

COTE D'IVOIRE

TRADE SUMMARY

The U.S. trade deficit with Cote d'Ivoire was \$597 million in 2004, an increase of \$210 million from \$387 million in 2003. U.S. goods exports in 2004 were \$118 million, up 15 percent from the previous year. Corresponding U.S. imports from Cote d'Ivoire were \$715 million, up 46 percent. Cote d'Ivoire is currently the 119th largest export market for U.S. goods. The stock of U.S. foreign direct investment (FDI) in Cote d'Ivoire in 2003 was \$237 million, up from \$194 million in 2002. Cote d'Ivoire's international trade patterns – especially those involving trade in the West African region – have been significantly affected by the political instability and civil unrest that have gripped the country in the last few years.

IMPORT POLICIES

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). In January 2000, Cote d'Ivoire eliminated tariffs on imports from the eight member countries of UEMOA when UEMOA's Common External Tariff entered into effect. Imports from all other countries are subject to tariffs based on the Common External Tariff Schedule of five percent for raw materials and inputs for local manufacture, 10 percent for semi-finished goods, and 20 percent for finished products. In 2004, UEMOA suspended its practice of temporary duty-free status for imported goods destined for another country in the zone. This change means that goods entering UEMOA from non-member countries may no longer transit a UEMOA country duty-free en route to their final destination. Duties are now assessed at the first port of entry.

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. Another tax on imports into Cote d'Ivoire is an ECOWAS community levy (solidarity tax), assessed at the rate of one percent of the CIF value of imported goods. There are special taxes on fish (20 percent), rice (between 5 percent and 10 percent based on category), alcohol, tobacco, cigarettes, certain textile products, and petroleum products. These special taxes are designed to protect national industries. The Customs office collects a value-added tax (VAT) of 18 percent on all imports, reduced from 20 percent in 2003. This tax computation is calculated on the CIF value added to the duty and the statistical fee.

Cote d'Ivoire reportedly continues to apply minimum import prices (MIPs) to imports of certain products, though the WTO waiver it once had allowing it to apply MIPs for some products has long since expired.

FOREIGN TRADE BARRIERS

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.

STANDARDS, TESTING, LABELING AND CERTIFICATION

All items imported into Cote d'Ivoire must have a certificate of compliance to clear customs. Two European companies are contracted to carry out all qualitative and quantitative verifications of goods imported into Cote d'Ivoire equal to or higher than CFA1.5 million (approximately \$3,000). All merchandise packaging must be clearly labeled as to its origin. Manufactured food products must be labeled in French and have an expiration date. Standards generally follow French or European norms.

GOVERNMENT PROCUREMENT

The government of Cote d'Ivoire regularly and periodically issues notices of procurement tenders in the local press, in the form of documentation sent to the U.S. Embassy, or sometimes published in international magazines and newspapers. On occasion, there is a charge for the bidding documents. The implementing agency is usually the ministry making the request or the ministry under whose tutelage 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.

The government has created a centralized office of public bids in the Finance Ministry to help ensure compliance with international bidding practices. While theoretically the procurement process is open, some well-entrenched foreign companies, through their relations with government officials, may retain a preferred position in securing bid awards. 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.

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 is widespread in computer services, education, and training. 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, though foreign companies currently operate in all these sectors in partnership with local firms. Foreigners must associate with licensed Ivoirian practitioners to obtain permission to work in these sectors. One U.S. bank currently has branches in Cote d'Ivoire.

FOREIGN TRADE BARRIERS

INVESTMENT BARRIERS

Cote d'Ivoire requires majority Ivoirian ownership in some sectors. 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'état, the ensuing 10-month military rule, and the upheavals surrounding the elections in October 2001 had not dissipated when another attempted coup and rebellion gripped the nation in September 2002. The political crisis of November 2004, during which businesses were destroyed and looted, has further dampened near-term investment prospects. Ongoing efforts at national reconciliation have made little progress. There has been no progress on privatization since 2002.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

The Ivoirian Civil Code protects the acquisition and disposition of intellectual property rights. Legal protection for intellectual property may fall short of TRIPS standards. Cote d'Ivoire is a party to the Paris Convention for the Protection of Industrial Property, its 1958 revision, and the 1977 Bangui Agreement covering 16 Francophone African countries in the African Intellectual Property Organization (OAPI). 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. However, the National Assembly 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 resource allocation, 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 all types of counterfeit goods. Government efforts to combat piracy are modest. The Ivoirian Office of Author's Rights (BURIDA), established in 1998, has established a new sticker system, effective January 2004, to protect phonograph, 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.

FOREIGN TRADE BARRIERS

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. However, a few individuals and small businesses 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. It is common for judges who are open to financial influence to distort the merits of a case. Corruption and the recent political crisis have affected the Ivoirian government's ability to attract and maintain foreign investment. 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, however, the court has examined only 40 cases. 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 dispute. In addition to its local arbitration board, Cote d'Ivoire is a member of the International Center for the Settlement of Investment Disputes.

FOREIGN TRADE BARRIERS