Country Insight Report
Cote d'Ivoire
June 2017

Written 19 May 2017

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Table of Contents

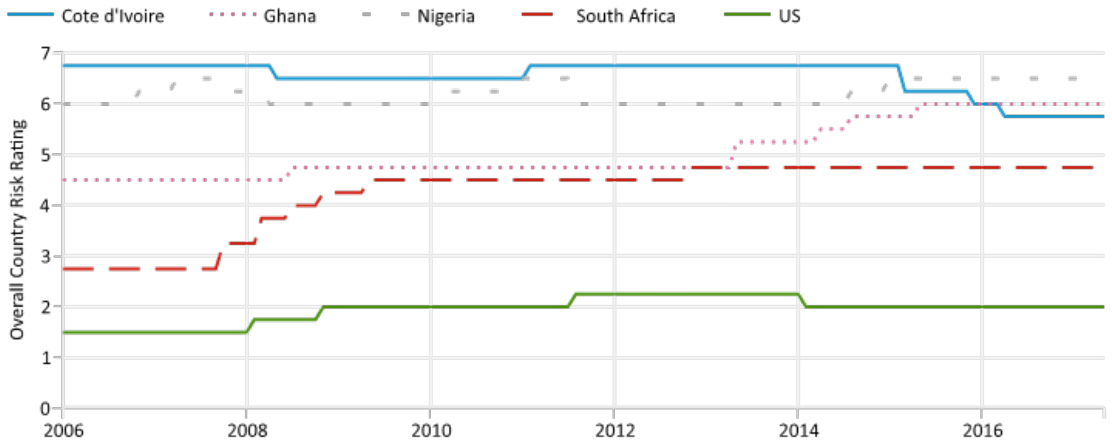
OVERALL COUNTRY RISK RATING: DB5d

High risk : Considerable uncertainty associated with expected returns. Businesses are advised to limit their exposure and/or select high return transactions only.

R

Rating Outlook: Stable

Rating History



Source : Dun & Bradstreet

Note: 1 = low risk, 7 = high risk

KEY HEADLINES

CREDIT ENVIRONMENT OUTLOOK

R

Trend: Stable

- Revenues from the agricultural sector will be hit in 2017 by the sharp fall in cocoa prices, which were trading around a nine-year low in Q1 2017.
- The government has reduced its revenue projections and trimmed its spending plans for 2017 by around XOF50bn (USD84m), highlighting that some projects will be scaled back.

SUPPLY ENVIRONMENT OUTLOOK

R

Trend: Stable

- Cote d'Ivoire is pursuing port expansion at Abidjan and San Pedro, as well as road and railway development extending from the ports to the interior and neighbouring countries.
- The main international airport at Abidjan will benefit from expansion projects, including a new taxi-way and cargo handling development, as well as a new Aerocite.

MARKET ENVIRONMENT OUTLOOK

R

Trend: Stable

- Cote d'Ivoire is expected to be one of Africa's hot spots for trade and investment over the next few years, owing to rapid investment-led growth and pro-business reforms.
- Cote d'Ivoire has a long history of entering into public-private partnerships (PPPs) and this will remain the case in a wide range of sectors.

POLITICAL ENVIRONMENT OUTLOOK

R

Trend: Stable

- The UN will end its peace-keeping mission in Cote d'Ivoire in June 2017, following five years of relative stability since the crisis of 2010-11.
- The government continues to face the difficult task of demobilising, reintegrating and managing the various factions of former government, rebel and militia forces.

KEY RECOMMENDATIONS

- Continue to seek CiA trade terms for all business dealings, whenever possible.
- Monitor payment performance for signs of slippage given exposure to external shocks.
- Review logistics options as transport services improve and competition intensifies.
- Seek political and insecurity risk insurance for transactions with Cote d'Ivoire.

GLOBAL INSIGHT

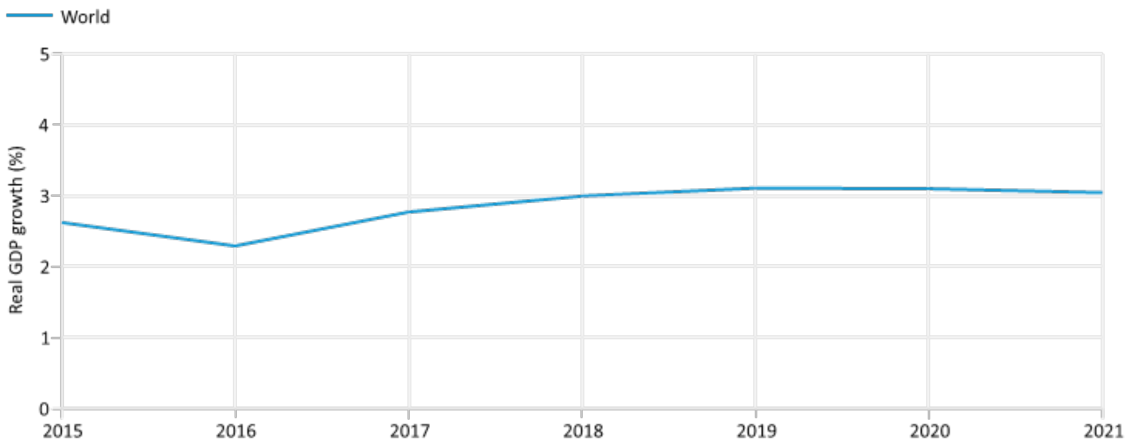
Trend:	Stable

Headline Global Issues

- The dip in US Q1 growth will not dissuade the Fed from rate rises.
- A broader global monetary policy normalisation is still tentative.
- Saudi Arabia struggles to keep market share and oil prices stable.

GLOBAL OUTLOOK

Global Growth Forecast



Source : Haver Analytics/Dun & Bradstreet

Global Economic Outlook: Global growth edges up despite uncertainties

Our global risk trend indicator remains at stable, while we are currently forecasting real GDP growth of 2.7% in 2017, against an estimated 2.3% in 2016. Political concerns remain high, although these appear to have abated slightly for all major economies asides from the UK. In particular, the protectionist rhetoric of the Trump campaign has yet to materialise in full, with the NAFTA treaty now set to be renegotiated rather than ripped up. In addition, since April, the electorate in Europe has stopped its drift towards anti-EU parties, as demonstrated by the decisive round of the French presidential election in May.

Two further issues continue to cloud the outlook for business in 2017. The first is oil price uncertainty ahead of June, when the OPEC production agreement ends. Saudi Arabia wants to roll the cuts over for at least another few months, but questions remain over compliance of the parties to the agreement, and hence the downside range for oil prices. The second uncertainty is more far-reaching. If economic growth gathers pace as our forecasts suggest, the normalisation of monetary policy outside the US still raises questions as to how central banks will sell their huge asset piles, and how the financial sector will react.

Commodity Prices

Commodity	Jan 2017	Feb 2017	Mar 2017	2016	2017f	2018f	2019f	2020f	2021f
Aluminium (USD/tonne)	1,790	1,856	1,901	1,604	1,850	1,750	1,775	1,750	1,805
Copper (USD/tonne)	5,737	5,941	5,821	4,866	5,745	5,460	5,500	5,605	5,690
Gold (USD/ounce)	1,193	1,234	1,231	1,248	1,259	1,283	1,321	1,350	1,363
Oil (USD/barrel)	55.4	56.0	52.6	44.0	52.8	53.1	56.0	63.0	75.0
Cocoa (USD/tonne)	2,484	2,376	2,408	3,216	2,250	2,465	2,560	2,675	2,700
Coffee (US cents/lb)	164.8	164.0	158.5	155.5	210.0	208.0	206.0	205.0	204.0
Phosphate (USD/tonne)	99	98	98	112	98	103	107	109	113
Platinum (USD/ounce)	972	1,007	962	987	1,106	1,087	1,080	1,086	1,099
Soybeans (USD/tonne)	425	427	405	406	390	409	416	438	449

Source : World Bank/Dun & Bradstreet

Exchange and Interest Rates

Metric	Jan 2017	Feb 2017	Mar 2017	2017f	2018f	2019f	2020f	2021f
EUR-USD	0.94	0.94	0.94	0.93	0.91	0.89	0.87	1.18
JPY-USD	114.87	112.91	112.92	110.0	112.0	110.0	105.0	105.0
GBP-USD	0.81	0.8	0.81	0.78	0.77	0.79	0.78	0.76
BRL-USD	3.19	3.11	3.13	3.19	3.35	3.5	3.65	3.79
CNY-USD	6.89	6.87	6.89	6.93	7.01	7.09	7.5	7.78
BOJ Interest Rate (EOP)	-0.06	-0.05	-0.06	-0.3	-0.1	0.1	0.3	0.5
ECB Key Interest Rate (EOP)	0.0	0.0	0.0	0.0	0.0	0.1	0.25	0.75
US Federal Funds Rate (avg)	0.63	0.63	0.76	1.63	2.5	3.25	3.5	3.75

Source : Dun & Bradstreet, Haver Analytics, Federal Reserve Board, European Central Bank, Bank of Japan

Key Risk: Pieces of the global reflation puzzle are falling into place

The disappointing US jobs gain of less than 100,000 in March does not indicate that the Federal Reserve will back down from raising rates a further two times in 2017. Mainly seasonal, the figure belies the strong jobs market as shown by the 4.5% seasonally adjusted unemployment rate in March. Accordingly, we believe the Fed will stay ahead of the curve after pausing markedly in recent years, even if expectations of fiscal stimulus have been pushed back to 2018. There is a divergence between sentiment and output data, with US real GDP growth falling to a three-year low of 0.2% q/q in Q1, in contrast to the 17-year high in consumer confidence. Yet growth of US fixed (2.5% q/q) and residential investment (3.3%) in Q1 was encouraging.

Germany and other hawkish states on the ECB board remained a minority and core inflation was low at 0.7% y/y in March. However, its jump to 1.2% in April galvanises support for policy tightening in 2018 at the ECB meeting in June. We forecast the ECB rate in the 0.25-0.50% range in 2018; an increase of 25 points. With China moving from a loose to a neutral policy stance since December, and its new macroprudential framework due to raise the cost of credit, this leaves Japan and the UK with no obvious horizon for policy tightening. Still, 59 of 81 IMF-reported countries saw a rise in y/y inflation from Q4 to Q1. The pieces for a global reflation and monetary policy normalisation are falling into place.

Recommendations

- Expect non-US central banks to keep lagging the Federal Reserve in normalising interest rates upwards.
- Note that short-term volatility due to political risk factors may be a poor guide to medium-term trends.
- Assess the contribution of demographic trends to the viability of your medium-term strategic sales plans.
- Look for opportunities in markets with good country risk fundamentals that were left behind by the boom of 2010-15.
- Maintain underwriting standards and limit medium-term exposure, even if your sector exhibits historically low volatility.
- Factor in USD volatility to receivables management and assessment of customer cashflow.

REGIONAL INSIGHT

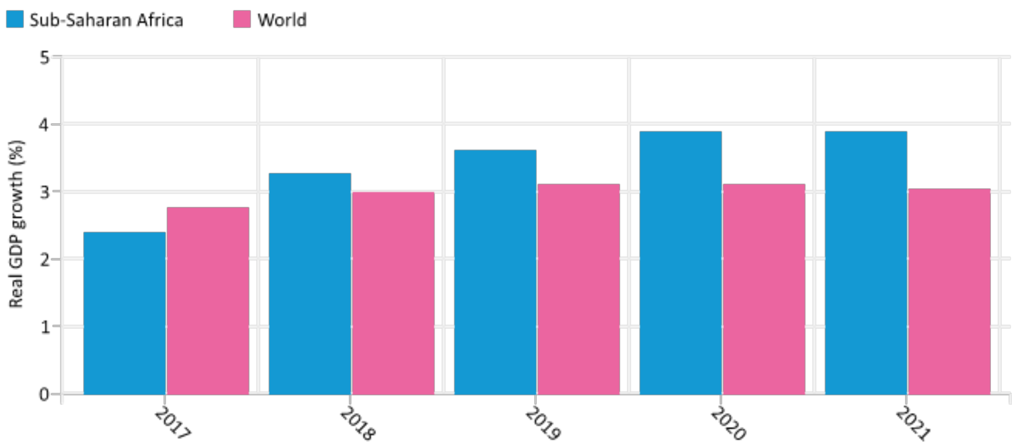
Trend:	Stable

Headline Regional Issues

- With commodity prices expected to remain well below their cyclical highs, regional countries will be challenged to find alternative sources of growth in 2017.
- In 2016, the region experienced its weakest growth since the recession, but we forecast a modest acceleration in 2017.
- As the US Federal Reserve continues to raise rates in 2017, and given the strength of the US dollar, regional economies may suffer from periods of capital outflow and weaker currencies.
- Political risk has increased, and sporadic episodes of civil disorder could hamper the region's return to faster growth.

REGIONAL OUTLOOK

Regional Growth Forecast

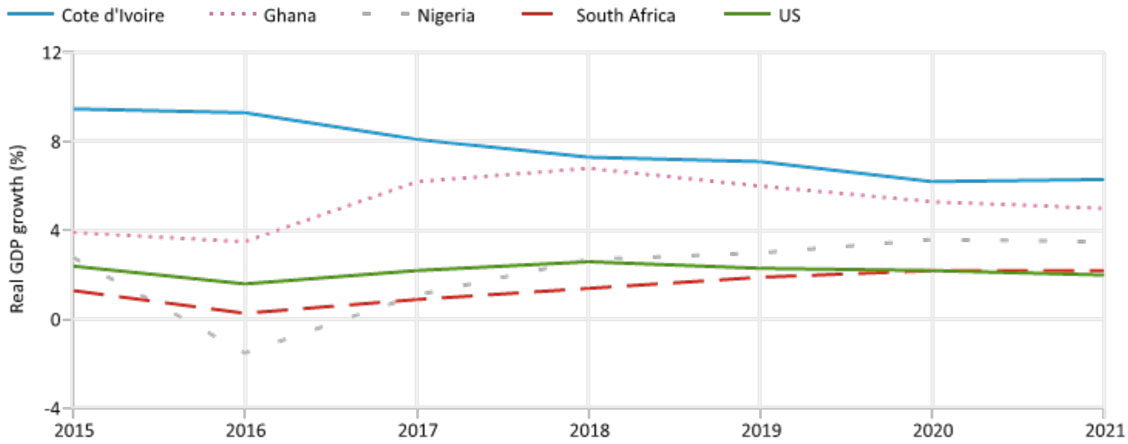


Source : Haver Analytics/Dun & Bradstreet

The rising tide of global growth will lift regional economies in 2017, following disappointing growth in 2016. But the rebound in growth will be limited, and remain below potential for the next few years. Average GDP growth for the region was 4.7% between 2010 and 2015; growth slowed to 1.0% in 2016, and we forecast an acceleration to 2.4% in 2017. However, growth is not forecast to breach 4% until 2020. One reason for that is our forecast for commodity prices, as many of the region's largest economies are still highly dependent on commodity exports.

While global commodity prices have recovered from their recent lows, we expect them to remain contained in the near term, significantly below the levels that had allowed sub-Saharan Africa countries to grow at 5%-plus rates. Regional economies will need to diversify to accelerate and maintain faster growth rates in the medium term. Nigeria, the region's second largest economy is a prime example; the economy contracted in 2016, and is expected to post a modest recovery in 2017 and 2018. Oil prices are expected to edge higher and the government is pursuing fiscal stimulus, specifically through capital investment to promote infrastructure development and non-oil business activity. OPEC members agreed to cut production levels for six months from January, which could help support oil prices and revenues for Nigeria (which was not required to make this cut). But the growth environment will face headwinds, and there is a strong possibility of a devaluation of the naira in the months ahead, driven by high demand for the US dollar, low FX reserves, and a wide gap between the official and the black market exchange rates.

Outlook for Key Regional Countries



Source : Haver Analytics/Dun & Bradstreet

Among the other top regional economies, South Africa is passing through a soft patch in terms of economic growth, caused by a range of domestic and international factors. Intense political in-fighting, tight fiscal and monetary policy, subdued business confidence and weak job creation, are some of the domestic factors constraining the economy. The Treasury presented a pragmatic Budget 2017/18 in February, which restrains spending and raises taxes to reassure international investors of fiscal credibility. However, the dismissal of the finance minister at end-March could have a negative impact on the rand, stocks and government bonds. Sovereign credit rating agencies, already concerned about the growth outlook and fiscal policy performance, reacted swiftly; S&P and Fitch both downgraded South Africa's government bonds to junk status, which will put further upward pressure on government borrowing costs.

On the brighter side, the Kenyan economy is growing fairly quickly, FDI inflows are buoyant, the tourism sector is on an upwards trajectory, new infrastructure is coming on-line, and the government is pursuing pro-business and investment-targeting policies. However, Kenya is currently suffering from drought conditions, which have the potential to adversely impact the rain-fed agricultural sector, commercial water supplies and hydroelectric power-generation. Already, poor rainfall in the 'short rainy' season - towards the end of 2016 (from October to December) - has undermined farm output and raised food prices in early 2017. Consumer price inflation climbed to 9.0% y/y in February, the highest rate since June 2012, largely reflecting higher food prices.

Ethiopia too, is among the fastest growing economies in Africa (despite drought and civil unrest combining to undermine economic growth in 2016), and international firms continue to take up positions to gain a foothold in one of the continent's most promising markets. The government has imposed a temporary state of emergency in certain parts of the country to contain protests and demonstrations, which are driven by a sense of marginalisation among local communities, and perceptions of corruption among officials. The local currency (the birr) is widely regarded as being over-valued and is expected to lose further value against the US dollar in the short term, which will involve a pattern of gradual currency depreciation and intermittent larger adjustments by the central bank. The government continues to invest heavily in transport and power infrastructure, and export-oriented industrial parks.

Recommendations

- Companies in resource extraction should expect payment delays to continue (or lengthen).
- Investors should beware of forced contract renewals as governments attempt to maximise returns, and resource nationalism rising in the face of dwindling revenues.
- We advise applying stricter trade terms for local counterparties.
- Monitor FX liquidity in countries with balance-of-payment difficulties and weak currencies.

COUNTRY INSIGHT HEADLINES

CREDIT ENVIRONMENT OUTLOOK

R

Trend: Stable

Current Issues

- Revenues from the agricultural sector will be hit in 2017 by the sharp fall in cocoa prices, which were trading around a nine-year low in Q1 2017.
- The government has reduced its revenue projections and trimmed its spending plans for 2017 by around XOF50bn (USD84m), highlighting that some projects will be scaled back.

Risks and Opportunities

- The government will turn to additional external borrowing to help fund key aspects of its five year national development plan (2016-20), including transport and utility projects.
- Infrastructure spending focuses on port, road and bridge development and improving electricity supplies, with the latter including a greater role for private investment.

Trade Terms

Description	
Minimum Terms	CLC
Recommended Terms	CiA
Usual Terms	90-120 days

Source : Dun & Bradstreet

Export Credit Cover

Agency	Cover
US Eximbank	Full cover available, restrictions may apply
Atradius	Cover available subject to CLC, no discretionary limits
ECGD	ST cover available subject to LC, MT/LT only to private sector
Euler Hermes UK	ST cover available, restrictions may apply

Source : Export Credit Agencies

Recommendations

- Anticipate buoyant demand for construction-related goods and services.
- Continue to seek CiA trade terms for all business dealings, whenever possible.
- Monitor payment performance for signs of slippage given exposure to external shocks.

SUPPLY ENVIRONMENT OUTLOOK

R

Trend: Stable

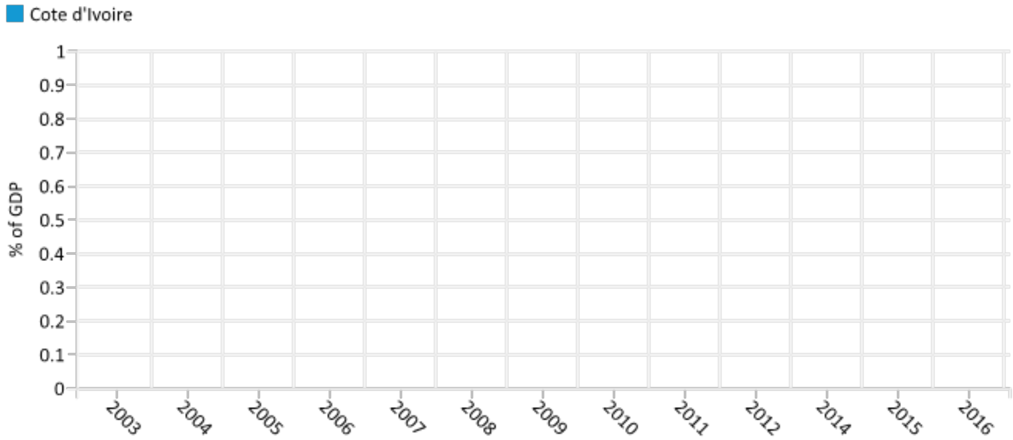
Current Issues

- Cote d'Ivoire is pursuing port expansion at Abidjan and San Pedro, as well as road and railway development extending from the ports to the interior and neighbouring countries.
- The main international airport at Abidjan will benefit from expansion projects, including a new taxi-way and cargo handling development, as well as a new Aerocite.

Risks and Opportunities

- Public and private investment in road, railway and port infrastructure is enhancing national and cross-border logistics routes, in terms of capacity, efficiency and reliability.
- Cote d'Ivoire has ambitious energy sector development plans, which includes increased electricity generation and distribution capacity, as well as new fuel supply facilities.

Natural Disaster Impact



Source : D. Guha-Sapir, R. Below, Ph. Hoyois - EM-DAT: International Disaster Database – www.emdat.be – Université Catholique de Louvain

Recommendations

- Expect logistics delays and disruption owing to official interference and inefficiency.
- Review logistics options as transport services improve and competition intensifies.
- Anticipate adequate but occasionally unreliable local power supplies.

MARKET ENVIRONMENT OUTLOOK

R

Trend:	Stable

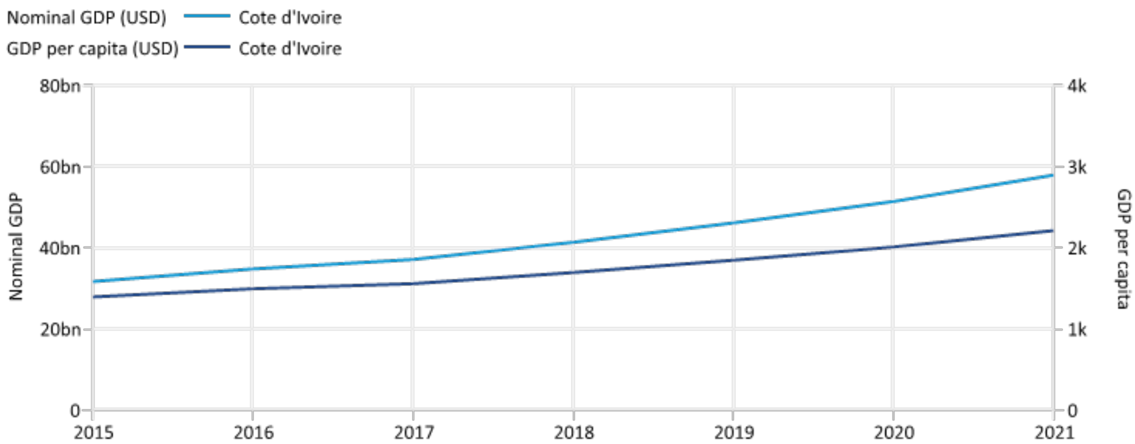
Current Issues

- Cote d'Ivoire imposes few limitations on foreign investment and ownership, does not screen foreign investments nor discriminate against foreign firms.
- Cote d'Ivoire and other Economic Community of West African States (ECOWAS) members operate a common external tariff structure; implementation can be inconsistent.

Risks and Opportunities

- Cote d'Ivoire is expected to be one of Africa's hot spots for trade and investment over the next few years, owing to rapid investment-led growth and pro-business reforms.
- Cote d'Ivoire has a long history of entering into PPPs and this will remain the case in a wide range of sectors, creating market opportunities for foreign firms and investors.

Nominal GDP and GDP per capita



Source : Haver Analytics/Dun & Bradstreet

Recommendations

- Expect strong demand and growing competition in consumer goods and services.
- Anticipate further steps towards better regional integration across ECOWAS.
- Be proactive in identifying and filling regulatory gaps to minimise supply chain risks.

POLITICAL ENVIRONMENT OUTLOOK

R

Trend: Stable

Current Issues

- The UN will end its peace-keeping mission in Cote d'Ivoire in June 2017, following five years of relative stability since the crisis of 2010-11.
- The government continues to face the difficult task of demobilising, reintegrating and managing the various factions of former government, rebel and militia forces.

Risks and Opportunities

- There is a heightened risk of attacks by regionally-based terrorists, which has led to an increase in security measures at border posts, official buildings and tourist hot spots.
- The government is pushing ahead with plans to boost private sector investment and competition in the electricity sector by unbundling the current set-up.

Political Freedom

Location	Electoral Process	Pluralism and Particip.	Function'g of Govt.	Freedom of Express'n and Belief	Assoc. and Org. Rights	Rule of Law	Personal Autonomy and Individual Rights
Cote d'Ivoire	7	8	5	11	7	6	7
Sub-Saharan Africa	7	9	6	11	7	7	8
OECD Average	12	15	11	15	11	14	14

Source : Freedom House

Higher score = greater degree of freedom

Recommendations

- Plan for the risk of competitors influencing dispute resolution, regulations and licensing.
- Ensure business plans cover a high risk of terrorist attack and tightened security measures.
- Seek political and insecurity risk insurance for transactions with Cote d'Ivoire.

DETAILED ANALYSIS

The following sections analyse in more detail the nine core elements that influence the risks and opportunities involved when doing business in/with a given country.

The core categories that we analyse as part of our broader risks and opportunities model are as follows:

- Short-Term Economic Outlook
- Long-Term Economic Potential
- Market Potential
- FX Risk
- Transfer Risk
- Business Regulatory Environment
- Business Continuity
- Political/Insecurity Risk
- Expropriation/Nationalisation Risk

Descriptions for each of these categories can be found in the User Guide section of this report.

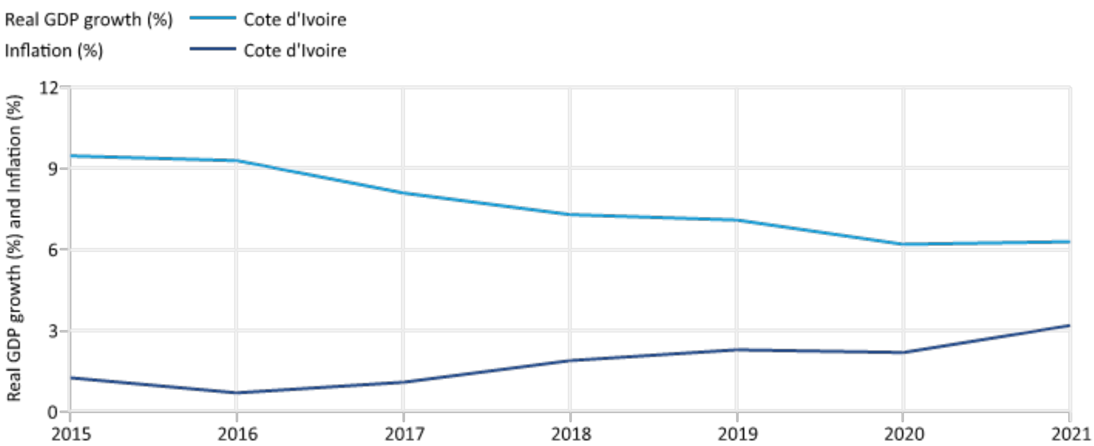
SHORT-TERM ECONOMIC OUTLOOK

Cote d'Ivoire is one of the fastest growing economies in Africa. Real GDP grew by 9.3% in 2016 and similar, albeit slightly slower, rates of growth are anticipated in 2017 and 2018. Strong public and private investment in multiple and major transport and power-sector infrastructure projects will remain key drivers of economic growth, to the benefit of construction activity and related supply chains. In addition, manufacturing, commerce and logistics are expected to continue to grow rapidly in the short term, driven by trade facilitation policies and inflows of foreign investment capital. One area of concern has been a shift in the country's terms of trade caused by a sharp fall in cocoa prices coupled with slightly higher oil prices over the past 12 months. These developments have led the government to trim its economic growth and fiscal spending plans for 2017. Also, the authorities are planning new forays into the international capital markets and additional lending from multilateral institutions for budgetary support. We forecast real GDP growth of 8.1% in 2017 and 7.3% in 2018.

Risks and Opportunities

- Revenues from the agricultural sector will be hit in 2017 by the sharp fall in cocoa prices, which were trading around a nine-year low in Q1 2017.
- The government will turn to additional external borrowing to help fund key aspects of its five-year national development plan (2016-20), including transport and utility projects.
- Infrastructure spending focuses on port, road and bridge development and improving electricity supplies; with the latter including a greater role for private investment.

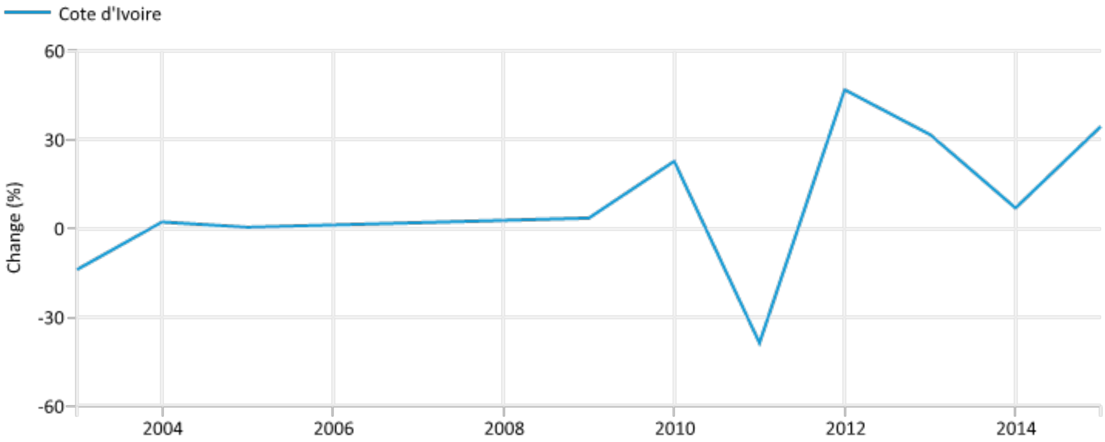
Real GDP Growth and Inflation



Source : Haver Analytics/Dun & Bradstreet

Price pressures have been low for some time owing to the regional use of the CFA franc and its continued peg to the euro, which helps stabilise most import prices. Annual consumer price inflation averaged just 0.7% y/y in 2016 and is expected to remain low at around 1.0% in 2017 and slightly higher at just under 2.0% in 2018. Slightly higher oil prices, rapid economic growth and continued currency weakness against the US dollar are likely to add to price pressures.

Investment



Source : Dun & Bradstreet

Public finances have taken a hit from the sharp fall in cocoa prices, which dropped from around USD3,200 per metric tonne in Q1 2016 to just below USD2,000 per metric tonne in Q1 2017. Consequently, the government has reduced its expected revenues and trimmed its spending plans by an estimated XOF50bn (USD84m) and highlighted that some projects would be scaled back. However, the government will seek and most likely secure additional external credit from international capital markets and multilateral institutions (including the IMF and World Bank) for general budgetary support and finance for major projects. Cornerstones of the government's current five-year development plan (2016-20) are essential infrastructure development and agricultural transformation. Infrastructure spending focuses on port development (at Abidjan and San Pedro), road and bridge development and improving electricity supplies. The country has several renewable energy projects under way and several more are in the planning pipeline (including hydroelectric, biomass and solar).

Recommendations

- Expect Cote d'Ivoire to be among the fastest-growing economies in Africa in the short term.
- Anticipate particularly buoyant demand for construction-related goods and services.
- Continue to seek CiA trade terms for all business dealings, whenever possible.

LONG-TERM ECONOMIC POTENTIAL

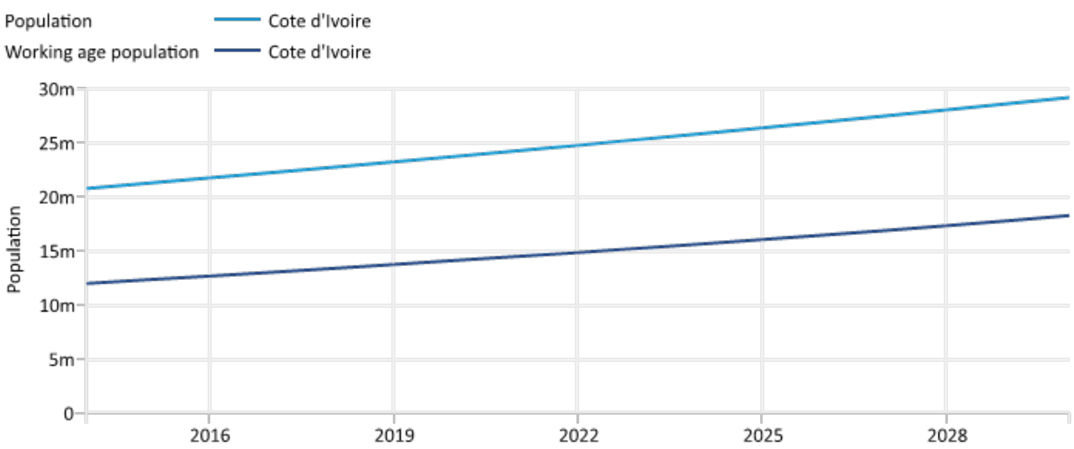
The National Development Plan (2016-20) aims to encourage foreign trade and investment through a process of pro-business reforms which include streamlining of investment and business start-up procedures, improving customs administration and investing in essential infrastructure (specifically port capacity, roads and railways). Long-term planning includes development of the Abidjan-Lagos transport corridor through highway investment and a streamlining of border procedures, as well as projects that aim to establish the port of Abidjan as a regional trade and logistics hub. The government will seek to encourage export-oriented activity in the agricultural, manufacturing, mining and hydrocarbon sectors, as well as develop a more dynamic private sector to support growing markets for consumer goods and services. Cote d'Ivoire is a key energy supplier in the West Africa region and power sector development will aim to consolidate and expand this role. The state-owned oil company, Petroci, aims to double oil and gas production to around 200,000 barrels of oil equivalent per day by 2020 but development of the hydrocarbon sector could be delayed by the current downturn in global oil.

Risks and Opportunities

- Public and private investment in essential infrastructure (transport, energy and water) will help facilitate long-term economic growth.
- Abidjan and other major urban centres (particularly in the more affluent south) will present increasingly attractive and more sophisticated consumer markets.
- Trade facilitation initiatives should help improve the efficiency of customs and logistics services, as well as increase port capacity and help improve regional connectivity.

Human Capital

Population Dynamics



Source : UNPOP

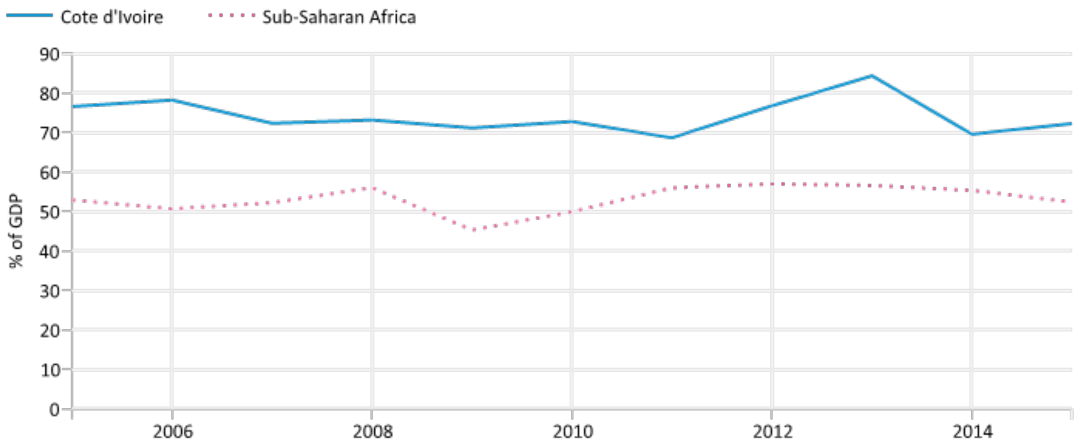
Cote d'Ivoire has a rapidly growing and young population, estimated at around 23m in 2016. Population growth has been high (around 3.0% per year) over the past decade and is expected to remain close to this level over the next decade, while the labour force is expected to grow at a slightly faster pace. Abidjan will expand rapidly and its population could almost double by 2030, reaching around 8.0m and making it one of Africa's leading cities. Serious talent gaps and skills shortages will persist, although labour market conditions should improve owing to government policies on education and training, knowledge sharing initiatives by investment partners and the return of more highly qualified Ivorians from abroad.

Physical Capital

Cote d'Ivoire will continue to direct invest towards transport, power, water and urban infrastructure, with the support of international development partners. The country is currently experiencing a steady improvement in trade-facilitating infrastructure, but there remains great scope for improvement. Much better cross border co-operation, improved national and regional transport infrastructure, and more reliable power supplies are expected to evolve over the coming decade, which will help support the country's long-term growth potential.

Openness

Exports and Imports



Source : IMFDOT/Haver

Cote d'Ivoire is a trade based and highly open economy, which is reflected in its high ratio of goods trade as a percentage of GDP. The country's future openness will be facilitated by its plans to realise substantial investment in hard (road, rail and seaport) and soft (administrative processes, procedures and regulations) transport solutions to facilitate trade with neighbouring countries and overseas markets. Trade facilitating infrastructure is a cornerstone of the government's current National Development Plan (2016-20).

Competitiveness/Institutional Strength

Cote d'Ivoire has relatively strong policy development and implementation potential compared with its regional peers, which has the potential to create a positive driver for long-term growth, should the political and security situation remain stable. Strong leadership, more effective and less corrupt governance and greater transparency are essential to improve the current and future performance of the country's institutions.

Recommendations

- Factor in power and transport infrastructure improvements to long-term planning.
- Anticipate fast growing and more lucrative consumer markets.
- Consider Cote d'Ivoire as a stepping stone to larger regional markets.

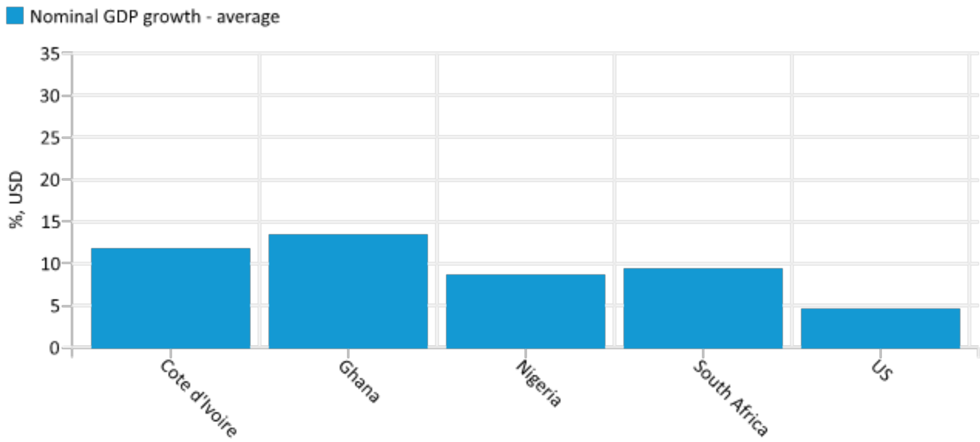
MARKET POTENTIAL

Cote d'Ivoire is expected to be one of Africa's hot spots for trade and investment over the next few years, owing to rapid investment-led growth and pro-business reforms. Cote d'Ivoire implements a five-band common external tariff (CET) structure as part of its ECOWAS obligations. Tariff barriers are relatively low but non-tariff barriers in the form of inefficient trade bureaucracy, infrastructure deficiencies and corruption can be problematic. Cote d'Ivoire imposes few limitations on foreign investment and ownership, does not screen foreign investments nor discriminate against foreign firms. The government actively encourages private investment in various sectors including agri-business, energy, finance, transport and logistics, telecommunications, manufacturing and utilities sectors. Cote d'Ivoire's Investment Promotion Centre provides outreach and 'one-stop-shop' services for potential investors.

Risks and Opportunities

- Retail trade is expected to grow rapidly, but trade in counterfeit goods and weak intellectual property rights (IPR) protection are major obstacles to market entry and expansion plans.
- Cote d'Ivoire and ECOWAS members operate a common external tariff structure, but implementation across the community can be inconsistent.
- Cote d'Ivoire does not restrict foreign ownership nor discriminate against foreign investors and actively encourages private investment in a wide range of sectors.

Average Nominal GDP Expansion, 2017-21



Source : Dun & Bradstreet

The government's aim is to transform the economy into a fully-fledged emerging market economy by 2020, with much larger consumer markets in major cities, particularly Abidjan, and greater inter-connectivity to markets and value chains across West Africa. Consumer markets will grow, although from a low base, supported by job creation, income growth, better financial inclusion and the spread of financial services. A large income gap between north and south will persist, and southern parts of the country (including Abidjan) will experience much higher living standards and more sophisticated consumer markets and retail networks, as well as better access to financial services and credit. However, market potential is undermined by widespread trade in counterfeit goods and weak IPR protection which act as major obstacles to market entry and expansion plans.

Main Restrictions on Imports

Tariff Barriers	Cote d'Ivoire	Ghana	Nigeria	S. Africa	US
Overall Weighted Mean Tariff	10.6	10.0	9.8	4.2	1.6
Manufactures Weighted Mean Tariff	9.5	8.7	9.6	5.2	1.7
Primary Products Weighted Mean Tariffs	13.5	14.4	10.1	1.8	1.3
Overall MFN Tariff	42.1	41.0	39.9	21.6	3.5
Manufactures MFN Tariff	40.3	35.7	39.1	22.7	3.6
Primary Products MFN Tariff	53.6	70.8	45.6	13.4	2.7
Services Restrictiveness Index	26.4	18.4	27.1	34.5	17.7

Source : Haver Analytics/World Bank

Cote d'Ivoire is a member of ECOWAS and of the West African Economic and Monetary Union (WAEMU). Members of WAEMU operate with a single currency (the CFA franc), a free-trade area and until recently a four-band (0%, 5%, 10% and 20%) common external tariff structure (CET). The latter has been expanded to five bands under the ECOWAS CET which requires importers to pay duty on the point of entry to ECOWAS, with 0.0% duty payable on essential social goods, 5.0% payable for raw materials, 10% for intermediate goods, 20% for finished goods that are not produced locally and 35% for sensitive products and goods specific to economic development. Cote d'Ivoire is eligible for trade preferences and benefits under the US African Growth and Opportunity Act (AGOA) and the US lifted all remaining sanctions on Cote d'Ivoire in 2016. Cote d'Ivoire and the EU ratified a stepping-stone Economic Partnership Agreement (EPA) in September 2016, which secures preferential trade terms and access to the EU market for Ivorian producers, while creating a gradual opening of Ivorian markets for EU goods (subject to an agreed exclusion list). Discussion for an ECOWAS-wide EPA with the EU is ongoing and a deal largely hinges on the policy stance adopted by Nigeria.

Recommendations

- Expect strong demand and growing competition in consumer goods and services.
- Anticipate further steps towards better regional integration across ECOWAS.
- Be proactive in identifying and filling regulatory gaps to minimise supply chain risks.

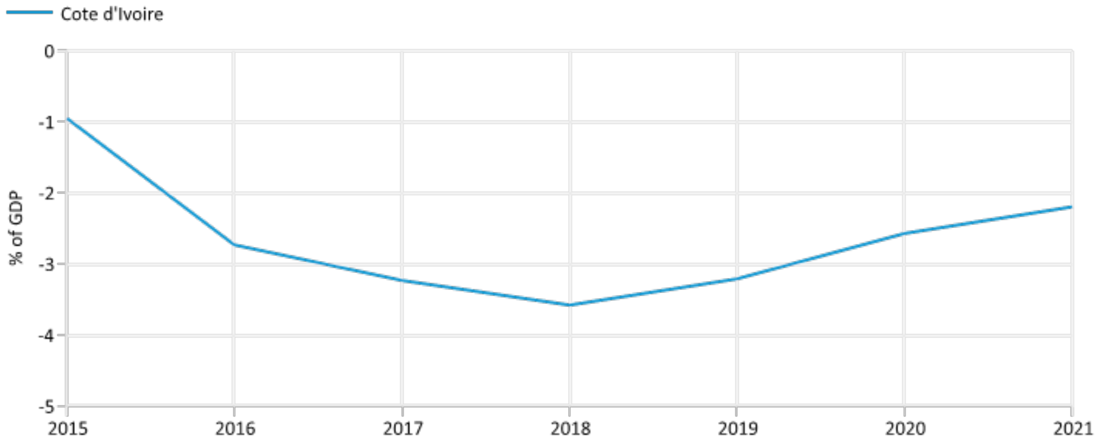
FX RISK

Liquidity risk is elevated in Cote d'Ivoire owing to fiscal and current account deficits, the large import bill for consumer and industrial goods, dependence on a narrow range of commodities (particularly cocoa and oil) for export earnings and relatively low levels of FX reserves. The vulnerability of Cote d'Ivoire to commodity price swings has been highlighted by the sharp fall in cocoa prices over the past 12 months, which fell from USD3,200 per metric tonne in Q1 2016 to just below USD2,000 per metric tonne in Q1 2017, owing to abundant global supplies (including a bumper crop from West Africa in 2015-16) and soft demand in major export markets. The price fall has led the government to revise down its spending plans considerably and seek additional financial support from international capital markets and multilateral institutions (such as the IMF and World Bank) for budgetary and balance of payments support.

Risks and Opportunities

- The sharp fall in cocoa prices since H1 2016 has stretched national finances, led to a cut-back on public spending plans and exacerbated already high liquidity issues.
- The CFA franc will remain pegged to the euro and help reduce FX risk for some investors and traders, while offering a degree of financial stability.
- Seasonal FX shortages in the banking system (linked to cocoa trading and high demand for US dollars) can be problematic and should be anticipated in business planning.

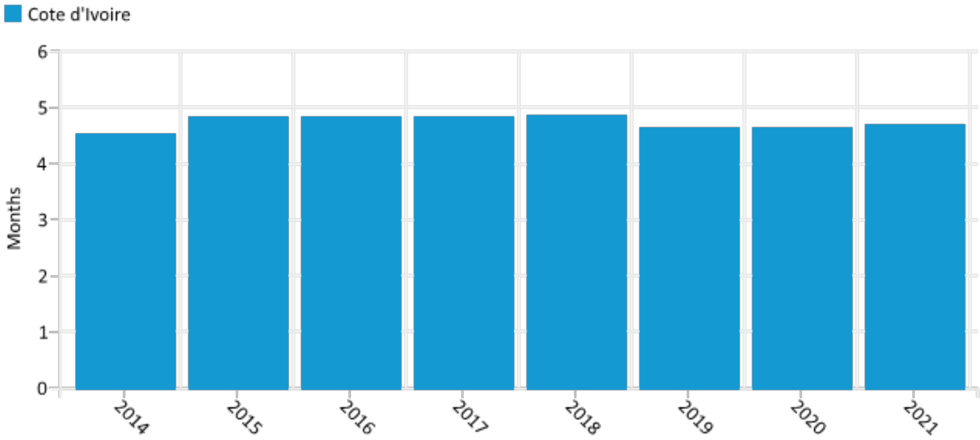
Current Account Balance



Source : Haver Analytics/Dun & Bradstreet

The current account deficit is expected to widen slightly to around USD1.2bn (3.2% of GDP) in 2017 and USD1.5bn (3.6% of GDP) in 2018, largely as a result of continued strong demand for goods and services imports to support the country's investment programme (particularly construction-related materials and services) and growing demand for consumer goods. Also, lower export revenues from the cocoa sector caused by the drop in prices on international markets will adversely affect the trade balance. Nevertheless, the current account deficit remains manageable given the interest of development partners and private investors, which should ensure adequate inflows of foreign capital (in the form of short-, medium- and long-term loans, plus FDI) to meet the country's external financing requirement.

Import Cover



Source : Haver Analytics/Dun & Bradstreet

FX reserves of around USD5.0bn are expected to provide almost five months of import cover during 2017 and 2018. This level of FX reserves provides a reasonable rather than comfortable buffer, but reserves are vulnerable to large fluctuations which can cause short periods of shortage. The country's reliance on a narrow range of commodity exports (especially cocoa exports) poses a key liquidity risk as highlighted by recent events and the sharp drop in cocoa prices since H1 2016.

Recommendations

- Anticipate adequate levels of FX, but be prepared for occasional (seasonal) shortages.
- Expect the CFA franc peg to the euro to remain in place in the short to medium term.
- Monitor payment performance for signs of slippage given exposure to external shocks.

TRANSFER RISK

Cote d'Ivoire does not impose restrictions on foreign transfers, including remittances of capital, dividends, royalty fees or other forms of investment income. Once an investment in Cote d'Ivoire is approved and documented, the authorities regularly approve remittances regardless of whether these are effected within or beyond WAEMU. Transfer delays are reasonable, although banking delays can increase during seasonal periods of high demand. The banking sector is underdeveloped, but international banking groups continue to increase their presence in Cote d'Ivoire after having identified the country as a promising growth opportunity and gateway to francophone West Africa. Mobile money ventures are taking advantage of high mobile phone penetration rates to expand mobile financial transactions between individuals, companies and institutions, including money transfers and e-commerce.

Risks and Opportunities

- Bank transfer delays can be experienced as a result of administrative inefficiency and high seasonal demand for bank services.
- The banking sector has the potential to grow in size and sophistication over the next five years, which should increase banking and capital transfer options.
- External debt will rise in the years ahead as the government seeks finance to support its development plans, but debt servicing will remain manageable.

Transfer Situation

Type	Delay
FX/Bank Delays	1-3 months
Local Delays	1-2 months

Source : Dun & Bradstreet

Financial Sector/Capital Flows Provisions

Provision	Active
Restrictions on Inward Direct Investment	Yes
Special Treatment for Deposits held by Non-Residents	Yes
Special Treatment for Deposits in Foreign Currency	Yes
Special Treatment for Lending to Non-Residents	Yes

Source : International Monetary Fund

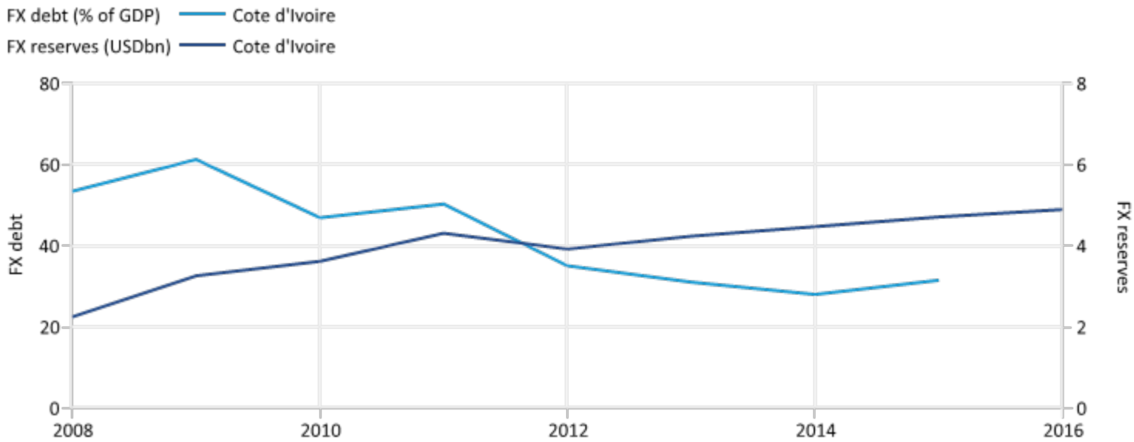
Trade Payment Restrictions

Trade Payment Restriction	Cote d'Ivoire	Sub-Saharan Africa	OECD Average
Restrictions on non-Residents' Accounts	0	0.24	0.06
Restrictions on Payments for Imports	2	1.29	0.06
Restrictions on Payments for Invisible and other Current Transfers	2	1.81	0.35

Source : International Monetary Fund

The risk of exchange controls and obstacles to legally permitted repatriation of funds is low given the country's economic and political outlook and eagerness to attract foreign capital. In the longer term, greater regional integration through ECOWAS and WAEMU, as well as an increase in banking and transfer options, should continue to ease the administrative burden and associated cost of cross-border transactions.

Total Foreign Debt and Foreign Reserves



Source : Haver Analytics/Dun & Bradstreet

The country's foreign debt obligations and servicing costs are expected to remain manageable, despite a trend build up in the stock of external debt and associated payments. The government is seeking additional external finance from regional and international capital markets, as well as multi-lateral and bilateral loans, to support its development plans. The IMF and Cote d'Ivoire reached provisional agreement on a new financial support package (including an extended credit facility and enhanced credit facility) in October 2016 valued at around USD670m. Separately, a USD325m loan from the World Bank was secured in Q1 2017 to help pay for national transport and power distribution investment projects. China will continue to be a major source of relatively cheap credit to help finance bilateral trade and investment deals. The drop in cocoa prices since H1 2016 has increased the need to secure extra loans for budgetary and balance of payments support.

Recommendations

- Plan for delays in transfer dealings, particularly during the main cocoa harvest season.
- Regularly review commercial banking options as financial services continue to expand.
- Consider multiple bank accounts across WAEMU to reduce exposure to transfer risk.

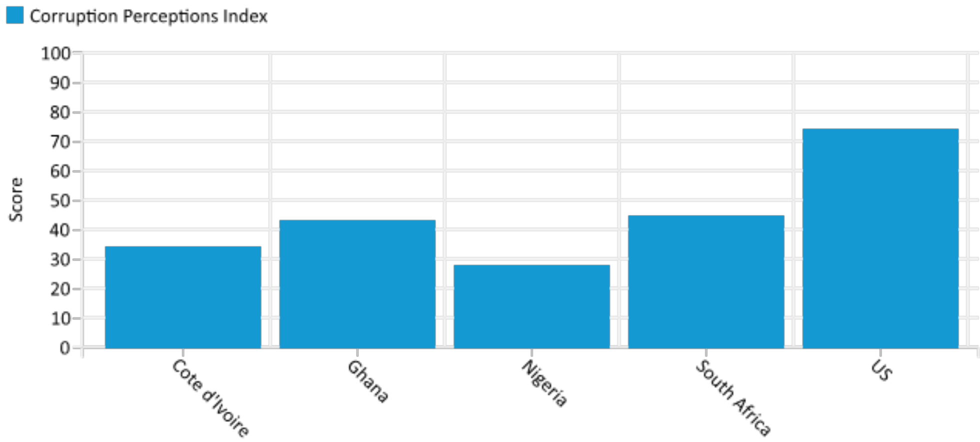
BUSINESS REGULATORY ENVIRONMENT

Cote d'Ivoire has a challenging but improving business regulatory environment. The government is focused on business investment and trade facilitation measures, which include running a one-stop window for import procedures, simplification of customs clearance processes, streamlined business registration procedures, and improving the transparency and efficiency of the tax collection and legal systems. Cote d'Ivoire was ranked 142nd (out of 190 countries) in the World Bank's 2017 *Doing Business* report, which suggests there is great scope for more improvements to the business environment. Poor protection of property rights, the lack of an impartial judiciary and inefficient bureaucracy continue to be cited as challenging aspects of the business regulatory environment.

Risks and Opportunities

- Bureaucracy has improved in recent years but continues to impede business operations, causing administrative delays, project uncertainty and extra costs.
- Informal business practices and corruption are often cited by international firms as major challenges that raise the cost of doing business in Cote d'Ivoire.
- Tax breaks and other incentives are on offer under sector-specific investment codes, while one-stop shop services are available for customs clearance and setting up new ventures.

Corruption Perceptions Index, 2016

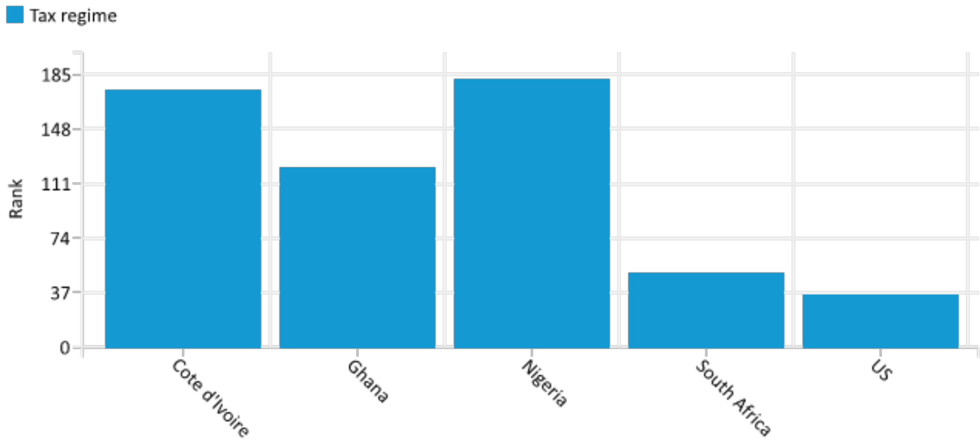


Source : Transparency International, 'Corruption Perceptions Index'

Note: 100 = least corrupt, 0 = most corrupt

Widespread corruption creates high compliance risk and costs for foreign firms investing in and trading with Cote d'Ivoire. Customs clearance, investment approvals, contact with tax officials and judicial proceedings can all be subject to corrupt practices among officials. Racketeering by security and defence forces is common and should be anticipated, with transport companies particularly susceptible to demand for bribes and unofficial fees. Corruption, public mismanagement and graft are serious issues that will continue to undermine the business environment. Demands for facilitation fees for brokering agreements, including public sector contracts, are common and should be anticipated.

Ease of Paying Taxes, 2017



Source : World Bank, 'Doing Business Report'

Ranking: Low score = best, High score = worst

The tax regime is fairly straightforward in terms of tax rate structure but continues to impose high administrative and financial costs on business. The large number of payments (mainly labour and VAT payments) and length of time required to prepare, file and pay taxes reflect the inefficiency of the tax regime and can place a significant burden on firms. The corporate tax rate of 25% can vary slightly by sector, while tax breaks and exemptions are on offer or can be negotiated on larger projects. Uncertainty surrounding business ventures can be compounded by changes to the tax regime at short notice and subsequent negotiation with the authorities over revised tax bills.

Recommendations

- Plan and establish clear guidelines for dealing with corruption and unofficial payments.
- Develop local contacts to help navigate the complex and uncertain bureaucracy.
- Factor in the cumbersome and time-consuming tax regime to business plans.

BUSINESS CONTINUITY

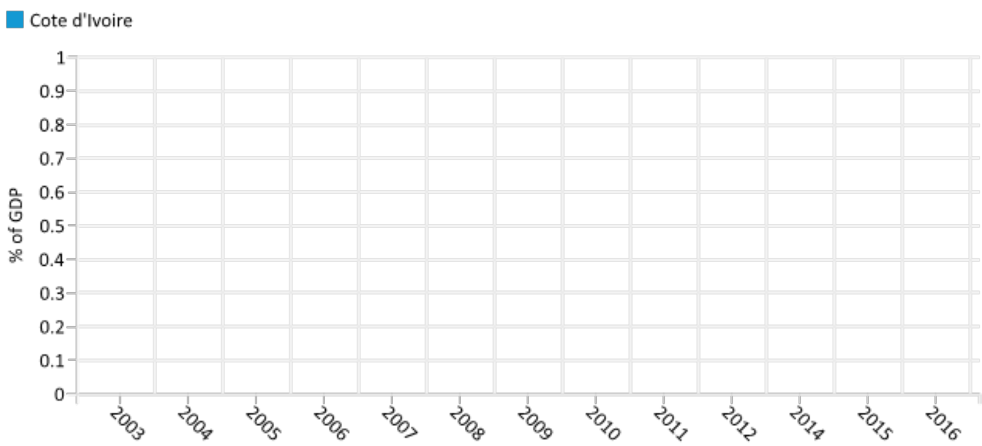
Cote d'Ivoire has an extensive and improving network of paved roads, which it relies upon for the transport of most goods around the country and into neighbouring countries, such as landlocked Mali, Burkina Faso and Niger, as well as coastal countries linking through to Nigeria. Years of under-investment and poor maintenance of the transport infrastructure is being reversed as the government channels substantial public and private finance into highway projects and transport corridor development. The latter include investment in the corridor connecting Abidjan to Ougadougou (the capital of Burkina Faso), expansion of the Northern Highway from Abidjan to Yamoussoukro and advancement of long-held plans to develop the Abidjan-Lagos transport corridor which is the major east-west transport corridor in West Africa. Rapid growth in logistics is anticipated and will add to the problem of congestion on major routes. In order to help tackle this growing issue, the government is investing in railways to boost its future transport offering. In particular, the railway line between Cote d'Ivoire and Burkina Faso is subject to upgrade and expansion projects, while rolling stock is being updated. Also, in late 2016, Cote d'Ivoire signed a deal with Italian State Railways to construct a 1000km railway line between the port of San Pedro and the Malian capital of Bamako. To accompany these developments, the major port at Abidjan and second port at San Pedro are themselves subject to upgrade and expansion plans.

Cote d'Ivoire has ambitious plans for developing its energy sector to supply domestic and neighbouring export markets and in late 2016 the government finalised an agreement with a French-led consortium to construct a liquefied natural gas (LNG) import terminal at Abidjan. Also, the government aims to double power generation capacity to 4,000MW by 2020 through additional public and private investment, including long-term build-own-operate and build-operate-transfer deals.

Risks and Opportunities

- The logistics environment is improving but remains hindered by inefficient bureaucracy, corruption among officials, criminal interference and congestion on major routes.
- Public and private investment in road, railway and port infrastructure is enhancing national and cross-border logistics routes, in terms of capacity, efficiency and reliability.
- Cote d'Ivoire has ambitious energy sector development plans, which include increased electricity generation and distribution capacity, as well as new fuel supply facilities.

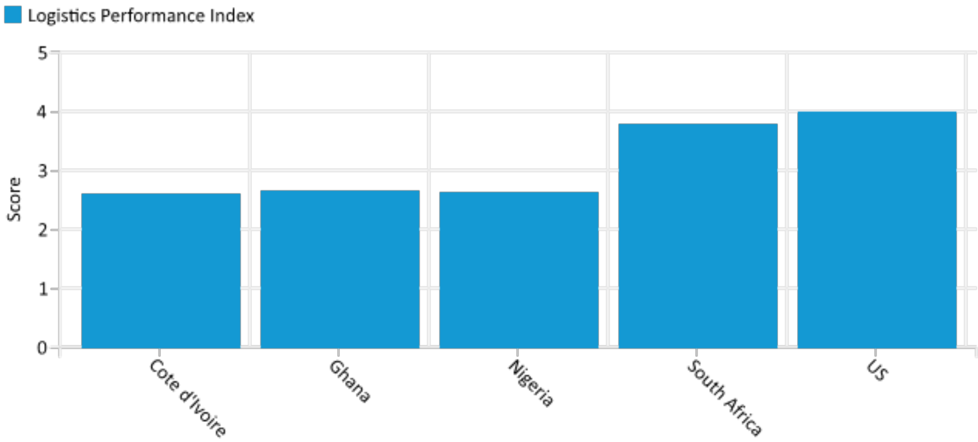
Natural Disaster Impact



Source : D. Guha-Sapir, R. Below, Ph. Hoyois - EM-DAT: International Disaster Database – www.emdat.be – Université Catholique de Louvain

Disaster Risk: Business travel in Cote d'Ivoire should factor in a high risk of infectious diseases such as yellow fever, hepatitis, malaria and typhoid. These and other infectious diseases require careful planning and safety measures (including adequate international medical evacuation insurance), which impose additional costs on business operations. Epidemics can affect large numbers of people, disrupt the labour force and impede business operations. Drought can occur periodically, while small-scale flooding and landslides are a regular occurrence during the two rainy seasons (a long season from May to July and short season from October to November).

Logistics Performance Index, 2016



Source : World Bank

Note: 1 = worse performance, 5 = better performance

Logistics and Infrastructure: The port of Abidjan is one of the largest in West Africa and is subject to upgrade and expansion projects. The construction of a second container terminal at the Port of Abidjan is scheduled to be completed in 2021, which will greatly increase capacity, ease port congestion and help re-establish Abidjan as a principal shipping hub in West Africa. Improving the second port at San Pedro is a priority under the government's ambitious National Development Plan, especially as it is a major shipping point for agricultural commodities such as cocoa, coffee, rubber and palm oil. In addition to port development, road and railway connections are under development from Abidjan and San Pedro to the interior and neighbouring countries. The main international airport at Abidjan (the Felix Houphouet Boigny Airport) is experiencing growing passenger and freight volumes, which will be supported by construction of a new taxi-way (to be tendered in 2017), plans to construct Aerocite (a new residential, commercial, industrial and leisure complex) and ongoing development of a new cargo-handling terminal.

Recommendations

- Expect logistics delays and disruption owing to official interference and inefficiency.
- Review logistics options as transport services improve and competition intensifies.
- Anticipate adequate but occasionally unreliable local power supplies.

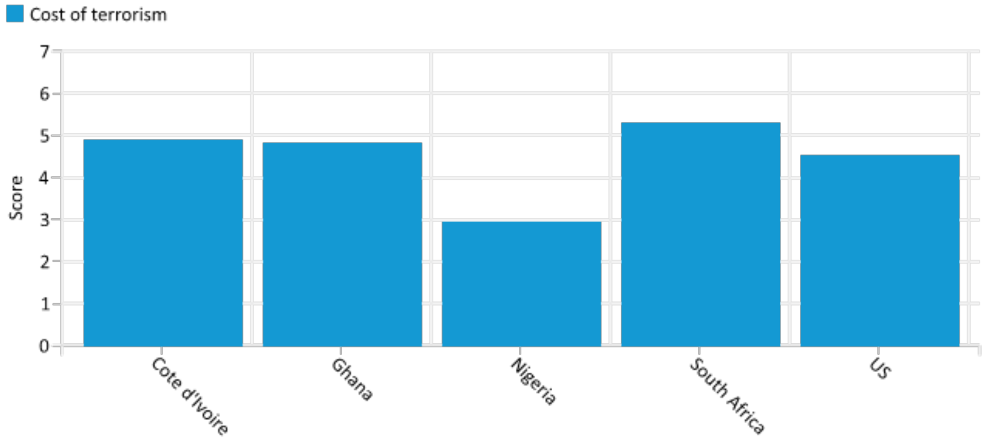
POLITICAL/INSECURITY RISK

President Alassane Ouattara and the ruling political alliance (the Rassemblement des houphouetistes pour la democratie et la paix, or RHDP) hold strong political positions following approval of a new constitution in November 2016 (which consolidated power in the executive) and a resounding victory in the December 2016 legislative election. The RHDP holds 167 seats of a total 255 in the National Assembly, which bodes well for political stability and security. In addition to this, Ouattara has overseen a reshuffle and streamlining of his cabinet, as well as new appointments to key positions in the security forces, since the election to consolidate his power base. The government continues to face the difficult task of demobilising, reintegrating and managing the various factions of former government, rebel and militia forces present in Cote d'Ivoire. Also, there is an ongoing risk of instability in the security forces over demands for better pay and employment conditions.

Risks and Opportunities

- Politically-motivated violence has eased considerably since the election related crisis of 2010-11 and the UN will demobilise its peace-keeping force in mid-2017.
- There is a heightened risk of attacks by regionally-based terrorists, which has led to an increase in security measures at border posts, official buildings and tourist hot spots.
- Industrial disputes and related demonstrations could be an uncomfortable feature of the domestic political scene in 2017 and adversely affect business operations.

Business Cost of Terrorism, 2016-17

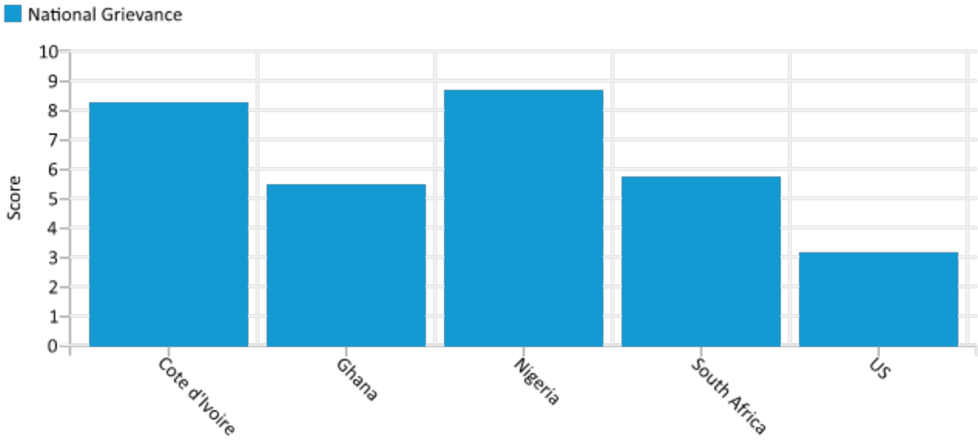


Source : World Economic Forum, 'Global Competitiveness Report'

Note: 1.0 = highest cost imposed, 7.0 = lowest cost imposed

The UN will end its peace-keeping mission in Cote d'Ivoire in June 2017, following five years of relative stability. Politically-motivated violence has eased considerably since the crisis of 2010-11, which was triggered by disputed election results involving supporters of then-president Laurent Gbagbo and the opposition candidate (and current president) Alassane Ouattara. The process of reconciliation and demobilisation of former rebel and militia forces is ongoing and vulnerable to setbacks, although a return to open hostility appears highly unlikely. Cote d'Ivoire is a target of militant Islamist groups such as Al-Qaeda in the Islamic Maghreb, which carried out a deadly attack on the seaside resort of Grand-Bassam in 2016 and led to tightened security at border controls, official buildings and tourist hot spots. Also, the Gulf of Guinea remains a hazardous place for maritime trade owing to the risk of attacks by armed pirates.

Level of National Grievance, 2016



Source : Fund for Peace, 'Failed States Index'

Note: 1.0 = lowest grievance, 10.0 = highest grievance

The level of national grievance is high in Cote d'Ivoire, despite rapid economic growth rates since the political crisis of 2010-11. Impatience among some parts of the workforce over a perceived lack of adequate improvement in salaries, benefits and job opportunities spilled over to disputes and demonstrations during 2016 and early 2017. For instance, simmering discontent among the military led to a two-day mutiny by low-ranking soldiers in early January and various parts of the civil service (including emergency services, health workers, teachers and administrators) led by trade unions were on strike during the same month. The government will continue to pursue more inclusive growth as part of its next National Development Plan (2016-20), although the persistence of patronage networks and vested interests will stifle progress.

Recommendations

- Ensure business plans cover a high risk of terrorist attacks in Cote d'Ivoire.
- Seek political and insecurity risk insurance for transactions with Cote d'Ivoire.
- Be aware of a high risk of industrial disputes and demonstrations over pay and conditions.

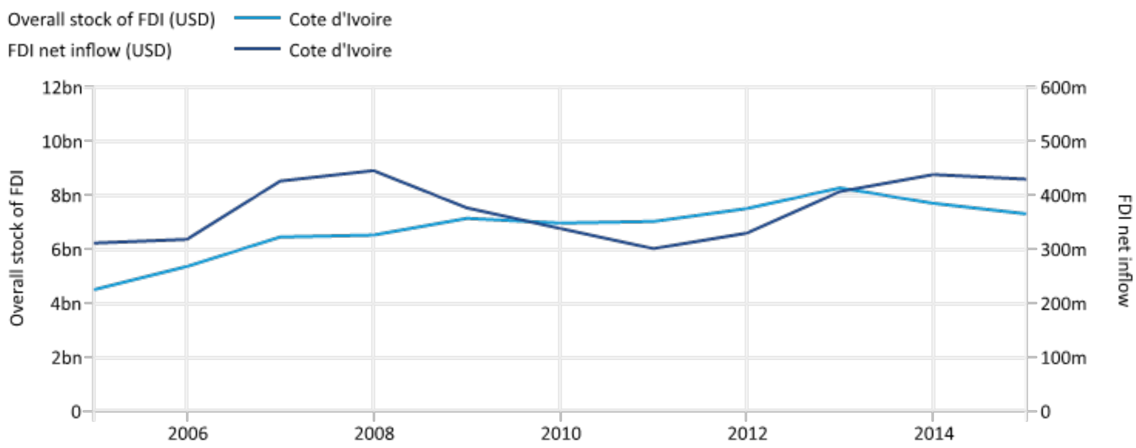
EXPROPRIATION/NATIONALISATION RISK

Expropriation or nationalisation risk is considered low, largely owing to the government's drive to implement pro-business reforms and boost private (including foreign) investment. The government is pursuing a privatisation policy and is keen to attract foreign investment through various channels, including joint ventures and PPPs. Cote d'Ivoire has a long history of entering into PPPs, which include a wide range of contractual arrangements such as concessions, leasing, management, build-own-operate, build-operate-transfer and build-own-operate-transfer contractual arrangements. The National Steering Committee of Public-Private Partnerships monitors and co-ordinates PPPs, and reports more than 120 ongoing PPP projects. The government is pushing ahead with plans to boost private sector investment and competition in the electricity sector by unbundling the current set-up. New rules and regulations were announced in late 2016, which created a new regulator (ANARE-CI) and brings an end to the private monopoly of Compagnie Ivoirienne d'Electricite (CIE), which had controlled electricity transmission, distribution and supply. New suppliers will compete for customers and sell power on the state-owned national grid.

Risks and Opportunities

- Cote d'Ivoire has a long history of entering into PPPs and this will remain the case in a wide range of sectors, creating market opportunities for foreign firms and investors.
- The government is setting the framework for much greater private sector competition in electricity provision to residential and business customers.
- Private-sector challenges to foreign ownership and private expropriation can arise as a result of contractual or investment disputes.

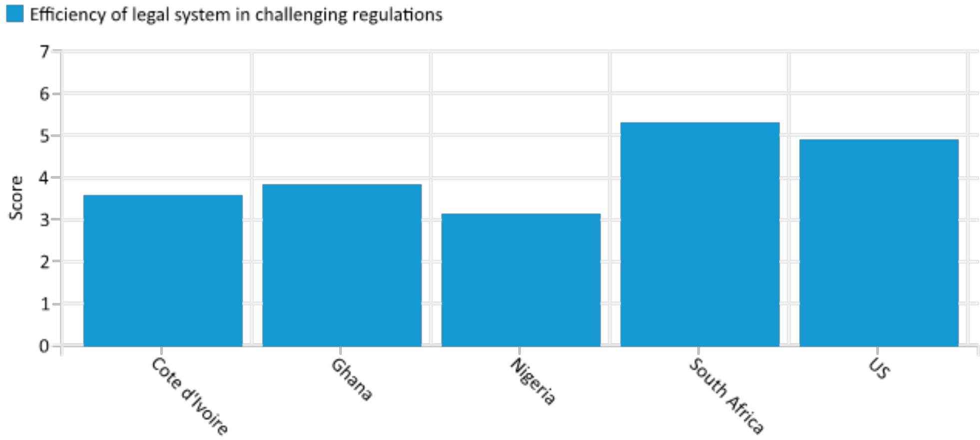
Foreign Direct Investment



Source : UNCTAD

The government is actively seeking external finance to support its development plans and incentivise foreign investment through tax breaks and investment guarantees. Revisions to the investment code in recent years, including sector-specific hydrocarbon and mining codes, have removed some uncertainty for foreign investors. Also, the prospect of continued improvements to political stability and security, additional pro-business reforms and lure of untapped resources and markets should support inflows of foreign capital. Additional FDI could materialise in a variety of sectors such as construction, mining, petrochemicals, oil-refining, agro-business, light manufacturing, structured industries, telecommunications, power generation and distribution, consumer goods retailing and finance.

Efficiency of Legal System in Challenging Government Regulations, 2016-17



Source : World Economic Forum, 'Global Competitiveness Report'

Note: 1 = extremely inefficient, 7 = highly efficient

The judicial system is poor by international and regional standards. The legal system can lead to severe delays in dispute resolution and the judiciary is vulnerable to political or financial interference, which can result in rulings against foreign investors in favour of local vested interests. Consequently, foreign investment agreements often stipulate that any dispute settlement must go through international arbitration and avoid the local judicial system. Nevertheless, there is no guarantee that local courts will recognise and implement the decisions reached at international dispute settlement.

Recommendations

- Plan for the risk of competitors influencing dispute resolution, regulations and licensing.
- Expect the government to retain a pro-FDI stance in strategic growth sectors.
- Seek expert insight into the terms and conditions of sector-specific investment codes.

PERSPECTIVES

The following sections provide an overview of the broader/longer-term factors that influence the way that business is done in Cote d'Ivoire. These factors provide the foundations upon which the economy is built and the frameworks within which business is done, and provide a richer insight into the background influences that lie beyond the raw data and focused insight that is supplied elsewhere in the report.

THE ECONOMY

Economic Overview

Cote d'Ivoire has been among the fastest-growing economies in Africa in recent years, largely as a result of a surge in public and private investment since the 2010-11 political crisis. The government is implementing the current National Development Plan covering the period 2016-20, which focuses on infrastructure development (including transport, energy, water and housing), structural reforms and private sector-led inclusive growth. The government aims to double oil and gas output by 2020, and greatly increase agricultural production. The over-arching aim is to establish Cote d'Ivoire as a fully-fledged emerging economy by 2020.

The economy is heavily dependent on the agricultural sector. Up to 70% of the population is engaged in some form of agricultural activity, dependent on rain-fed small-holder cash-crop production. The main commercial crops are cocoa, coffee, cashew nuts, sugar, palm oil and rubber, many of which have benefited from price guarantee schemes and public-private investment programmes.

Economic Framework

Industrial Relations and the Labour Market

The majority of workers in Cote d'Ivoire are engaged in the informal sector and consequently are not unionised. There are two main labour organisations: the Federation of Independent Trade Unions (Federation des Syndicats Autonomes) and the General Workers Union (Union Generale des Travailleurs). Lengthy negotiations and a six day notice period must be adhered to before legal strikes can take place, and most strikes occur in the public sector. Collective bargaining agreements affect many private businesses, as well as the public sector. There is a large skills gap in many parts of the labour market and immigrant labour plays an important role in some sectors, particularly agriculture.

Fiscal Framework

Fiscal policy is governed by national objectives, constrained by over-arching convergence targets set by the West African Economic and Monetary Union (WAEMU) and guided by external creditors. The regional norm for the fiscal budget deficit is around 3.0% of GDP, which currently requires a process of medium-term fiscal consolidation in many WAEMU members including Cote d'Ivoire. The tax regime is fairly simple in terms of rate structure (including corporation tax, payroll tax, social security contributions and VAT), but patchy and selective implementation can create uncertainty. The government aims to reform and broaden the tax base through to 2020.

Monetary Regime

Monetary policy is determined by the regional central bank, Banque Centrale des Etats de l’Afrique de l’Ouest (BCEAO), which prioritises maintaining price stability across the eight countries making up WAEMU and maintaining the CFA franc's euro peg. Monetary policy is heavily influenced by the ECB, and tends to follow the interest rate decisions imposed by the ECB.

Exchange Rate Regime

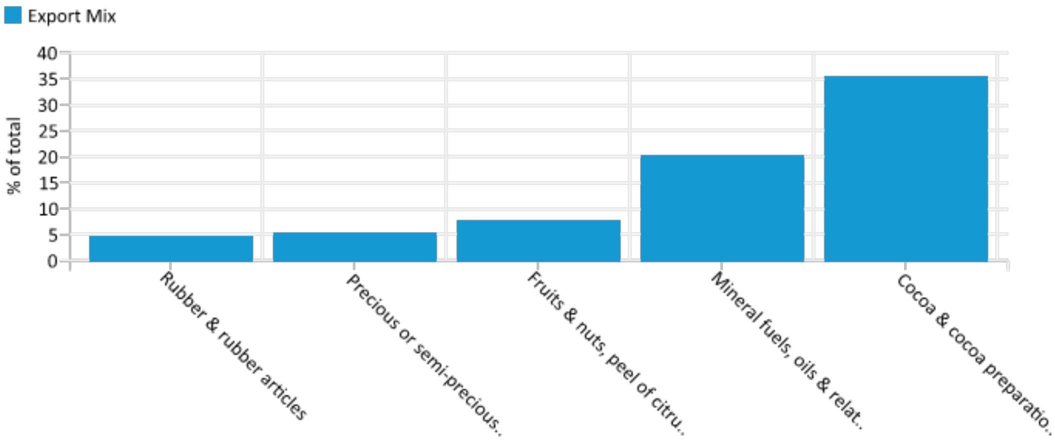
As a member of the CFA franc zone, Cote d'Ivoire shares a common currency, pegged to the euro at a rate of XOF655.957:EUR. This ensures exchange-rate stability, although the euro-zone debt crisis raises concerns about the future of the euro and the CFA franc peg.

Export Profile

Cote d'Ivoire's major exports are agricultural commodities and derivatives (including cocoa, coffee, fruit and nuts, rubber, palm oil and cotton), crude and refined petroleum products, gold and timber. Cote d'Ivoire accounts for around one-third of world cocoa production. Petroleum exports have become increasingly important and represent almost one-fifth of total exports. The government aims to diversify exports and develop a non-hydrocarbon mining sector, particularly for gold, diamonds, nickel, copper and iron ore.

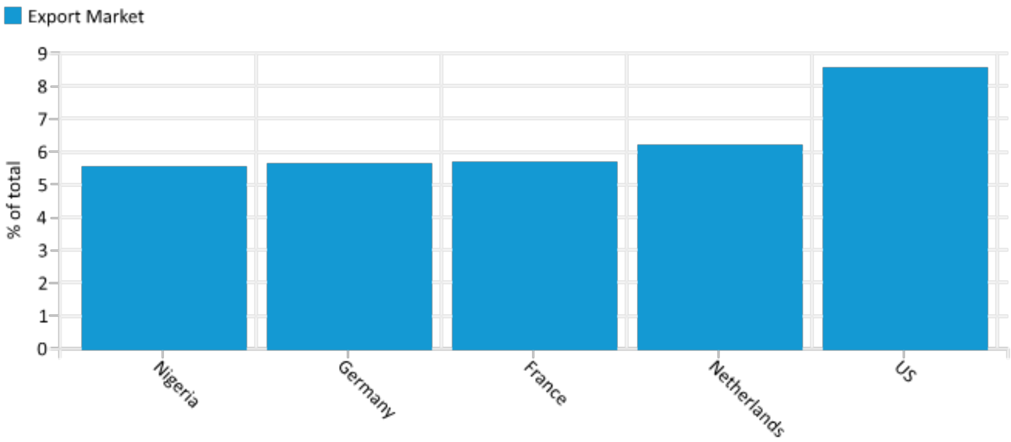
The euro zone accounts for one-third of Cote d'Ivoire's total exports, reflecting historic links with Europe and its membership of the CFA franc zone, which facilitates trade with Europe. Euro-zone chocolate manufacturers are the major market for Cote d'Ivoire's cocoa exports. Intra-regional trade across West and Central Africa is a major destination for Ivorian goods, and one that is likely to be under-reported given the high degree of informal or unofficial trade flows. North America is an important market, while Asia is gaining importance as an export destination, particularly southern Asia (India), southeast Asia (Vietnam and Malaysia) and China. India and China are keen to secure access to the country's supplies of crude oil and solid minerals.

Export Mix (Top 5)



Source : Comtrade/Dun & Bradstreet

Export Markets (Top 5)

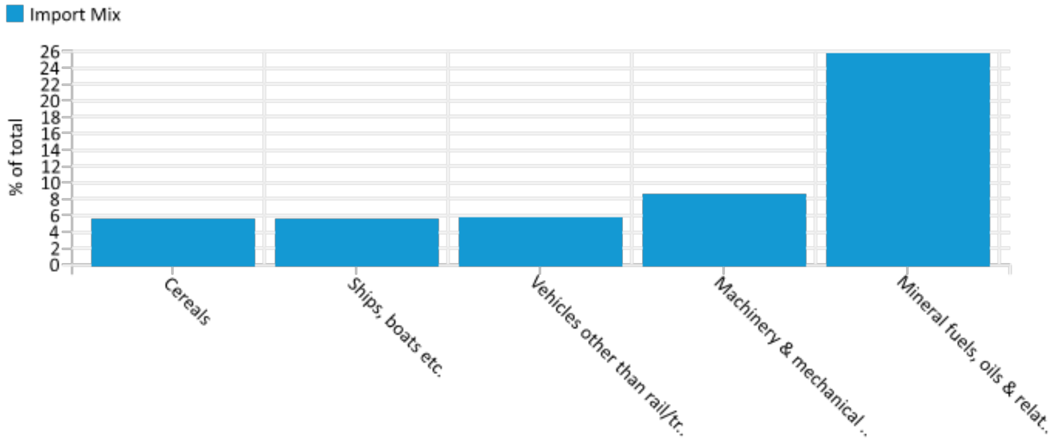


Source : IMF DOTS/Dun & Bradstreet

Import Profile

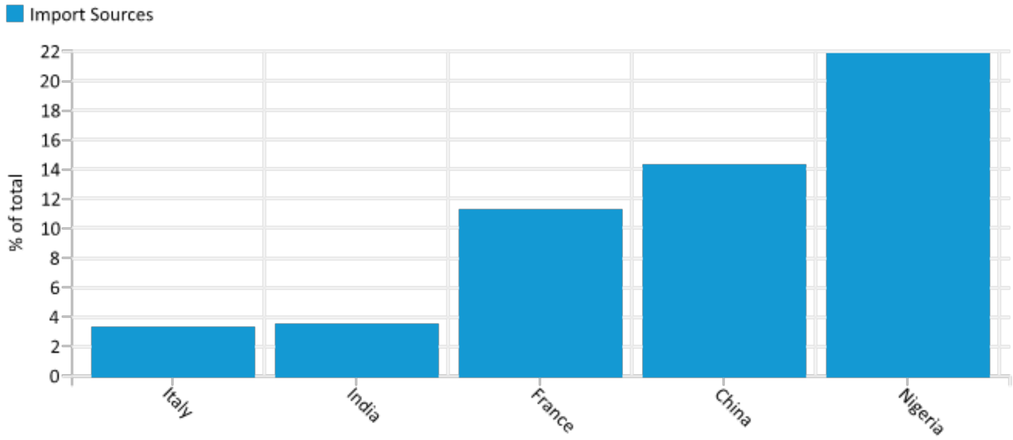
Cote d'Ivoire's imports have grown quickly in recent years, reflecting investment in transport, energy and utilities infrastructure and the demand for consumer goods. Refined petroleum products, rice and machinery are the main imports. Nigeria is the most important single supplier to Cote d'Ivoire, which reflects crude oil imports for refining at SIR's refinery, largely for re-sale back to Nigeria. Import trade from Nigeria (and other neighbouring countries) is likely to be under-reported given the large amount of unofficial or informal trade that takes place in the region. Euro-zone countries, particularly France, supply a high proportion of imports, mostly capital goods and manufactured goods, with membership of the CFA franc zone facilitating trade between Cote d'Ivoire and the EU. China and (to a lesser extent) India are rapidly increasing their share of Cote d'Ivoire's import mix through competitively priced manufactured and consumer goods (including food and beverages), machinery and equipment.

Import Mix (Top 5)



Source : Comtrade/Dun & Bradstreet

Import Sources (Top 5)



Source : IMF DOTS/Dun & Bradstreet

POLITICS

Cote d'Ivoire has enjoyed relative political stability and greatly improved security since the disputed elections of 2010-11 that were marred by politically motivated violence and armed conflict. Presidential elections in October 2015 were relatively incident free and legislative elections in December 2016 passed relatively peacefully and provided the incumbent political alliance (the Rassemblement des houphouetistes pour la democratie et la paix, or RHDP) with a very comfortable majority of 167 seats (of 255) in the National Assembly. The current president, Alassane Ouattara, has a strong mandate and is pursuing a policy agenda that includes pro-business reforms, investing in essential infrastructure and attempts to reduce the influence of former rebel leaders involved in the political crisis of 2010-11. There is an ongoing risk that civil unrest could erupt again in the country given the ethnic, religious and political divides that persist.

Constitutional Arrangements

The constitution (revised in 2000) provides for a presidential political system. The president is directly elected by universal suffrage for a five-year term and selects and directs the cabinet and prime minister. The constitution provides for a two-term limit and an age limit of 75 on presidential candidates. Further constitutional amendments were introduced in November 2016 (following approval at a national referendum in October), which allow for presidential candidates to have only one natural born Ivorian parent (previously both parents needed to be Ivorians), created the post of vice president (appointed by the president and not requiring parliamentary approval) and introduced a second parliamentary chamber, the Senate.

Legislature

The National Assembly passes legislation typically introduced by the president, acting as a virtual rubber-stamping body due to the dominance of the ruling party, although it can also introduce legislation. The Senate was created through constitutional changes in late 2016 and will share legislative responsibilities with the National Assembly. Members of the National Assembly are elected in single- and multi-district elections by direct popular vote to serve five-year terms. The Senate is composed of Ivorians recognised for their expertise and skills, one-third of which will be appointed by the president.

Executive

The constitution provides for a strong presidency within the framework of a separation of powers, while constitutional amendments seek to strengthen and concentrate power in the executive, particularly the presidency. The president is elected for a five-year term. The president is commander-in-chief of the armed forces, can negotiate and ratify certain treaties, and may submit a bill for a national referendum or to the National Assembly. The cabinet is normally selected by and is responsible to the president. The new position of vice president aims to prevent a power vacuum and enable the state to continue functioning in the absence of the president.

Political Parties

Rally of Houphouetists for Democracy and Peace (Rassemblement des houphouetistes pour la democratie et la paix, RHDP): The RHDP is the ruling political alliance which holds a dominant position in the National Assembly, having won 167 of 255 seats in the December 2016 legislative election. The political alliance is made up of two parties. The senior party in the alliance is the *Rally of the Republicans (Rassemblement des Republicains, RDR)* which is led by President Alassane Ouattara, has a liberal political philosophy and strong support base in the north. The second party in the alliance is the *Democratic Party of Cote d'Ivoire-African Democratic Rally (Parti Democratique de la Cote d'Ivoire-Rassemblement Democratique Africain, PDC-IRDA* but known as the *PDCI)*: The PDCI's 'core' region is the terrain of the Baoule ethnic group in the centre and east of the country.

Ivorian Popular Front (Front Populaire Ivoirien, FPI): The FPI was the former ruling party but is in disarray following the removal of its leader, Laurent Gbagbo, as president in 2011. The FPI boycotted the National Assembly election in December 2011, the national referendum held on the new constitution in October and legislative elections of 2016. The FPI continues to pose a threat to political stability as it retains considerable popular support in parts of the country. The government and the FPI are engaged in talks aimed at national reconciliation and avoiding a repeat of the crisis of 2010-11, but progress is slow and the situation remains fragile.

Interest Groups

Business Groups

The government held great sway over business during the years of one-party rule, and as a result, the country suffers from corruption and cronyism. Much of business remains in the hands of the PDCI-RDA elite.

Armed Forces and Militias

The government is attempting to disarm, demobilise and reintegrate former government, rebel and militia forces as part of its peace and reconciliation process. However, progress is slow, some former rebel commanders retain troops under their command and disagreement among the political and military elite continues to pose a threat to national security.

Ethnicity and Religion

There are some 60 ethnic groups in Cote d’Ivoire. The main tribe, the Akan, owns much of the large-scale cocoa industry. Religion is also a distinguishing factor: the north of the country is mostly Muslim and the south predominantly Christian. Most of the main political forces have their power base in one of these groups, making ethnicity and religion important considerations when building a government. Election campaigns tend to increase ethnic tensions. Much of the ethnic violence centres on cocoa regions, with the Bete and Senoufo tribes competing for control of the smaller-scale cocoa farms. Tensions also arise from a deep-rooted xenophobia. A large number of immigrant West Africans has led to significant social tensions, inspired partly by official rhetoric. This anti-foreigner feeling has sometimes been extended to France and other European countries.

International Environment

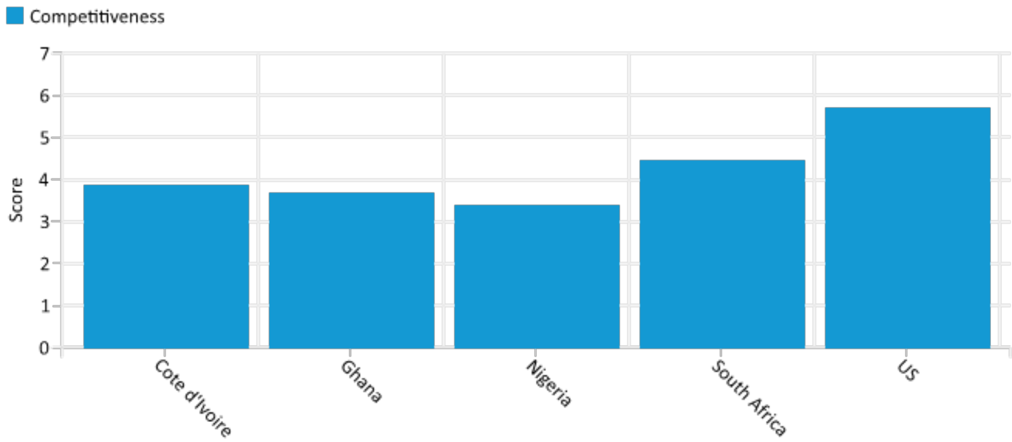
Cote d’Ivoire’s international relations are shaped by its historical ties to Europe and its development objectives, which include more diversified trade and investment relations. Relations with neighbouring Ghana and Liberia can be strained owing to the presence of supporters of former-president Laurent Gbagbo in these countries and in the case of Ghana, a dispute over national territory.

Improvement to the domestic political and security situation since 2010-11 resulted in all international sanctions being lifted from Cote d'Ivoire in 2016. Cote d’Ivoire is a member of the UN and participates in most of the UN’s specialised agencies. Cote d’Ivoire participates in other bodies such as: the African Union, West African Economic and Monetary Union, Economic Community of West African States, African Mauritian Common Organisation and the Council of Entente. Cote d’Ivoire belongs to multilateral organisations, including the IMF, the World Bank, the European Investment Bank and the African Development Bank, and has been a member of the WTO since 1995. In 2004, Cote d’Ivoire joined the Community of Sahel and Saharan States. Cote d’Ivoire is a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the World Bank Multilateral Investment Guarantee Association and the ‘Washington Convention’, the Convention on the Settlement of Investment Disputes between States and Nationals of Other States. It is signatory to at least seven bilateral investment treaties, and has agreed an EPA with the EU.

COMMERCIAL CULTURE

Cote d'Ivoire's commercial environment is improving as a result of progress in recent years in terms of better security and political stability, implementation of various pro-business reforms and ongoing infrastructure development. However, conducting business is complicated by factors such as excessive bureaucracy, regular power outages, weak public institutions and corruption among officials. The government will continue to pursue a programme of business-friendly reforms and essential infrastructure development aimed at trade facilitation. The National Development Plan for 2016-20 encompasses various structural reforms that seek to encourage private-sector-led growth.

Competitiveness, 2016-17



Source : World Economic Forum, 'Global Competitiveness Report'

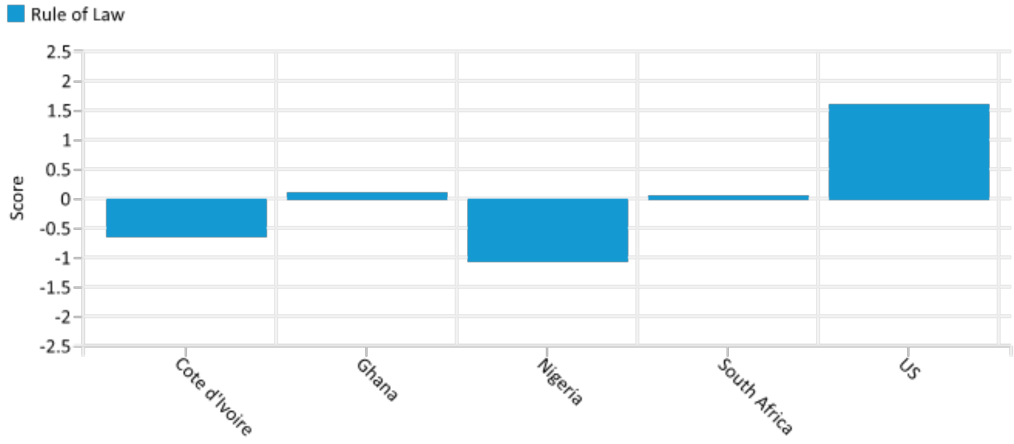
Note: 0 = least competitive, 7 = most competitive

Infrastructure

Cote d'Ivoire offers a relatively well-developed (compared with regional peers) and improving road infrastructure, although the national rail network lacks coverage and offers a poor service. The country's largest port at Abidjan (the second largest in West Africa) is subject to an upgrade and expansion project aimed at improving port capacity, dwell times and throughput in order to present the port as a major maritime hub for West Africa. The second largest port at San Pedro is the focus of agricultural commodities trade (including cocoa, coffee, rubber and palm oil) and has its own upgrade and expansion project. Cote d'Ivoire has a fairly modern international airport (Felix Houphouet-Boigny Airport near Abidjan) with reasonably good connectivity across Africa and further afield. Telecommunications services are good, including extensive mobile phone coverage and reasonably good internet access. Electricity coverage is high by regional standards, at around 60% of the population (although there is a large disparity between rural and urban areas), and Cote d'Ivoire exports power to neighbouring countries. However, electricity shortages and interruptions can still be problematic for businesses. Currently, power generation capacity is around 1,800MW and the government hopes to raise this to around 4,000MW by 2020, through public and private sector investment.

Legal and Regulatory Environment

Rule of Law, 2015



Source : World Governance Indicators/World Bank

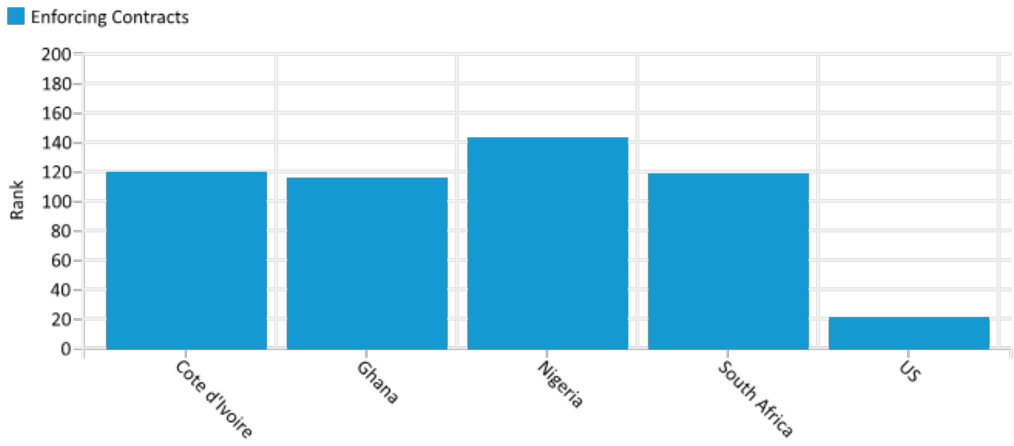
Note: -2.5 = worse performance, +2.5 = better performance

Judicial Environment

The judiciary is constitutionally independent, but is slow, inefficient and subject to executive branch, military and other outside influences. Judges serve at the discretion of the executive and it is common for judges, who are open to bribery, to distort case outcomes. In addition, freehold tenure outside urban areas remains difficult as traditional property rights of ethnic groups prevent the sale of land; most businesses are forced to opt for long-term leases.

Enforcement of Contracts / Arbitration

Enforcing Contracts, 2017



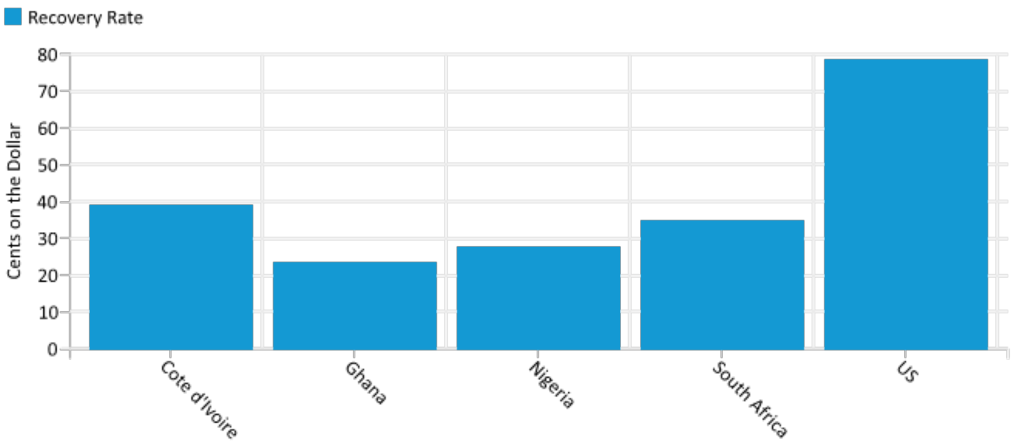
Source : World Bank 'Doing Business Report'

Ranking: Low score = best, High score = worst

Contract enforcement in Cote d'Ivoire is time-consuming, costly and fraught with uncertainties. Court cases move very slowly and the judiciary has been known to ignore the legal or contractual merits of a case and rule in favour of local entrenched interests, at the expense of foreign claimants. In order to avoid the local legal system, foreign firms often stipulate that contractual disagreements must be resolved through international commercial arbitration. However, national or international judicial decisions can be difficult to enforce locally. Cote d'Ivoire has improved the processes surrounding contract enforcement in recent years, which includes introducing new provisions on voluntary mediation and simplified fast-track procedure for small claims.

Bankruptcy and Insolvency

Recovery Rate, 2017



Source : World Bank, 'Doing Business Report'

Cote d'Ivoire has commercial and bankruptcy laws that address liquidation of business liabilities. Monetary judgements from bankruptcy proceedings are usually paid in local currency. Bankruptcy, debt collection and the rules governing business transactions are covered by the uniform Acts for the Organisation and Harmonisation of Business Law (OHADA). The OHADA permits three different types of bankruptcy liquidation: an ordered suspension of payment to permit a negotiated settlement; an ordered suspension of payment to permit restructuring of the company; and the complete liquidation of assets. Creditors' rights are protected equally by the act irrespective of nationality. Cote d'Ivoire has improved the processes surrounding resolving insolvencies in recent years, which includes new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.

Corporate Governance

Company legislation closely follows comparable provisions in France. The most common company formats are the public company limited by shares (Societe Anonyme) and the private company limited by shares (Societe a Responsabilite Limitee). Investor liability for these companies is restricted to the amount invested. The formation of a public company must be published in the journal of legal notices and in the official Gazette. Foreign interests establishing in the country have the choice of either incorporating locally or operating as a branch of a parent company.

Corruption

Corruption is deeply engrained in public and private sector practices and remains a serious impediment to trade and investment in Cote d'Ivoire. Customs clearance can be subject to bureaucratic interference and demands for unofficial fees. Separately, demands for facilitation fees on public and private contracts are common, while judicial decisions can be affected by vested interests. Corruption and lack of capacity in the judicial system and security services can cause poor enforcement of private property rights.

Sanctions

The UN, along with the EU and countries such as the UK, the US, Australia and Canada, imposed arms and diamond embargoes on Cote d’Ivoire in 2004. However, embargoes and sanctions were fully lifted from Cote d'Ivoire in 2016.

STATISTICAL REFERENCE

Key Indicators and Forecasts

Historical Data

Metric	2012	2013	2014	2015	2016
Real GDP growth (%)	10.7	9.2	8.5	9.5	9.3
Nominal GDP in USDbn	27	31	34	32	35
Nominal GDP in local currency (bn)	13,829	15,476	16,936	18,775	20,666
GDP per Capita in USD	1,284	1,449	1,546	1,398	1,499
Population (year-end, m)	21.1	21.6	22.2	22.7	23.3
Exchange rate (yr avge, USD-LCU)	510.53	494.04	494.42	591.45	593.01
Current Account in USDbn	-0.3	-0.4	-0.2	-0.3	-1.0
Current Account (% of GDP)	-1.2	-1.4	-0.7	-0.9	-2.7
FX reserves (year-end, USDbn)	3.9	4.2	4.5	4.7	4.9
Import Cover (months)	4.0	4.2	4.5	4.8	4.8
Inflation (annual avge, %)	1.3	2.6	0.4	1.3	0.7
Govt Balance (% GDP)	-2.6	-2.3	-2.2	-2.9	-3.9

Source : Haver Analytics/Dun & Bradstreet

Forecasts

Metric	2017f	2018f	2019f	2020f	2021f
Real GDP growth (%)	8.1	7.3	7.1	6.2	6.3
Nominal GDP in USDbn	37	41	46	51	58
Nominal GDP in local currency (bn)	22,585	24,694	27,056	29,366	32,214
GDP per Capita in USD	1,561	1,698	1,850	2,013	2,215
Population (year-end, m)	23.8	24.4	25.0	25.6	26.2
Exchange rate (yr avge, USD-LCU)	607.42	596.26	585.77	570.68	555.6
Current Account in USDbn	-1.2	-1.5	-1.5	-1.3	-1.3
Current Account (% of GDP)	-3.2	-3.6	-3.2	-2.6	-2.2
FX reserves (year-end, USDbn)	5.0	5.2	5.3	5.4	5.5
Import Cover (months)	4.8	4.9	4.6	4.7	4.7
Inflation (annual avge, %)	1.1	1.9	2.3	2.2	3.2
Govt Balance (% GDP)	-4.6	-4.0	-3.5	-3.1	-3.2

Source : Haver Analytics/Dun & Bradstreet

Comparative Market Indicators

Indicator	Cote d'Ivoire	Ghana	Nigeria	S. Africa	US
Income per Capita (USD)	1,398	1,368	2,681	5,699	55,326
Country Population (m)	22.7	27.4	182.2	54.5	321.8
Internet users (% of population)	21	23.5	47.4	51.9	74.5
Real GDP Growth (% p.a., 2017 - 2026)	5.5 - 7.5	4.5 - 5.5	5.5 - 7	1.5 - 2.5	1.8 - 2.5

Source : Various sources/Dun & Bradstreet

USER GUIDE

Ratings and Indicators

Traffic Light System

The traffic light system used in this report gives you a speedy way of assessing the balance of risks and opportunities in a given country or category of analysis for that country. Three traffic lights are used:

G	Green: indicates that positive factors/influences dominate.
A	Amber: indicates that there is a balanced mixture of negative/positive factors/influences.
R	Red: indicates that negative factors/influences dominate.

The traffic light indicators act as a quick guide to the overall balance between the detailed analytical components covered elsewhere in the report. This allows you to rapidly identify areas of concern or promise, which you can then explore further, either elsewhere in the report or via the content of the other products in our portfolio. You should always use the more detailed analysis as the basis for any further investigation/assessment/decision-making.

Dun & Bradstreet Risk Indicator

Dun & Bradstreet's Country Risk Indicator provides a comparative, cross-border assessment of the risk of doing business in a country. The risk indicator is divided into seven bands, ranging from DB1 to DB7. Each band is subdivided into quartiles (a-d), with 'a' representing slightly less risk than 'b' (and so on). Only the DB7 indicator is not divided into quartiles.

The individual DB risk indicators denote the following degrees of risk:

DB1	Lowest Risk	Lowest degree of uncertainty associated with expected returns, such as export payments and foreign debt and equity servicing.
DB2	Low Risk	Low degree of uncertainty associated with expected returns. However, country-wide factors may result in higher volatility of returns at a future date.
DB3	Slight Risk	Enough uncertainty over expected returns to warrant close monitoring of country risk. Customers should actively manage their risk exposures.
DB4	Moderate Risk	Significant uncertainty over expected returns. Risk-averse customers are advised to protect against potential losses.
DB5	High Risk	Considerable uncertainty associated with expected returns. Businesses are advised to limit their exposure and/or select high-return transactions only.
DB6	Very High Risk	Expected returns subject to large degree of volatility. A very high expected return is required to compensate for the additional risk or the cost of hedging such risk.
DB7	Highest Risk	Returns are almost impossible to predict with any accuracy. Business infrastructure has, in effect, broken down.

HEADLINE CATEGORY DESCRIPTIONS

These headline categories combine the analysis from a number of detailed categories in order to provide focused analysis of business-critical issues.

Credit Environment Outlook

This category assesses the factors that affect the country's credit environment, and helps cross-border traders and investors understand the level of risk related to non-payment or delayed payment.

Supply Environment Outlook

This category covers the factors that could disrupt supply chains associated with the country, thus allowing cross-border traders and investors to assess risks in this area.

Market Environment Outlook

This category provides an assessment of the factors affecting the market environment over the short- to long-term; this assessment will help businesses involved in cross-border trade and/or investment to make informed decisions about increasing, maintaining or decreasing business links in a country.

Political Environment Outlook

This category helps cross-border traders and investors to understand the risks associated with expropriation/nationalisation, and also takes account of intentional human actions that could affect the quality of the business environment.

DETAILED ANALYTICAL CATEGORY DESCRIPTIONS

These analytical categories provide our most detailed, in-depth coverage of the core components of risks and opportunities associated with a given country. Together, they embody our broadest, deepest assessment of a country's risk and opportunity environment.

Short-term Economic Outlook

Analyses the economy/business cycle over the next 2-8 quarters, identifying recession, recovery, growth or stagnation. Helps businesses anticipate the impact of short-term developments in the sphere of aggregate supply and demand.

Long-term Economic Potential

Assesses long-term economic prospects over the next 5-15 years on the basis of trends in the physical environment, natural and human capital, and demographics and labour supply. Helps businesses foresee the long-term impacts on market potential of factors such as ageing, resource depletion and innovation.

Market Potential

Covers the ability of foreign providers of goods and services to access a target country's markets. This helps businesses understand the practical and regulatory barriers, as well as incentives and opportunities.

FX Risk

Looks at the risk of lack of FX, significant devaluation or depreciation, or any instability of the exchange rate over the next 90-180 days. This helps businesses anticipate the pressures facing customers billed in foreign currency, or the risks if their receivables are in local currency.

Transfer Risk

Covers the risk of existing or new regulations, requirements or other government actions preventing, delaying or burdening cross-border transactions. This helps businesses to anticipate risks related to cross-border payments arising from the regulatory environment.

Business Regulatory Environment

Assesses the risks and opportunities in the business environment associated with regulations, institutions and business culture. This helps businesses assess how intangible aspects of the business environment can facilitate business operations or otherwise.

Business Continuity

This category looks at factors that could affect the physical supply chain due to the effects of natural phenomena or other unintended consequences. This helps businesses anticipate the likely/current impacts of extreme weather, seismic activity and inadequate/improved infrastructure.

Political / Insecurity Risk

This covers the risk of disruption of business operations and the services of a functioning economy due to the negative effects of intentional human action on civil peace and internal/cross-border security. This helps businesses to understand the context and risk spectrum for threats arising from social and political disturbances.

Expropriation / Nationalisation Risk

This category assesses the risk of forcible/compulsory, full/partial loss of control or ownership of assets at the hands of a sovereign government, and whether or not there is compensation or judicial redress. This helps businesses understand the country's track record in this respect and highlights the risks posed by acts of expropriation/nationalisation.

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