184	155	122
CAR	183	181	181	184	172	144	149	187	163	184	154
DRC	184	62	165	174	156	144	165	180	188	178	168

Source : World Bank Group, 2019[13].

4.4. Alternative industrial revival strategy

4.4.1. Factors militating in favor of industrial revival (strengths and opportunities for the prosperity of the industrial sector)

Despite the deterioration of the business climate, several elements or facts continue to fuel hope for the revival of the Congolese industrial sector. These are mainly:

- Presence of several micro-industry incubation centers initiated by groups of independent researchers and development partners (some of which have managed to create industrial districts operating at full capacity) to promote the emergence of a culture of entrepreneurship in the DRC;

- Establishment of a Project responsible for supporting the promotion of Micro, small and medium-sized enterprises, financed by development partners with a view to supporting the emergence of entrepreneurial culture, a prelude to the formation of a middle class ;

- Existence of Agro-Industrial Parks projects (26) to be disseminated in the various provinces which currently require the finalization of feasibility studies for implementation. The feasibility studies of some of them (Special Economic Zone of Maluku and PAI N'Kundi in Kongo Central) have already been finalized or are in the process of being;

- Presence of a large potential market consisting of nearly 80 million inhabitants passionately devoted to the consumption of imported products of dubious quality, likely to be converted into consumers of local products;

- Availability of countless natural resources just waiting to be developed by the process of industrial transformation.

4.4.2. Prerequisites for relaunching the industrial sector

To win the bet of re-industrialization or the reconsolidation of the national industrial sector, actions should be taken to reduce the handicaps accumulated by the national industrial sector, better to eliminate the obstacles or constraints which hinder its development by altering its competitiveness.

The actions to be taken should be aimed primarily at:

- Improve the state of basic infrastructure:

• The transport system to improve the country's connectivity and facilitate population mobility as well as the rapid evacuation of raw materials and finished products;

• The cheap supply of energy (water and electricity) to facilitate the production of goods and services at competitive costs;

• The product conservation and distribution system;

- Clean up the legal-administrative and socio-economic environment by promulgating and enforcing laws protecting property rights, reducing transaction costs for investors (gradually eradicating bad practices including corruption in all its forms, etc.) ;

- Improve the tax system by reducing the impact (burden) on economic operators and eliminating the hassle (see the possibility of merging the taxes to be charged to an operator, even if it means seeing how to proceed with the distribution between different services later);

- Standardize administrative procedures by referring to best practices across Africa or internationally (align national procedures with African and / or international standards);

- Promote fundamental and empirical research with a view to fostering the emergence of technological innovations and technical progress essential to improving the performance of the industrial sector.

4.4.3. Alternative strategy to promote the industrial sector

The new industrial sector promotion strategy, capable of restoring and / or revitalizing the country's industrialization process should be based on a few guiding principles intended to capitalize on the strengths and consolidate the strengths of the industrial sector on the one hand, to curb or systematically reduce the weaknesses and constraints that hamper the development of this sector, on the other hand. The list of actions and measures responding to these concerns include in particular:

The clear definition of an industrial policy aimed at, among other things: (i) industrial growth and diversification; (ii) improving the productivity and competitiveness of national industrial entities; (iii) strengthening or consolidation of the country's industrial leadership in the sub-region;

- The operationalization of this strategy through in particular:

• A breakdown of intermediate results accessible in the short, medium and long terms;

• Determination of results by industrial sector. Industrial policy should confirm the effective application of the sector-based approach oriented towards the analysis of problems for a product or branch, together with the answers reserved for them according to a holistic approach based on a series of actions carried out jointly at the level of actors involved in the value chain of the products in question (production, processing, sale and final consumption of the product). This has the advantage of creating a synergy between the industrial sector and other sectors evolving both upstream (primary activities like agriculture and the extractive sector) and downstream (distribution, trade, etc.) of its activities;

• Programming (implementation schedule), industrial projects distributed geographically according to criteria promoting concern for the development of natural resources and national (inter-provincial) solidarity as well as the actions / measures required to achieve the determined results;

• An estimate of the costs of carrying out the actions / measures / activities envisaged;

• The establishment of a monitoring and evaluation system for the implementation of the selected projects;

- The definition of a framework for collaboration and partnership with a view to rationalizing interventions relating to effective support from the Government for the efforts of partners contributing to the revival or promotion of the industrial sector, in this case incubators and NGOs specializing in creation, supervision, development of MPMIs. It would be appropriate and urgent for the DRC to create industrial promotion platforms bringing together: research centers (University) interested in industrial development, incubators and other private agencies of SMIs, government agencies (coordinated by the Ministry of Industry) and financial organizations specializing in financing the industrial sector.

The actual application of incentive measures for the emergence and growth of MPMIs, in particular through the contractualization of subcontracting in favor of SMEs for public works or orders;

- The involvement of the Government to accelerate the finalization of feasibility studies and the process of operationalizing Agro-industrial Parks and Special Economic Zones by favoring the establishment of industrial units;

- The creation of an environment conducive to the emergence of phenomena of innovation, technical progress and competitiveness in national and / or local industries

- Revitalization and strengthening of financing mechanisms for the productive sector.

The articulation of such an industrial policy supporting the industrialization of the country and the strengthening of the country's commercial position in the region can be represented by the figure below.

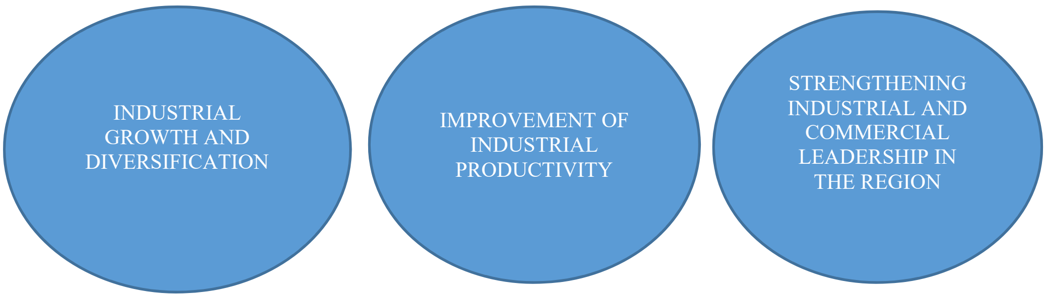


Figure 1: Articulation of industrial policy

Source : The authors

This figure, in the shape of the ancient Greek temple, reflects the architecture of an industrial policy likely to guarantee and promote industrial growth and diversification as well as the influence of national industry in the sub-region.

To be effective, it should be based on a solid foundation focused on public governance promoting national economic development and based on the principles of participatory planning with a culture of accountability and results-oriented.

It should then be carried by the essential pillars, that is to say by the materialization of the aforementioned prerequisites, in this case; (i) the clarity of the country's vision for industrialization; (ii) effective coordination of actions included in industrial policy, through a good form of collaboration between the various stakeholders (Government through the Ministry of Industry, the employers 'union, the workers' union, the Economic and Social Commission , SMI support partners,,…); (iii) the establishment of an adequate system of financing industrial projects; (iv) the establishment of an appropriate research framework to generate productivity gains through technological innovations; (v) governance conducive to a good business climate that should result from the improvement of basic infrastructure and an administrative system that provides strong incentives for investments.

To be pragmatic, it should clearly define its objectives, namely economic growth and diversification, the improvement of the competitiveness of national industries and the regional reach of national industries.

The stability of this policy depends on the solid foundation and the good entrenchment of the pillars. The circular shape of the lenses placed on the roof emphasizes the sensitivity of the lenses to the stability of the architecture.

V. Conclusion

Underline the complementarity, better the synergy between trade policy and industrial policy with the double optics of revitalizing the process of industrialization of the country and ensuring the influence of national industries in African economic sub-areas and areas, in order to better take advantage of advantages associated with the economic integration in which the DRC is committed, such is the object of this reflection.

In addition to the questioning of public policies on the need and urgency to implement appropriate mechanisms for strategic repositioning on the economic level in the Great Lakes sub-region in particular, and in the regional groups to which the DRC aspires to integrate, in general, this reflection has endeavored to deepen the link between commercial performance - economic competitiveness - industrial policy - FDI flows.

Applied in the space of the Great Lakes countries, this interrelation has made it possible to identify the explanatory factors of the deindustrialization of the Congolese economy by highlighting the deterioration of the business climate following an industrial policy which is at the same time ineffective and passive combined with the inertia of national / local industries, the corollary of which is the weak competitiveness of the national economy vis-à-vis border economies.

The resulting accumulation of handicaps significantly reduces the attractiveness of the country in the face of investments, forcing foreign investors - interested in the vast market that the DRC constitutes both in terms of the supply of raw materials (coffee, tea, cocoa, etc.). gold, cobalt, coltan, etc.) that outlets for manufactured products - to set up their production companies in neighboring countries, hence the massive influx of FDI into neighboring countries, to the detriment of the DRC.

The trend reversal requires an effective strategy of modernizing the geographic landscape (erection of good quality basic infrastructure: roads, energy, buildings, etc.) combined with the improvement of institutional quality in terms of administrative and economic governance as well as " capacity building of services and facilitators involved in the development and conduct of public policies in general, and industrial policy, in particular.

The DRC should raise clear options and initiate both ambitious and pragmatic actions and reforms to win such a bet. Such is the wish of this reflection addressed to the rulers, to the political class and to the Congolese intelligentsia as well as to the international community interested in the cause of the progress of the DRC.

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