

COTE D'IVOIRE

TRADE SUMMARY

The U.S. goods trade deficit with Cote d'Ivoire was \$439 million in 2007, a decrease of \$116 million from 2006. U.S. goods exports in 2007 were \$162 million, up 9.6 percent from the previous year. Corresponding U.S. imports from Cote d'Ivoire were \$600 million, down 14.5 percent. Cote d'Ivoire is currently the 124th largest export market for U.S. goods.

The stock of U.S. foreign direct investment in Cote d'Ivoire was \$298 million in 2006 (latest data available), down from \$304 million in 2005.

IMPORT POLICIES

Cote d'Ivoire is a Member of the WTO, the West African Economic and Monetary Union (UEMOA), and the Economic Community of West African States (ECOWAS). As a member of the UEMOA Customs Union, Cote d'Ivoire does not charge tariffs on imports from the eight UEMOA member countries. Imports from all other countries are subject to tariffs based on the UEMOA Common External Tariff (CET) schedule of 5 percent for raw materials and inputs for local manufacture, 10 percent for semi-finished goods, and 20 percent for finished products. For 2006, the simple average tariff for industrial goods was 11.6 percent.

A 1 percent charge is levied on the cost, insurance, and freight (CIF) value of imports except those destined for re-export, transit, or donations for humanitarian purposes under international agreements. There is also a 1 percent community levy (solidarity tax) on the CIF value of imports that goes to a compensation fund to assist UEMOA members, such as landlocked Niger, Burkina Faso, and Mali, which suffered from revenue losses due to the implementation of the CET. There are special taxes on imports of fish (between 5 percent and 20 percent), rice (between 5 percent and 10 percent based on category), alcohol (45 percent), tobacco (between 5 percent and 20 percent), cigarettes (between 30 percent and 35 percent), certain textile products (20 percent), and petroleum products (between 5 percent and 20 percent). These special taxes are designed to protect national industries. The Customs Office collects a value added tax (VAT) of 18 percent on all imports. This tax computation is calculated on the CIF value added to the duty and any other fees. Cote d'Ivoire continues to apply minimum import prices (MIPs) to imports of certain products such as cooking oil, cigarettes, sugar, used clothes, concentrated tomato paste, broken rice, matches, copybook, tissues, polypropylene sacks, alcohol, and milk, though the WTO waiver allowing the application of MIPs on some products has long since expired.

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 imports are subject to some authorization requirements by the Department of External Trade, but are generally open.

STANDARDS, TESTING, LABELING, AND CERTIFICATION

All items imported into Cote d'Ivoire must have a certificate of compliance with relevant requirements to clear customs. Two European companies, BIVAC (affiliated to the French group Bureau Veritas) and the Swiss firm Cotecna, are contracted to carry out all qualitative and quantitative verifications of goods imported into Cote d'Ivoire with a value exceeding CFA 1.5

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 publishes tender notices in the local press and sometimes publishes tenders in international magazines and newspapers. On occasion, there is a charge for the bidding documents. Cote d'Ivoire has a generally decentralized government procurement system, with most ministries undertaking their own procurements. The Bureau National d'Etudes Techniques et de Developpement, the government's technical and investment planning agency and think tank, sometimes serves as an executing agency representing ministries in major projects to be financed by international institutions.

The government created the "Direction des Marches Publics," a centralized office of public bids in the Ministry of Finance to help ensure compliance with international bidding practices. While 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 point to corruption as an obstacle that affects procurement decisions. Cote d'Ivoire is not a signatory to the WTO Agreement on Government Procurement.

SERVICES BARRIERS

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 and with government permission. While one U.S. bank, Citibank, is currently operating in Cote d'Ivoire, American insurance and reinsurance companies are not present in the Ivorian market.

Cote d'Ivoire does not formally require majority Ivorian ownership in most sectors other than those noted above. There are professional associations, such as legal and accountancy associations that serve to regulate professional services, that require Ivorian nationality. For example, there are restrictions on the registration of foreign nationals by the accountants' association unless they have already been practicing in Cote d'Ivoire for several years under the license of an Ivorian practitioner. In the case of legal services, Cote d'Ivoire distinguishes between providing legal advice and practicing law in court. The former is liberalized, but in order to be admitted to the Ivorian bar and practice in a courtroom, lawyers must be accredited by the Ivorian lawyers' association, which requires Ivorian nationality.

INVESTMENT BARRIERS

The government encourages foreign investment, but political instability since the 2002 conflict between national and rebel forces has substantially undermined investor confidence. The Ouagadougou Political Agreement, signed in March 2007, lays out a roadmap to elections which could help resolve the political crisis and improve the investment climate if implemented. There has been no progress on privatization since 2002 when the National Assembly effectively stopped functioning. A resumption of National Assembly activities would probably substantially boost both imports and exports by simply reassuring foreign businesses and investors and by clarifying business rules and regulations.

The Ivorian investment code provides tax incentives for investments larger than \$1 million, as well as land concessions for projects. Concessionary agreements that exempt investors from tax regulations require the additional approval of the Ministry of Finance and Economy and the Ministry of Industry. This makes the clearance procedure for planned investments, if tax breaks are sought, time consuming and confusing. The Center for the Promotion of Investment in Cote d'Ivoire was established to act as a one stop shop for investment to help alleviate this problem. Even when companies have complied fully with the requirements, tax exemptions are sometimes denied with little explanation, giving rise to accusations of favoritism and corruption.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

Cote d'Ivoire is a party to several international and regional intellectual property conventions. However, government enforcement of IPRs continues to be a serious challenge.

The government's Office of Industrial Property (OIPI) is charged with ensuring the protection of patents, trademarks, industrial designs, and commercial names. The office faces an array of challenges, including inadequate resources, 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 Ivorian market with all types of counterfeit goods. In addition, lack of customs checks in rebel-controlled Western and Northern border areas makes law enforcement action against trade in counterfeit textiles, pharmaceuticals, and vehicle parts difficult. In 2007, the Ministry of Industry, through the OIPI, prepared a draft law on protection of IPR at the border to provide legal provisions for addressing counterfeiting, but the law is still being reviewed within the Ivorian government.

Cote d'Ivoire's law on mandatory registration of commercial names came into effect in February 2006, and it addresses concerns regarding commercial name infringement. Protection of authorship, literary, and artistic works are regulated by the Ivorian Office of Authors' Rights (BURIDA). 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 have been hampered by a long running dispute between management and board members over policy and leadership issues, specifically with regard to who should direct the agency. To resolve the crisis at BURIDA, in March 2006, the Minister of Culture invoked a ministerial bylaw to establish a temporary administration and a commission to study and propose a comprehensive reform of BURIDA. Since its establishment, the new administration has boosted the fight against audiovisual piracy including well-publicized raids against retail outlets and street vendors of pirate compact discs (CDs) and digital video discs (DVDs) and legal proceedings against persons involved in copying of audiovisual materials. The agency, in conjunction with lawyers and magistrates, does help to promote IPR enforcement.

ELECTRONIC COMMERCE

Electronic commerce is in its very early stages in Cote d'Ivoire, but it is expected to grow over time. There are a number of barriers to growth, including the longstanding custom of paying with cash and the absence of widespread issuance and use of credit cards. Despite these barriers, individuals and businesses have begun experimenting with electronic commerce, and interest in the medium continues to gain ground. Effective August 3, 2006, the West African Central Bank, Banque Centrale des Etats de l'Afrique de l'Ouest, established the interbank automated payment system to reduce delays in bank settlement operations.

OTHER BARRIERS

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 Ivorian government's ability to attract and retain 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. The U.S. government, along with other major donors and investing countries, has urged the government of Cote d'Ivoire to implement the Extractive Industries Transparency Initiative, which could substantially reduce corruption in the energy sector, which in turn could boost investor confidence in the overall economy.

An arbitration court, the Joint Court of Justice and Arbitration, is a member of the regional arbitration board known as the Organization for the Harmonization of Business Law in Africa. Since 1997, the court has examined 51 cases, including 10 cases in 2006. Cote d'Ivoire is also a member of the International Center for the Settlement of Investment Disputes.

Ivorian law favors the employment of Ivorians over foreigners in private enterprises. Until recently, foreign employees were required to have a visa "*carte de sejour*" that cost the equivalent of a month's salary each year. Representatives of UEMOA harshly criticized the requirement and claimed that it violated Article 91 of the UEMOA Treaty, which permits the free movement of persons for employment within the union. On November 8, 2007, President Gbagbo signed a decree suspending the *carte de sejour* requirement for ECOWAS citizens. It is not yet clear how the elimination of the *carte de sejour* requirement will affect employment opportunities in Cote d'Ivoire.