

# COTE D'IVOIRE

## TRADE SUMMARY

The U.S. goods trade deficit with Cote d'Ivoire was \$1.1 billion in 2005, an increase of \$477 million from \$597 million in 2004. U.S. goods exports in 2005 were \$124 million, up 4.9 percent from the previous year. Corresponding U.S. imports from Cote d'Ivoire were \$1.2 billion, up 67.6 percent. Cote d'Ivoire is currently the 119<sup>th</sup> largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Cote d'Ivoire in 2004 was \$247 million, up from \$215 million in 2003.

## IMPORT POLICIES

### Tariffs

Cote d'Ivoire is a member of the WTO, the West African Economic and Monetary Union (known by its French acronym, UEMOA), and the Economic Community of West African States (ECOWAS). Cote d'Ivoire does not impose tariffs on imports from UEMOA member states. Imports from all other countries are subject to duty and tariffs based on the Common External Tariff Schedule of five percent on raw materials and inputs for local manufacture, 10 percent for semi-finished goods, and 20 percent for finished products. Since 2004, any goods entering UEMOA from non-member countries are ineligible to transit a UEMOA country duty-free en route to their final destination. Duties are now assessed at the first port of entry.

### Non-Tariff Measures

A one percent statistical fee is levied on the CIF (cost, insurance, and freight) value of imports except those destined for re-export, transit, or donations for humanitarian purposes under international agreements. Other taxes on imports into Cote d'Ivoire are an ECOWAS community levy (solidarity tax), assessed at the rate of 0.5 percent of the CIF value of imported goods. There are special taxes on fish (20 percent), rice (between 5 and 10 percent based on category), poultry (700 CFA per kilo), alcohol, tobacco, cigarettes, certain textile products, and petroleum products. These special taxes are designed to protect national industries. Ivoirian Customs collects a value-added tax (VAT) of 18 percent on all imports. This tax computation is calculated on the CIF value plus the duty and the statistical fee. In 2005, the government accumulated a significant amount of arrears in VAT reimbursements to those domestic and foreign-owned companies that, under Ivoirian law, are entitled to duty-free imports because they export more than 50 percent of their production. In late 2005, the government instituted a system of uniform invoices in an effort to reduce VAT fraud. All transactions as of December 1, 2005 will require the use of the uniform invoices.

## FOREIGN TRADE BARRIERS

Cote d'Ivoire reportedly continues to apply minimum import prices (MIPs) to imports of certain products. In the past, Cote d'Ivoire had a WTO waiver allowing it to apply MIPs for some products. The waiver expired in January 2003, but Cote d'Ivoire continues to apply MIPs, including on imports of products never covered by the WTO waiver.

There are no quotas on merchandise imports, although the following items are subject to import prohibitions, restrictions, or prior authorization: petroleum products, animal products, live plants, seeds, arms and munitions, plastic bags, distilling equipment, pornography, saccharin, narcotics, explosives, illicit drugs, and toxic waste. Textile products are subject to some authorization requirements by the Department of External Trade.

## **STANDARDS, TESTING, LABELING AND CERTIFICATION**

All items imported into Cote d'Ivoire must have a certificate of compliance with applicable standards. The national standard and certification agency has mandated two European companies to carry out all qualitative and quantitative verifications of goods imported into Cote d'Ivoire with a value equal to or higher than CFA 1.5 million (approximately \$3,000). All merchandise must be clearly labeled showing the country of origin. Manufactured food products must be labeled in French and have an expiration date. Standards generally follow the French or European norm.

## **GOVERNMENT PROCUREMENT**

Cote d'Ivoire is not a signatory to the WTO Agreement on Government Procurement. The government of Cote d'Ivoire regularly publishes notices of procurement tenders in the local press, and also publishes some tender notices in international publications. There can be a fee for the tender documents. The implementing agency is usually the ministry making the request or the ministry under whose oversight the office functions. The Bureau National d'Etudes Techniques et de Developpement (BNETD), the government's technical and investment planning agency and think tank, sometimes serves as an executing agency representing ministries for major projects to be financed by international institutions. (Note: In November 2004, the World Bank suspended disbursement on all projects, as Cote d'Ivoire fell into non-accrual status with the Bank. Until the arrears are cleared, the Bank will not finance projects in Cote d'Ivoire.)

The government has created a centralized office of public bids in the Finance Ministry to help ensure compliance with international bidding practices. While the procurement process is theoretically open, some well-entrenched European companies may retain a preferred position in securing bid awards through their relations with government officials. Many firms continue to see corruption as an obstacle that affects procurement decisions. Cote d'Ivoire is not a signatory to the WTO Agreement on Government Procurement.

## **FOREIGN TRADE BARRIERS**

## **SERVICES BARRIERS**

Banks and insurance companies are subject to licensing requirements, but there are no restrictions on foreign ownership or establishment of subsidiaries. Foreign participation currently is widespread in computer services, education, and training. However, prior approval is required for foreign investment in the health sector, travel agencies, and law and accounting firms. Majority foreign ownership of companies in these sectors is not permitted and foreigners must associate with licensed Ivoirian practitioners to obtain permission to work in these sectors. Foreign companies currently operate in all these sectors. One U.S. bank currently has branches in Cote d'Ivoire.

## **INVESTMENT BARRIERS**

The government actively encourages foreign investment, but in recent years political instability has substantially undermined investor confidence. The negative effects of the 1999 coup d'etat, the ensuing 10-month military rule, and the upheavals surrounding the elections in October 2000 had not dissipated when another attempted coup and rebellion gripped the nation in September 2002. With the exceptions of offshore petroleum exploration and oil field development and the telecommunications sector, the turmoil in November 2004, during which businesses were destroyed and looted, and the subsequent loss of AGOA eligibility in January 2005, have further dampened near-term investment prospects.

Cote d'Ivoire requires majority Ivoirian ownership in some sectors. There has been no progress on privatization since 2002. The Ivoirian investment code provides tax incentives for investments higher than \$1 million, as well as land concessions for projects. The Center for the Promotion of Investment in Cote d'Ivoire (CEPICI) was established to act as a one-stop shop for investment. Concessionary agreements, which would exempt investors from tax regulations, require the additional approval of the Ministry of Finance and Economy and the Ministry of Industry. The clearance procedure for planned investments, if tax breaks are sought, is therefore time-consuming and confusing. Even when companies have complied fully with the requirements, plans are sometimes denied with little explanation, giving rise to accusations of favoritism and corruption.

## **INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION**

The Ivoirian Civil Code protects the acquisition and disposition of intellectual property rights. Cote d'Ivoire is a party to the Paris Convention (Stockholm Act, 1967), and the 1977 Bangui Agreement covering 16 Francophone African countries in the African Intellectual Property Organization (OAPI).

## **FOREIGN TRADE BARRIERS**

Effective February 2002, changes were made to the Bangui Agreement in an effort to bring it into conformity with TRIPS. Under OAPI, rights registered in one member country are valid for other member states. Patents are valid for ten years, with the possibility of two five-year extensions. Trademarks are valid for ten years and are renewable indefinitely. Copyrights are valid for 50 years.

In 2001, Ivoirian experts drafted a new law in an effort to bring Cote d'Ivoire into conformity with TRIPS. The new law adds specific protection for computer programs, databases, and authors' rights with regard to rented films and videos. The National Assembly, however, has not yet approved this legislation and there appears little likelihood that it will do so in the near future.

The government's Office of Industrial Property is charged with ensuring the protection of patents, trademarks, industrial designs, and commercial names. The office faces an array of challenges, including inadequate funding, lack of political will, and the distraction of the ongoing political crisis. As a result, enforcement of IPR is largely ineffective. Foreign companies, especially from East and South Asia, flood the Ivoirian market with a broad range of counterfeit goods. Government efforts to combat piracy are modest. The Ivoirian Office of Author's Rights (BURIDA) established a new sticker system in January 2004 to protect audio, video, literary and artistic property rights in music and computer programs. BURIDA's operations remain hampered by a long-running dispute over policy and who should direct the agency, but the agency does help to promote IPR enforcement with lawyers and magistrates.

## **ELECTRONIC COMMERCE**

Electronic commerce is in its very early stages in Cote d'Ivoire but is expected to grow over time. There are a number of cultural barriers to growth, including the custom of paying with cash and the absence of widespread issuance and use of credit cards. Furthermore, Internet access is gained mostly through cyber cafes, as Internet access is still uncommon in private residences. A few individuals and small businesses, however, have begun experimenting with electronic commerce, and interest in the medium continues to gain ground.

## **OTHER BARRIERS**

### **Corruption**

Many U.S. companies view corruption as an obstacle to investment in Cote d'Ivoire. Corruption has the greatest impact on judicial proceedings, contract awards, customs, and tax issues. Reportedly, it is common for judges to distort the merits of a case due to financial influence. Corruption and the recent political crisis have affected the Ivoirian government's ability to attract and maintain foreign investment.

## **FOREIGN TRADE BARRIERS**

Some U.S. investors have raised specific concerns about the rule of law and the government's ability to provide equal protection under the law.

In 1997, the government of Cote d'Ivoire authorized the creation of an arbitration court. Since then, the court has examined 45 cases (five in 2005). In July 2004, the governing body was strengthened with the added participation of local Chambers of Commerce, and the rules governing enforcement of arbitral awards were modified to allow for a quicker enforcement of awards. The business community has welcomed the 2004 revisions and hopes that the Arbitration Board can act as an alternative vehicle for businesses in disputes. In addition to its local arbitration board, Cote d'Ivoire is also a member of the International Center for the Settlement of Investment Disputes.