



MASTERING YOUR MARKET UNDER AFCFTA - CENTRAL AFRICAN REPUBLIC (CAR)



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OVERVIEW OF C.A.R

The Central African Republic, is a sub-Saharan African country with combined land area of about 622,980 square kilometres (Wikipedia). It is located in the mid African region, bordering countries like Chad, Sudan, South Sudan, Democratic Republic of Congo, Republic of the Congo and Cameroon with capital in Bangui. It is among on of the 15 landlocked countries in Africa, which means shipments into the country would be done via other modes of transportation other than sea. The sales of Refined Petroleum (13.8%), Packaged medicament (5.9%), Broadcasting equipment (3.8%) Vaccines and toxins (3.25%) and Poultry meat (2.31%) accounts for about 30% of its export revenues. Central African Republic is among the Economic community of Central African States (ECCAS) with member countries like Angola, Burundi, Cameroon, Congo, D.R. Congo, Equatorial Guinea and Gabon. It is also part of other trade Blocs and organisations such as ACP, IMF and UN.



ECONOMIC SNAPSHOTS

The Central African Republic is among the 15 landlocked countries in Africa and as such shipments would be carried out via various modes of transportation other than the Sea. It is predominantly a Christian nation, Christians (89.5%), Muslims (8.5%). French (official) and Sangho (lingua franca) are the languages spoken in the country. It is a low income country with a GDP per capita income of about \$493 (2020). The GDP was about \$2380 million (2020). Inflation and unemployment rate is 2.3% (2020) and 4.33% respectively (Statista.com), while about 60% of the country's population is between 1-24 years of age. The major products produced in Central Africa Republic include Cotton, Coffee, Corn, Tobacco, Yam, millet, Banana, Gold & diamond mining.



ECONOMIC SNAPSHOTS

Foreign company should be looking at producing or exporting the following products to the Central African Republic, as its major imports are refined petroleum, Packaged medicaments, Broadcast Equipment, Vaccines and Toxins, Poultry meat etc (OEC 2020).



MARKET CHALLENGES

Central African Republic is a low income country, this suggests that the average person living in the country earns less than \$1000/ annum, this negatively affects disposable income, which is a recurrent decimal for most African countries. Ease of doing business index (world bank 2020) ranked Central African Republic at 184 out of about 189 countries. It is the 166th economy in the world and 47th in Africa by GDP. A high trade deficit of \$164M (OEC2020), with the country majorly depending on imports would also pose risks to foreign businesses. The C.A.R re-

mains one of the poorest countries in the world, as there is extreme and widespread poverty in the land, Economic growth is affected by fragile and unstable security and unmanaged political conditions, illegal gold and diamond mining undermines the revenue of the government (Coface). Other market challenges include, weak economic diversification, its landlocked nature, poor productivity of the Agric sector and small domestic market.



IMPORT PRODUCTS

In 2020, the total import volume of Central African Republic (CAR) amounts to about \$291 million. Some of the items imported and the amount include the following:

1. Machine -\$62.9M
2. Minerals -\$48.8M
3. Chemicals -\$38M
4. Foodstuffs -\$29.7M
5. Animal Prod -\$23.3M
6. Transport -\$20.6M
7. Textiles -\$13M
8. Metals -\$8.97M
9. Instruments -\$7.81M
10. Plastics -\$7.68M
11. Vegetables -\$7.36M
12. Miscellaneous -\$6.39M
13. Paper Goods -\$6.09M
14. Stone & Glass -\$1.54M
15. Veg Bi-products -\$1.47M
16. Foot&Headware-\$1.45M
17. Animal Hides -\$1.05M
18. Art&Antiques -\$488K
19. Wood Products -\$322K
20. Weapons -\$312K
21. Precious Stones -\$268

The total service import volume of CAR in 2018 is about \$352 million and some of the services imported include the following:

1. Travels -\$163M
2. Transportation -\$159M
3. Other Business -\$21M
4. Construction -\$5.3M
5. Computer & Info - \$2.86M
6. Communication - \$2.35M
7. Royalty & License -\$257K



MARKET OPPORTUNITIES

The Central African Republic is largely an agrarian economy, as coffee, cotton and wood are their major cash crops for export. A lot of these crops are exported in their primary form, and this presents foreign businesses with an opportunity to set up factories in the country to produce finished or semi-finished products for exports.

The mining industry is basically centered on diamond and gold mining. The country is also blessed with other mineral resources like Uranium, Copper, Manganese and iron ore in commercial quantity and they are yet to be exploited.

The climatic conditions are conducive for the development of livestock. Its hydrographic network with two large rivers (Oubangui and Sangha) makes fish farming a potential growth sector. This also applies to inland waterways transportation sector, whereby three capital cities of central Africa (Brazzaville, Kinshasa and Bangui) can be connected.

The economy is largely based on the Agro-pastoral sector, with Agriculture contributing 45% of GDP, 42% of export values, 70% of active jobs and 75% of national food consumption.

MARKET ENTRY

In 2001, the government of The Central African Republic established the Central African Investment charter to stimulate private sector development by attracting domestic and international private investment. Foreign direct investments are primarily in diamonds, gold, uranium, telecommunications and in more recent times, hotel industry. A limited liability company can be wholly owned by a foreign investor or business, with the minimum share capital of FCFA 1,000,000 a US Dollar

equivalent of USD 2,060. A minimum of one shareholder and a director is required to set up this type of business registration. In other areas, Licensing is required for sectors like Banking and Finance, Insurance, Mobile telecommunications, oil and gas from an appropriate ministry. Only two television networks exist in the CAR, where radio remains the dominant source of information. Several dozen radio stations operate nationwide. The print media is comprised of about 60 publications, that are not distributed

beyond Bangui, the capital. Content generally amounts to opinion pieces, rumors and slander campaigns. There was 355.1 thousand internet users in the country as at January 2022. The internet penetration in the country stood at 7.1% of the total population. For perspective, these user figures reveal that 4.6 million people in the country did not use internet, meaning that 92.9% of the population remained offline.

IMPORT DOCUMENTATIONS

In order to improve the collection of customs related taxes, the Central African Government opened a customs office branch in Douala, as over 80% of the country's international trade transits through this port. Cargo imported through the port of Douala should be customs-cleared and taxes paid at Port level. Once in the Central African territory, only inspections should be done to avoid eventual fraud, as a substitution of cargo during the voyage. Unfortunately, this is not the case, as

many merchants are complaining that they have to pay same fees again or additional taxes in Bangui. The Bureau d'Affrètement Routier Centrafricain (BARC) watches over the strict respect of the quota of cargo between Cameroonian and Central African transporters. It should be mentioned that as per an agreement with the two countries, 60% of cargo in transit at Douala Port to the Central African Republic should be transported on Central African trucks, whereas the remaining 40% should be trans-

ported on Cameroonian trucks. The import documents include the following, commercial invoice, packing list, certificate of origin, Bill of Lading, commercial import declaration, Electronic cargo tracking note (BESC), insurance, import license, transit documents, SOLAS certificate and Attestation de verification.



BUSINESS CULTURE

In the Central African Republic, as in many other countries in Africa, people have a communal lifestyle. They enjoy the contact and being around others comes naturally to them. All topics of discussion are allowable for making a good impression, but that said, do not talk about politics, and do not criticize or give your views on anything related to politics as you run the risk of being misinterpreted.

When people meet one another, the first thing to do is to shake hands. Whether or not a gesture is acceptable depends on the environment you are in. For instance, friends will snap their fingers to show that

they are happy to see you, yet this kind of gesture is not acceptable in a more formal environment. You do not need to stand a set distance away from someone when you first meet them. The distance depends on the environment and geographic region. Eye contact is also important, but sometimes, it can make people ill at ease. Dressing very well is also considered a sign of respect to the other person. Be polite always and do not give the impression that you are superior to them.

IN CONCLUSION

Central African Republic (CAR) like most African countries, is plagued by high level corruption which has hampered the economic growth of the landlocked country. This market offers huge opportunities for Foreign (African businesses) under AfCFTA.

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