

Doing Business in Burkina Faso



Economic/Commercial Section
Embassy Ouagadougou

Burkina Faso



- **Capital-**
Ouagadougou
- **Population-**
15,264,735
- **Area-** 274,200 sq km
- **Major Languages-**
French, Moore, Djula
- **Government-**
parliamentary republic
- **Independence-**
August 5, 1960



Political Climate - Elections

Although elections are generally free, President Compaore's party, the Congress for Democracy and Progress (CDP), usually wins overwhelming majorities due to the ruling party's control of official resources.



Political Climate - Timeline

- **1987** - President Blaise Compaore came to power
- **1991** - Approved a democratic constitution
- **1995, 2000, 2006** - Multiparty municipal elections
- **1997, 2002, 2007** - Legislative elections
- **2000** - The constitution amended to limit the president to a 5-year term, renewable once, beginning with the November 2005 election.
- **2007** - President Compaore celebrated his 20th year in power
- **2010** - Compaore is expected to run for re-election

Political Climate - President

President Blaise Compaore

- Skilled politician who dominates the current cabinet and CDP.
- Policies include a shift toward more market-oriented economic policies and re-engagement with the international community and the U.S. in particular



Economic Environment

- Real gross domestic product (GDP) growth rates of over 5% per year since 1994
- Has shown resilience to recent exogenous shocks with growth rates of 4% in 2007 and 2008
- In 2007 real per capita income was US \$430
- Poverty incidence decreased from 55% in 1998 to about 43% in 2007

Economic Environment

- Committed to World Bank/International Monetary Fund (IMF) Structural Adjustment Program (SAP)
- One of the first beneficiaries of the World Bank/IMF debt-relief and poverty reduction programs for highly indebted poor countries
- At least 20% of the governmental budget is financed from international aid
- Most infrastructure investments are externally financed

Market Conditions

- Limited market is offset by:
 - stable commercial environment
 - potential to exploit larger West African francophone market
- Member of:
 - West African Monetary and Economic Union (WAEMU)
 - Central Bank of West African States (BCEAO)
- Currency:
 - Community of Francophone Africa Franc (CFAF)
 - backed by the French treasury
 - trades at a fixed rate with Euro
 - fully convertible



Market Conditions (cont'd)

- **2004** - revamped investment and mining codes to permit full repatriation of profits, 100% ownership of companies, and added many tax exemptions
- **2008** - reduced the corporate income tax rate from 35% to 30% and the tax on dividends from 15% to 12.5%
- **2009** - listed as one of the top 10 reformers in the World Bank's "Doing Business" report

Intellectual Property

- Legal protection exists for intellectual property, patents, copyrights, trademarks, trade secrets, and semiconductor chip design 37.
- The national investment code guarantees foreign investors the same rights and protection as Burkinabe enterprises for trademarks, patent rights, labels, copyrights, and licenses.



Intellectual Property (cont'd)

- Burkina Faso belongs to two organizations that officially protect trademarks, patents, and industrial designs
 - African Intellectual Property Organization (OAPI)
 - World Intellectual Property Organization (WIPO)
- Patents
 - valid in member countries for 20 years
 - licensing possible 3 years after issuance of the patent
- Trademarks
 - valid for 20 years
 - renewable

Barriers - Infrastructure

- Transportation:
 - land-locked country
 - high transportation costs
 - regional road fees
 - difficulties in transporting products that require careful handling or refrigeration
 - lack of direct flights to certain markets

- Electricity:
 - electricity grid serves only 4% of population
 - significantly more expensive per kilowatt hour than neighboring countries

- Telecommunications:
 - networks remain relatively low at 5.4 telephone mainlines per 1,000 people



Barriers

- Labor:
 - lack of skilled labor
 - only 27% of the adult population is literate
- Agriculture:
 - insufficient irrigation
 - adverse environmental conditions
 - limited access to new technologies



Potential U.S. Exports

- Generic pharmaceuticals
- Medical supplies
- Packaging equipment and materials
- Mining and road building equipment
- Telecommunications and computer equipment
- New and used clothing
- Used civil engineering equipment



Potential U.S. Exports - Agriculture

- rice
- wheat and wheat flour
- dairy products
- vegetable and cooking oils
- fertilizers
- chemical products



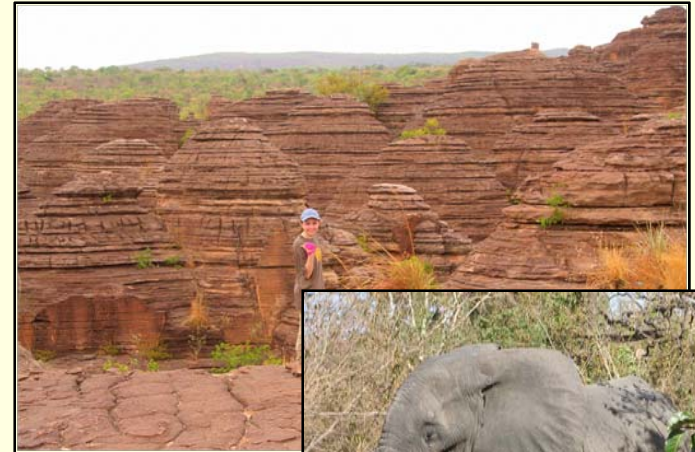
Investment Opportunities - Mining

- With geological formations similar to its gold and mineral producing neighbors, Burkina Faso is considered the country with the greatest untested mining potential in West Africa.
- In 2007, 245 exploration permits were granted for gold, manganese, zinc, and uranium.
- Ideal for mineral exploitation:
 - Flat terrain makes it more accessible
 - Arid climate oxidizes minerals near the surface where they are easier to discover and cheaper to produce
 - 2004 legislation made mining more appealing for FDI



Investment Opportunities - Tourism

- Largest services sector export earner, generating about \$86 million in 2007
- One-half of all tourism in Burkina Faso is related to business trips
- Ouagadougou has numerous conference venues and a state-of-the-art VTC facility
- Numerous cultural and scenic attractions have good potential for leisure tourism
 - Events:
 - Biennial National Culture Week
 - Pan-African Film Festival (largest African film festival in the world)
 - SIAO international handicrafts fair
 - Scenic locations:
 - three national parks, offer a variety of activities and destinations



Exports - Agricultural

- Cotton- Bt, organic, and conventional
- Other cash crops- cotton, peanuts, cashews, “karite” (shea nuts), mangoes, livestock, and sesame seeds
- Manufacturing- cotton and food processing



Exports - Handicrafts

- Traditional handicrafts
 - saddles
 - pottery
 - baskets
 - leather items
 - bronze sculptures
 - woven cotton fabrics
 - decorative wood objects



Online Resources

- Minister of Economy and Finances:
www.finances.gov.bf/SiteFinances
- The Government of Burkina Faso:
www.primature.gov.bf
- Burkina Faso Chamber of Commerce and Industry: www.ccia.bf
- Burkina Faso Customs Office:
www.douanes.bf
- The National Office of Foreign Trade:
www.tradepoint.bf