



U.S. Department of State FY 2001 Country Commercial Guide: Central African Republic

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Chapter 1. Executive Summary

The Central African Republic (C.A.R.) is a landlocked country with an economy based on agriculture and forestry, with diamonds as its principal export. The economy is disadvantaged by the country's geographic position, which isolates it from foreign markets and contributes to high import prices. Still recovering from the military mutinies of 1996 and 1997, the industrial sector has resumed moderate reconstruction. There was an overall decrease in growth in the service sector of 3.37% in 1999, slightly less than the 4.46% decline in 1998. The Central African Government (C.A.R.G) is in the process of privatizing several state-owned companies, such as the water company, parastatal banks, the oil company, as well as 60% of its share in Socatel, the country's primary telecommunications company. The C.A.R. has been running an average balance of payments deficit of 3.1% since 1995, with an estimated 2000 deficit of 3.1%.

Because of the country's landlocked position, imports must either be flown in directly from Europe or shipped to the port of Douala in Cameroon before being transported by truck to Bangui. The country's physical infrastructure is consistent with the general level of national development. Of the 25,000 km of paved roads in the C.A.R., only 450 km are paved. Some of these roads are impassable during the annual rainy season. Public transportation is limited; automobile and airplane rentals are expensive. Internet capacity is still in its early stages in the country. Bangui has a relatively modern and reliable telephone system, with three wireless companies currently operating in Bangui. The C.A.R. is a member of the Communauté Economique et Monétaire pour

les Etats Centrafricains (CEMAC), the Central African States Economic and Monetary Community, which includes fifteen other Central African nations. CEMAC's goal is to achieve regional economic and monetary integration.

Diplomatic relations between the United States and the C.A.R. are cordial, with U.S. government assistance to three programs: the ambassador's special self-help program (SSH), the democracy and human rights fund (DHRF), and the international military education training (IMET) program.

The Central African Republic is a constitutional democracy with a multiparty legislature, with president Ange-Felix Patasse as the head of state. The C.A.R. has a very Centralized government, with provincial governments having little if any authority on economic matters. The political system consists of three branches: executive, legislative, and judicial. The executive branch includes the President and the Prime Minister; the latter ostensibly leads the government. The legislative branch is a unicameral national assembly of 109 member regional representatives. The judiciary consists of the constitutional court (the highest court), as well as civil, commercial, administrative, criminal, and financial courts. Free elections for the national assembly and the presidency took place in December 1998 and September 1999, respectively, with moderate government oversight. There are over 30 political parties in the Central African Republic, of which only eight are represented in the national assembly.

There are no restrictions to marketing U.S. products and services in the C.A.R., with foreigners allowed 100% ownership of a business. The C.A.R.G is adopting a new investment code, which will grant equal legal treatment to foreign and nationally owned companies. U.S. products are sold through middlemen or distributors, but no American company operates as a direct marketer of its own products in the country. Setting up a business in the C.A.R. requires voluminous paperwork and approvals from the ministries of commerce, finance and justice. The government is trying to simplify this process. Money can be transferred out of the country, but approval is required by the Ministry of Finance for amounts over \$1,000. For radio and verbal advertising purposes, it is advisable to have all business documents translated into French, the official language of government and commerce in the C.A.R.. Verbal promotions, via radio, are best translated into Sango, the national language. Government procurements are handled by the "Commission Des Marches" (the Market Committee), evaluates and selects public and private offers for projects either funded by or on behalf of the C.A.R.G.

Central African businessmen have traditionally looked to Europe (particularly France) for the bulk of their foreign trade activities, although there is growing interest in doing business with American companies. Possible sectors for U.S. exports include telecommunications equipment, small agricultural machinery, and used clothing. Central African businesses have expressed interest in importing U.S. flour and fertilizers and exporting tropical produce of all kinds. Foreign direct investment is primarily in diamonds and timber, while the telecommunications sector has sparked American business interests. However, France is the C.A.R.'s major trading partner, providing

50% of the country's total imports. The country's primary imports are wheat flour, vehicles, basic tools and equipment, and petroleum products.

The bulk of infrastructure products in the Central African Republic have been funded by international assistance, specifically France, the European Community, and Japan.

The Central African Republic is a signatory to both GATT and the World Trade Organization (WTO), and is a member of the African Organization for Intellectual Property (OAPI). Under CEMAC, goods entering the C.A.R. through one of the other five member states are charged transit duties in the country of final destination. Customs duties are set at different rates depending on the goods being imported.

The C.A.R.G has taken great pains to stimulate investment in the country and attract domestic and foreign direct investment. The government hopes that the new investment code will further facilitate this process. The Central African Labor Code is also being reviewed to provide more flexibility in salary and management, and the Mineral Code is being reviewed to better conform to international standards.

There are no restrictions to converting or transferring investment funds, although authorization is required from the Ministry of Finance. Although Central African banking officials claim that the average time it takes to remit investment returns is 30 days, the actual time may be considerably longer. There have been no reported cases of expropriation in the C.A.R. during the last 20 years, with no particular sector prone to expropriation or similar action. Embassy Bangui has been unable to identify cases of "creeping expropriation" or government action tantamount thereto.

The Constitution provides for an independent judiciary to enforce property and contractual rights, but executive interference has been reported. There is a written and consistently applied commercial law that is similar to French law in dealing with these issues. The C.A.R. accepts binding international arbitration of investment disputes between foreign investors and the State. Foreign and domestic private enterprises have the right to establish and own business enterprises and engage in all forms of remunerative activity. Foreign entrepreneurs can establish, acquire and dispose of interests in business enterprises. There is no discrimination in access to market access.

The Central African Republic has bilateral investment agreements with Cameroon, Congo-Brazzaville, Gabon, Equatorial Guinea, and Chad. Currently, there is no bilateral investment agreement between the C.A.R. and the United States.

Two of the three banks currently operating in the C.A.R. are privately owned, with the third partially owned by the C.A.R.G. There was a 14.5% decline in bank deposits in 1999.

There is no formal exchange control policy in the Central African Republic. Foreign exchange controls were put in place prior to the January 1994 devaluation of the CFA, but have since been relaxed. There is limited financing available in the country.

All residents in the Central African Republic who are traveling for business must have a resident permit, or “carte de sejour.” Non-resident business travelers do not need such a permit, but must have a valid C.A.R. visa. It is advisable to check with the Bureau of Consular Affairs on current information on any given country before traveling overseas. There are ten major holidays during which all businesses are required to close.

There is no formal public transportation system in the C.A.R., though private taxis and buses are available. Telephone and fax communication is relatively good, with only larger towns outside of Bangui having telephones. As of July 2000, international telephone calls to the United States cost approximately USD 4.00 per minute, plus a three-percent tax on each call. Calls to Canada are slightly cheaper at USD 3.20 per minute, although exact prices vary by province.

There are four hotels in Bangui of which only two approach U.S. standards. Prices range from USD 54.00 to 80.00 per night. It is very difficult to find housing to rent or lease in the most desirable sections of Bangui, and that which is available is very expensive. The C.A.R. is a malaria-endemic country, and it is advisable to take appropriate precautions prior to travelling. Yellow fever vaccinations are required before entering the country, and there are several private health clinics in Bangui as the public health system in the country is poor.

Chapter 2. Economic trends and outlook:

The Central African Republic (C.A.R.) is a landlocked country of approximately 3.5 million people, ranked among the less advanced developing countries. The economy is essentially based on agriculture and forestry, which accounted for about 45% of GDP in 1999. Diamonds are the country's principal export, while some gold is also mined. Nearly self sufficient in food production, the C.A.R. has the potential to become a net exporter of agricultural products. The C.A.R.'s economy is disadvantaged by the country's landlocked position, which isolates it from foreign suppliers and market and contributes to high import prices. The C.A.R. is believed to have petroleum deposits along its border with Chad, which could be explored if the proposed Chad/Cameroon pipeline is constructed. It also has hydroelectric potential that could be developed for export to neighboring countries that suffer from power shortages.

- Principal Growth Sectors in 1999:

Agriculture and forestry were the main economic growth areas in 1999 with 5.55% and 10.42%, respectively. Growth in the industrial sector remains low according to officials from the Ministry of the Economy. After suffering from military mutinies in 1996 and 1997, the industrial sector has

started to recover with moderate building reconstruction. The service sector, including transport, telecommunication and trade, experienced an average overall decrease in growth of 3.37% in 1999, slightly less than the 4.46% decrease in 1998.

The role of the Central African government in the economy is diminishing in the commercial and industrial sectors, as it is currently privatizing certain companies. After privatizing its water company, parastatal banks and oil company, the C.A.R. government plans to privatize 60% of its share in Socatel, the telecommunication company, with 40% being controlled by France Cable, a French company. Enerca, the state-owned electricity company is also scheduled for privatization, with buyers from France, great Britain and Swiss already expressing interest. Budgetary expenditures remain dominated by wage and debt service payments, leaving little for investment in education and health or infrastructure maintenance.

- Balance of Payments:

The C.A.R.'s balance of payment deficit is as follows for the last five years in percentage of the GDP:

1995	1996	1997	1998	1999
-4.7%	-1.9%	-4.4%	-2.1%	-2.4%

The figures for 2000 are estimated at -3.1%.

- Adequacy of Physical Infrastructure:

The Central African Republic's geographic position serves as a major constraint to foreign imports. Imports must be either be flown in directly from Europe or shipped to the port of Doula in Cameroon, which is located at 1,200 km from Bangui and then transported overland by truck to the C.A.R. Ninety percent of the country's exports and imports (with the exception of petroleum products) are transported through this port.

The country's physical infrastructure is consistent with the general level of national development. There are roughly 25,000 km of roads in the C.A.R., of which only 450 are paved. Some of these roads are impassable during the rainy season, which lasts from May until October. Transport for those without an automobile is limited, as they must rely on the poor service provided by private overcrowded minibuses. There are a few small landing strips at various points around the country, but there are no regularly scheduled domestic flights at the present time. Automobiles and small planes can be rented, but are very expensive.

Internet capacity is in its early stages of development in the Central African Republic. This is partially due to the inability of Socatel, the local telecommunication company, to provide adequate technical support to customers. Bangui has a relatively modern and reliable telephone system, and a satellite relay system which permits telephone calls to three provincial towns (Bouar, Bambari and Kembe). Plans are underway to link five more provincial towns with Bangui. International telephone service is generally reliable but expensive. Three wireless companies are currently operating in Bangui — Telecel, Caratel, and Telecom Plus – but they only cover Bangui. However, Telecel plans to expand to three regional capitals in the near future.

- Regional Economic Integration:

The Central African Republic is a national member of the Communauté Economique et Monétaire pour les États Centrafricains (CEMAC), the Central African States Economic and Monetary Community. Other CEMAC member countries include Cameroon, Chad, Congo-Brazzaville, Equatorial Guinea and Gabon. The treaty creating this organization was signed on February 5, 1998, replacing the Central African States Customs Union (UDEAC). CEMAC's main objective is to harmonize the economic and monetary policies among the five countries in order to regional economic and competitiveness. The ultimate goal of CEMAC is to achieve regional economic and monetary integration among the member countries.

Chapter 3: Political Environment

Diplomatic relations between the United States and the Central African Republic are cordial. The U.S. government assistance to the C.A.R. is limited to three programs: the Ambassador's Special Self-Help Program (SSH), the Democracy and Human Rights Fund (DHRF), and the International Military Education Training (IMET) Program.

The C.A.R. is a constitutional democracy with a multiparty legislature. His Excellency, Ange-Felix Patasse, leader of the Movement for the Liberation of the Central African People (MLPC), was elected president in 1993 and reelected in September 1999. Both the presidential election and those for the national assembly held in late 1998 were generally free with moderate government oversight. It should be noted that the C.A.R. is emerging from a period of political instability following the military mutinies of 1996 and 1997, which severely weakened the government authority. The Central African Government (C.A.R.G.) made substantial efforts to enforce the rule of law and is trying to reduce the misappropriation of public fund and combat corruption.

Due to political instability to the south, in the Democratic Republic of the Congo, the C.A.R. experienced a fuel shortage from May until mid-July of this year (2000), which adversely affected the country's overall economic activity and had the potential for far-reaching political implications. In particular, President Patasse's handling of the crisis was called in question by members of the

opposition. However, the C.A.R. has since received sufficient quantities of fuel from foreign donors to resume normal economic activity, thus bringing the fuel crisis to an end.

- Relations between the federal executive and state (or provincial or like governing unit) leaders:

The C.A.R. has a very Centralized government, with major decision-making done at the Central level. Provincial governments have neither the political authority nor the human and financial resources to assert themselves in the economic arena.

- Brief Synopsis of the Political System:

The political system is built around the executive, legislative and judicial branches. The executive branch includes the president and the government headed by a prime minister. The president appoints the prime minister and the cabinet members. The legislative branch, a unicameral national assembly of 109 members, represents the country's regions. The legal system is comprised of regular courts (civil, commercial, administrative, criminal and financial) and a military court. At the top of the judiciary is the constitutional court. New courts of justice were created in urban and rural areas in 1997, but are not functioning at full capacity at this time.

- Orientation of the Major Political Parties:

There are more than 30 political parties in the Central African Republic, of which only eight are represented at the national assembly. There is no particular orientation among the parties, as some characterize themselves as socialist or liberal.

Chapter 4. Marketing of U.S. Products and Services

- Establishing a Local Office:

There are no restrictions on the marketing of U.S. products and services. The law permits the use of agents/distributors for all franchises and joint ventures, as well as direct marketing. In terms of joint venture requirements, foreigners are allowed 100 percent ownership of a business in the C.A.R. the C.A.R.G is in the process of adopting a new investment code, which will grant foreign and nationally owned companies the same legal treatment. Numerous U.S. products are sold through middlemen or distributors, but no U.S. company operates as a direct marketer of its own products. One U.S. service company, DHL, an international courier service, has a franchise in Bangui.

The process of setting up a business in the C.A.R. can be time consuming. Foreign businesses wanting to operate must provide voluminous documentation, which must be obtained within the country. To obtain a license, approval is required from the Ministries of Commerce, Finance, and Justice; the latter serving to register into the commerce register. In an effort to simplify these

bureaucratic procedures, the C.A.R.G. is planning to create a “one-stop shopping” process within the Ministry of Commerce, whereby one office handles the licensing and registration procedures on the behalf of potential investors for a fee. This fee will be based on the specific type of license being sought. However, corruption and the lack of transparency at certain levels serve as constraints for potential foreign investors. Money transfer outside of the country is guaranteed, although the approval is required from the Ministry of Finance for amounts above \$1,000.00. In most cases, it is useful to have a local intermediary to negotiate the complex regulations by which businesses are required to abide, but only after a background check of said intermediary’s credentials.

- Selling Factors:

Any literature related to products and services should be translated into French, which is the official language of the C.A.R. and is also the language which prevails in most legal and commercial settings. It is advisable for radio and other verbal advertising purposes for U.S. companies to have their advertising materials translated into Sango, the national language, to attain a more extensive target audience.

- List of Major Newspapers:

Le Citoyen

Editor: Maka Gbassokoto

P.O. Box: 974 Bangui

Fax: 236-61-89-16

Tel: 236-50-27-19

Beafrika

Editor: Pierre Debato

P.O. Box: 2137 Bangui

Tel: 236-61-49-03

L'Hirondelle

Editor: Jude Zosse

P.O. Box: 1270 Bangui

Tel: 236-61-69-22

Le Democrate

Editor: Ferdinand Samba

P.O. Box: 427 Bangui

Tel: 236-50-51-09

Les Collines du Bas-Oubangui
Editor: Faustin Bambou
P.O. Box: 2119 Bangui

- Government Procurement Practices:

Government procurements are handled by an entity called "commission des marches" (the market committee), which evaluates and selects offers from private and public enterprises when competing for projects either funded by or on behalf of the C.A.R.G. Selection of the best offer is based on criteria set by the committee.

Chapter 5. Leading Sectors for U.S. Exports and Investment

While Central African businessmen have traditionally looked to Europe for the bulk of their trade, there is a growing interest in U.S. companies and products. Past inquiries from local businesses interested in trade with the United States have encompassed a wide range of sectors. Manufactured products of interest include telephones and other telecommunication equipment, small agricultural machinery such as tractors and equipment for soft drink production. As in many other parts of Africa, C.A.R. is a very large market for used clothing. In the agricultural sector, businesses have expressed interest in importing U.S. flour and fertilizers and exporting tropical produce of all kinds. Services play a much smaller role in the Central African economy than in the U.S. or Europe.

- Investment Opportunities:

Foreign direct investments are primarily in diamonds and timber. Several newly established companies in the country have made substantial investments in these two sectors. The Central African telecommunications sector recently attracted some American companies. However, France continues to be the C.A.R.'s major trading partner, providing about 50 percent of total imports. The C.A.R.'s main imports are wheat flour, vehicles, basic tools and equipment, and petroleum products. Often, American goods are disadvantaged by France's market domination as well as by high transport costs. Realization of Central African importers' expressed interest in U.S. goods consumer items and vehicles have been impeded by logistical problems in the past.

- Major Infrastructure Development Projects:

Most of the infrastructure projects that have been developed in the C.A.R. have been funded by international assistance, specifically France, the European community and Japan.

Chapter 6. Trade regulations, customs and standards

The Central African Republic is a signatory to both GATT and the World Trade Organization (WTO). In addition to CEMAC, the C.A.R. is also member of Organisation Africaine de la Propriete Intellectuelle (OAPI), the African Organization for Intellectual Property. This body includes fifteen West and Central African States, all members of the WTO. In February 1999, OAPI representatives met in Bangui and signed the Bangui Agreement, which brings together all aspects of both the intellectual and the industrial property rights in the fifteen member countries.

Under CEMAC, goods entering C.A.R. through one of the other five member states are only required to have transit duties paid on them in the country of final destination, not in the country being transited. Customs duties are computed on the value of the commercial invoice plus fifty percent of transportation fees of imported goods from their point of origin. Customs charges vary, by percentage, according to the type of goods being imported.

The official government customs manual lists no goods as being expressly prohibited, although some, including firearms, ammunitions and (unspecified) "toxic materials" are strictly regulated and controlled.

In order to bring goods into the country, exporters must provide the original airway bill and commercial invoice (used to set customs duties). The first time importers bring goods into the country, they must register with the Ministry of Commerce, which assigns them a registration number or "numica". Once the company has a numica, it can deal directly with customs on each subsequent occasion when importing goods.

Chapter 7. Investment Climate Statement

A.1 - Openness to Foreign Investment:

The government has undertaken substantial structural reforms to stimulate the private sector development by attracting domestic and international private investment in the Central African Republic. It is in the process of adopting a more attractive investment code. This new code, which will be renamed the National Investment Charter, is designed to open up the country to foreign investors while complying with the treaty creating the Central African states economic and monetary community. The labor code is being reviewed to provide more flexibility in terms of salary and job management. The mineral code is also being reviewed and will conform to international standards in this sector. In 1998, the National Assembly ratified the treaty on business regulation in Africa.

- There are no discriminatory industrial and economic practices negative impacting foreign-owned investments in the C.A.R.
- There is no screening of foreign investments in the C.A.R.

- There are no closed/screened sectors in the C.A.R. All the economic sectors are open to foreign investments.
- There is no single sector/matter in which foreign investors are denied national treatment in the C.A.R.
- There is no discrimination against foreign investors at any time in the investment process.

A.2 - Conversion and Transfer Policies:

- There is no restriction on converting or transferring funds associated with an investment. The investment code provides that investment capital; earnings and loan payments are freely transferable. However, the process of funds transfer needs to be authorized by the Minister of Finance.
- Foreign exchange is obtained only at the local banks. In mid-1999, bank customers experienced a lack of foreign currencies for more than one month. UBAC, one of the commercial banks, explained that the shortage was due to the temporary absence of direct flights to transport foreign exchange from Paris.
- Although Central African banking officials claim that the average time period for remitting investment returns is 30 days, the actual time may be considerably longer.
- The costs of transferring money from the Central African Republic are as follows: inside the franc zone: 0.25% of the amount of the money to be transferred plus 18% of the value of 0.25%; outside of the franc zone: 1% of the amount of the money to be transferred plus 18% of the value of 1%. (Example: $\$100,000 \times .01 = \$1,000 \times .18 = \$1,000 + \$180 = \$1,180$).
- Remitting investment returns through a legal parallel market is not practiced in the Central African Republic.

A.3 - Expropriation and Compensation:

- To the best of our knowledge, there is no reported case of expropriation in the C.A.R. during the last twenty years.
- There is no particular sector that is more at risk for expropriation or similar action in the C.A.R.
- There is no law that forces local ownership in any sector in the C.A.R.

- The Embassy has been unable to identify any cases of "creeping expropriation" or government action tantamount to expropriation.
 - There are effective means to enforce property and contractual rights. The constitution provides for an independent judiciary, but there are reliable reports of executive interference. The judiciary has recently shown signs of increasing independence from the executive branch.
 - The C.A.R. has judicial treaties in effect with most of the francophone countries. The C.A.R.G. also ratified the treaty related to the African organization for harmonizing business law (organization pour l'harmonisation en Afrique des droits des affaires.)
 - The country has a written commercial law which is similar to French law and which is consistently applied.
 - The judgements are usually made in local currency.
 - The C.A.R. accepts binding international arbitration of investment disputes between foreign investors and the state.
 - The C.A.R. is a member of the international center for the settlement of investment disputes.
- A.5 - Performance Requirements / Incentives:

- Compliance with WTO statutes: information provided by the Ministry of Commerce does not state clearly that the C.A.R. is in compliance with WTO statutes.
- Investment incentives: the government recently drafted a new investment code that is being sent to the national assembly for adoption. The new investment code is drafted to conform to the Central African States monetary and economic community treaty and is designed to open up the country to foreign investment. All investment, national or foreign, can qualify for the benefits. With a minimum investment of CFA 10 million - USD 14,290 - (1 USD = CFA 700) for an investment of CFA 100 million - USD 142,290, the tax on the benefits are reduced 100% during the three years following the initial investment date. After three years, taxes are applied as follows:
 - 4th year: 25% - 5th year: 50% - 6th year: 75% - 7th year: 100%.
- Investment incentives are also linked to geographic location. Investment outside of Bangui benefits from additional tax exemption periods as follows:
 - 100 km from Bangui: one additional year
 - From 100 km to 300 km: two additional years
 - More than 300 km: three additional years.

- Performance requirements are imposed to qualify for tax exemption and investment incentives.
- There is no requirement that investors purchase from local sources or export a certain amount of output in general. However, it should be noted that since 1996 the logging companies operating in the C.A.R. convert more than 75 percent of the wood cut locally and export only 25 percent in the form of raw timber.
- In the telecommunication sector, a decree dated December 31, 1997, requires that a Central African control a portion of the share capital of any telecommunication company.
- There are no government-imposed conditions on permission to invest in terms of specific geographic area, specific percentage of local content (goods or services). In terms of employment, the Central African government encourages the employment of Central Africans where there are qualified personnel. There is no specific quota imposed. However, before a foreigner is employed at any level in a private company, permission from the Ministry of Labor is required.
- Enforcement procedures for performance requirement: there is no indication that the Central African government intends to increase or decrease requirements. The C.A.R.G. does not require the disclosure of proprietary information as part of regulatory approval process.
- U.S. and other foreign firms can participate in government financed/or subsidized research and development program on national treatment basis.
- There are no discriminatory or excessively onerous visa, residence, or work permit requirements, or similar requirements inhibiting foreign investors in the C.A.R.
- There are no discriminatory or preferential export or import policies affecting foreign investors in the C.A.R.

A.6 - Right to Private Ownership and Establishment:

- Foreign and domestic private entities have the right to establish and own business enterprises and engage in all forms of remunerative activity.
- Private entities have the right to freely establish, acquire and dispose of interests in business enterprises.
- There is no discrimination concerning access to markets on a competitive and equal basis. There is an entity called "commission des marches" - markets committee, which is responsible for evaluating and selecting the private, as well as public, offer of any enterprise which competes for a

market funded by, or on behalf of, the government. No domestic preference is applied to the selection of the best offer.

A.7 - Protection of Property Rights:

- Secured interests in property are recognized and enforced. The concept of a mortgage is common in the C.A.R. However, annual prime rates (APR) on mortgages average 22 percent. The recording of such security is made in accordance with the OCAM (African) accounting system, very similar to the French recording system.

- There is a legal system that protects and facilitates acquisition and disposition of all property rights, such as land, buildings and mortgages.

- Adherence to key international agreements on intellectual property rights: The C.A.R. became a member of the African intellectual property organization on March 27, 1997.

- Adequate protection for intellectual property, patents and copyrights: In 1983, the government established an office dealing with industrial and intellectual property rights in the Ministry of Commerce. In principle, there are legal provisions which protect the author's rights but the implementation remains somewhat poor.

- WTO Trips Agreement: a notable step has been taken with the Bangui agreement on intellectual property signed by fifteen African countries in February 1999. The Bangui agreement embodies and harmonizes all aspects of both intellectual and industrial property rights in the fifteen states. For the Central African Republic, this agreement has been reviewed by the Council of Ministers and will be ratified by the National Assembly shortly. As of 1990, the country has established the national office for the protection of copyrights, Bureau Centrafricain des Droits d'Auteurs (BUCADA). Patents, trademarks, copyrights and related rights are monitored and protected by this entity.

A.8 - Transparency of the Regulatory System:

- In 1992, the Central African government adopted a law to liberalize the commercial sector by cancelling price controls and encouraging sound competition in order to stimulate the private sector development in the country.

- Tax, labor, health and security laws do not distort or impede investment in the Central African Republic.

- Bureaucratic procedures: The government is in the process of streamlining bureaucratic procedures and them making more transparent. In an effort to reach this goal, the Ministry of

Commerce plans to establish a “one-stop shopping” office to facilitate administrative processing requirements for investors.

A.9 - Efficient Capital Markets and Portfolio Investment:

- The banking system is comprised of three commercial banks and the Banque des Etats de l'Afrique Centrale (BEAC), the Central bank for the CAR. According to an internal report by BEAC dated September 30, 1999, only one of the three commercial banks is financially sound. The other two are making progress toward financial stability.
- There is no efficient capital market or portfolio investment in the Central African Republic.
- Credit is allocated on market terms and foreign investors can obtain credit on the local market although this market remains modest with only five commercial banks operating in the country.
- The private sector has access to the limited range of credit instruments available in the country.
- There is no effective regulation system established to encourage and facilitate portfolio investments in the Central African Republic.
- The largest commercial bank in the Central African Republic is Banque Internationale pour le Centrafrique (BICA), Place de la Republique, P.O. Box 910 Bangui; tel # (236) 61-00-42; fax # (236) 61-61-36. BICA's assets: CFA 1,500,000,000.
- The local bank with the most international correspondents is UBAC, which benefits from the Credit Lyonnais network. UBAC's assets are CFA 1,000,000,000.

A.10 - Political Violence:

- The Central African Republic completed a successful transition to democratic government in 1993 when President Patasse as well as 85 deputies were elected after a fair political election. However, arrears in salary payment to military and civil servants, combined with pressure for political and economic reforms resulted in three mutinies in 1996 and 1997. The mutinies were stopped by MISAB, an African peacekeeping force, financially supported by France. After the restoration of peace, MINURCA, a UN peacekeeping force, replaced the MISAB in April 1998. Recently, the Central African government, with the assistance of MINURCA, successfully conducted legislative elections in December 1998 and the presidential elections in September 1999 in which President Patasse was re-elected.
- Currently, the overall security situation in the Central African Republic remains calm. MINURCA departed from the Central African Republic in February 2000.

- Potential instability in the Democratic Republic of the Congo (DRC) is a major concern. Its proximity and the economic impact of a shared waterway, the Oubangui River, make peace in the DRC a prime concern for the C.A.R. The Lusaka Accords were designed to promote peaceful resolution to the conflict but some parties to the conflict are violating the accords.

A.11 – Corruption:

- Laws and penalties to combat corruption effectively: corruption is seen as a mere offence and sometimes punished as such. The judicial system is charged with combating corruption but there are no specific laws in force. Despite many reports of corruption and some incidences of civil servants being fired for this offence, there is a perception that the guilty parties are never really held accountable.

- The C.A.R. is not a signatory of the OECD convention on combating bribery.

- To the best of our knowledge, no U.S. firm has identified corruption as an obstacle to foreign direct investment in the Central African Republic.

- Although corruption is not a major obstacle to foreign Direct investment in the Central African Republic, corruption to some degree is more pervasive in government procurement, dispute settlement and taxation.

- The Central African government has no specific program to combat corruption.

- A bribe to a foreign official cannot be deducted from taxes.

B. Bilateral Investment Agreements:

- The Central African Republic has bilateral investment agreements with the following countries: Cameroon, Congo-Brazzaville, Gabon, Equatorial Guinea and Chad.

- The Central African Republic has no bilateral agreement investment treaty with the U.S.

- The Central African Republic is an OPIC eligible country.

Potential for operation of OPIC: the C.A.R. has a democratically elected government, a relatively good human rights record and is engaged in an IMF/World Bank economic restructuring program which includes the privatization of state-owned companies.

- The Central African Republic is a member of the Multilateral Investment Guarantee Agency (MIGA).
- The average exchange rate between January 3 and July 31, 2000: CFA 687.65 to \$1.00.
- Devaluation risk: the CFA is linked to the French franc. There is no indication that the CFA franc is at risk of devaluation or depreciation to the French franc.

C. OPIC and Other Investment Insurance Programs:

- The Central African Republic is an OPIC eligible country. The C.A.R. has a democratically elected government, a relatively good human rights record and is engaged in an IMF/World Bank economic restructuring program that includes the privatization of state-owned companies.
- As mentioned above, the Central African Republic is a member of the multilateral investment guarantee agency (MIGA).
- As mentioned above the average exchange rate between January 3 and July 31, 2000: CFA 687.65 to \$1.00.
- Devaluation risk: the CFA is linked to the French franc. There is no indication that the CFA franc is at risk of devaluation or depreciation to the French franc.

D. Labor:

- Labor is available in most of the economic sectors, depending on what the local training institution can provide. However, there are still some difficulties in finding skilled personnel in some technical fields. Labor-management relations are regulated by the labor code. Depending on the economic sector, labor-management relations are regulated through specific agreements.
- The C.A.R. adheres to the ILO Convention protecting workers' rights.

E. Foreign Trade Zones/Free Ports:

- There is no foreign trade zone in the Central African Republic.

F. Foreign Direct Investment Statistics:

- C.A.R.'s economy is based mainly on agriculture, diamonds and logging sectors. Diamonds are the country's principal export. In 1994, diamond export value represented 50% of the Central African Republic's main export products including cotton, coffee, tobacco, and timber. It is

projected to be 58% in 1999. More generally, foreign investments are primarily in the diamond and the timber sectors. Several newly established companies in the country made substantial investments in these two sectors. The telecommunications sector has attracted some American companies. For instance, Telecel, a wireless company established in the Central African Republic in 1995 is currently investing US\$ 4.2 million over the next two years. South African companies are very active in the diamond sector. France continues to be the C.A.R.'s major trade partner, providing about 50% of the country's total imports.

- Foreign Direct Investments Statistics (in CFA billion)

	1994	1995	1996	1997	1998	1999
Total gross Investments	70.0	98.8	39.0	51.2	83.9	92.8
Private gross Investments	21.1	40.9	25.8	20.4	26.2	32.3

Sources: Central African States Bank.

As shown by the above statistics, the private gross investments in the country were CFA 21.1 billion or USD 35,166,665.00 in 1994, representing 30% of the total gross investments in the country. In 1997, private gross investment decreased by 26% because of the 1996/1997 mutinies, which resulted in the destruction of many private enterprises in Bangui area. The overall situation began to improve in 1998. The projected increase in private investment for 1999 is 23%.

- The above data on private investments in the Central African Republic do not provide the breakdown to show the origin of the private investments. Data on C.A.R.'s direct investments abroad are not available.

- The major foreign direct investments are in oil distribution, logging, diamonds and telecommunication sectors.

Chapter 8. Trade and Project Financing.

- Central African Banking System:

There are three commercial banks in the Central African Republic. Two of them – Banque Internationale pour le Centrafrique (BICA) and Union Bancaire en Afrique Centrale (UBAC) - are 100 percent privately owned. The third bank - Banque Populaire Marocco-Centrafricaine (BPMC) - is partially owned by the C.A.R.G. BICA has arrangements with Meridien International in New York, while UBAC has correspondent arrangements with Meridien International and Credit

Lyonais, also in New York. BPMC has direct correspondence with numerous banks in Europe and the United States. There was a 14.5% overall decrease in bank deposits in 1999.

- Foreign Exchange Control:

There is no formal exchange control policy in the C.A.R. Prior the January 1994 CFA devaluation, strict foreign exchange controls were temporarily put in place in an effort to stem speculative capital flight. These controls have since been relaxed, and there are no restrictions on the amounts of money that can be transferred into or out of the country by foreign owned firms.

- General Availability of Financing:

There is very limited financing availability in the C.A.R.

Chapter 9. Business Travel

Business travelers to the C.A.R. who are residents of the country must have a residency permit or "carte de sejour". Non-resident business travelers need a valid Central African visa, which is obtained from the C.A.R. Embassy in Washington, located at 1618 22nd street, NW, Washington, DC 20008; ph: (202) 438 7800. Travelers should contact the C.A.R. Embassy directly for information on most recent visa prices and validity. It is always advisable, however, to check with the Bureau of Consular Affairs at the Department of State to get the latest consular information sheet and travel advisory for any given country before traveling overseas.

There are ten major holidays for which Central African business is required to close. Foreign businesses operating in the C.A.R. should also be closed on the following days: New Year's Day (1 January), anniversary of the death of President Barthelemy Boganda (29 March), Easter Monday (variable), Labor Day (1 May), Ascension Day (variable), Monday after Pentecost (variable), Independence Day (13 August), All Saints Day (1 November), Proclamation of the Republic (1 December) and Christmas (25 December).

There is no formal public transportation system, though private taxis (in the city) and buses (outside of the city) are readily available. Quality varies greatly, but is nowhere near what one would be used in North America or Europe. Domestic telephone/fax communication is relatively good, as circuits are seldom down or overloaded. Only larger towns outside of Bangui have telephones. Some towns are restricted to public phones at the local telephone office. There are three wireless telephone companies currently operating in the Central African Republic, but only covering the capital. International calls are expensive: calls to the United States cost about USD 4.00 per minute, plus a three-percent tax on each call; calls to Canada are slightly cheaper at USD 3.20 per minute, although exact prices vary by province.

There are four hotels in Bangui of which only two approach U.S. standards. Prices range from USD 54.00 to 80.00 per night (USD 1 = CFA 700). It is difficult to find housing in Bangui to rent or lease, and that which is available is expensive. A two-bedroom unfurnished apartment costs in the range of USD 500 per month, plus utilities. Rent is paid on quarterly basis and deposits are usually required from new tenants. A three-bedroom house can lease for USD 18,000 to 25,000 per year.

For a family of four living in a three-bedroom house with no pool, estimated minimum utility costs: electricity - \$850/month; telephone - \$30/month for local calls, international calls as described above; water - \$100/month.

The Central African Republic is a tropical, malaria endemic country, and appropriate precautions should be taken prior to travel. Long-term travelers should bring sufficient anti-malaria medication/prophylaxis to last the duration of their stay. A yellow fever vaccination is required for entry into the country, and travelers arriving without indication of yellow fever vaccination in their international health cards will be turned away by immigrant authorities. There are several private health clinics in Bangui, as the public health system in the country is poor.

Meat should be cooked well before being eaten. Fruits and vegetables should be washed; bleaching helps. The use of iodine tablets or charcoal filters is recommended if travelers plan to drink tap water. Bottled water is widely available and is highly recommended.

- Entry of a personal laptop, software, exhibit materials and related items:

There is no fee to pay if such equipment is brought in for professional use and is to be taken back.

- Commercial Contact Information:

Ministere du Commerce de l'Industrie et de la Promotion du Secteur Prive
Mr. Marcel Moyowana, Directeur Generale
B.P. 736 Bangui, Republique Centrafricaine
Tel: 236-61-32-22; fax: 236-61-76-53

Chambre du Commerce de l'Industrie et de l'Artisanat
Mme. Gertrude Zouta Yamandja, Secretaire Generale
B.P. 52 Bangui, Republique Centrafricaine

Banque Internationale pour la Centrafrique (BICA)
Mr. Jean-Paul le Calme, Directeur Generale
B.P.910 Bangui
Tel: 236-61-0042; fax: 236-61-61-36
E-mail: BICA@intnet.cf

Banque Populaire Maroco-Centrafricaine (PBMC)
 Mr. Ahmed Iraqui Huseini, Directeur Generale
 B.P.844 Bangui, Republique Centrafricaine
 Tel: 236-61-63-90; fax: 236-61-62-30

Union Bancaire en Afrique Centrale (UBAC)
 Mr. Etienne Djimarem, Directeur Generale
 B.p.59 Bangui, Republique Centrafricaine.
 Tel: 236-61-29-90; fax: 236-61-34-54

American Embassy Bangui
 Darryn A. Martin, Economic Officer/Vice Consul
 2060 Bangui Place
 U.S. Department of State, Washington DC 2052-2060
 Tel: 236-61-02-00; fax: 236-61-44-94

U.S. Department of State
 Ms. Debbie Lopes da Rosa, C.A.R. Desk Officer
 Office of Central African Affairs, AF/C
 Washington dc 20520
 Tel: (202) 647-2080; fax: (202) 647-1726

Note: Travelers are encouraged to schedule appointments prior to departure from the United States.

Chapter 10. Economic and trade statistics

In million of USD - \$1 = CFA 680.

	1998	1999	2000	2001
GDP	904.6	952.9	1,011.4	1,072.3
GDP growth rate	5.4%	2.2 %	4.6%	3.4%
GDP per capita	262.8	269.2	273.4*	279.6*

Government Spending/GDP	5.8%	5.7%	n/a	n/a
Inflation	3.4%	2.1%	2.2%	2.0%
Unemployment	n/a	n/a	n/a	n/a
Foreign exchange Reserves	106.6	112.5	107.6	n/a
Average exchange rate (CFA/USD)	575	665	680	n/a
Balance of Payments:				
Export, fob	120	122.5	139.8	166
Imports, c.i.f	129.8	125.4	123.8	147.5
Trade Balance	-9.8	-2.9	1.3	7.6

Source: Ministry of Economy and Planning.

* Estimates

U.S. Assistance:

U.S. assistance to C.A.R. on bilateral basis is limited to the Special Self-Help (SSH) program and the Democracy and Human Rights Fund (DHRF). The figures in U.S. dollars are as follows:

	1998	1999	2000
SSH	74,000	73,000	71,000
DHRF	109,499	148,674	197,000
Total	183,499	221,674	268,000

