Policy brief

Côte d'Ivoire: macroeconomic and trade profile

Opportunities and challenges towards implementation of AfCFTA

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Key messages

- Since the end of the political crisis in 2011, Côte d'Ivoire has been one of the fastest growing economies worldwide. Gross domestic product (GDP) grew annually by 8.2% from 2012 to 2019. Amid Covid-19 in 2020, GDP grew by 2%, backed up by years of strong economic fundamentals post-conflict and rapid policy response. GDP is forecast to grow by up to 6.5% in 2021, and up to 7.7% annually until 2025.
- Côte d'Ivoire is a net goods exporter, but the importance of goods exports (as percentage of GDP) declined from 25.6% of GDP to 20.1% of GDP from 2015 to 2020. This was been driven by reduced export value of Côte d'Ivoire's cocoa (a major export) to its largest export destinations (e.g., the United States (US), Germany and Belgium).
- Exports are dominated by cocoa, cashew nuts, gold, oil, rubber and cotton but there is room to support exporting of soap, chocolates, coffee extracts, bananas and cosmetics in view of increasing world demand of and/or Ivorian efficiency on these products
- Côte d'Ivoire has been a net goods exporter with Africa since 2015, but the surplus has been narrowing, with exports and imports reaching $2.9 billion and $2.4 billion, respectively, in 2019. The importance of intra-African trade (as a percentage of Côte d'Ivoire's total goods exports plus imports) fell from 29.5% in 2015 to 23% in 2019.
- Foreign direct investment (FDI) in Côte d'Ivoire has been concentrated in telecommunications, agro-processing and extractive sectors (and in Abidjan). The government aims to address business and investment constraints through prioritisation of industrialisation and private sector development in its latest medium-term plan.
- There is little to no evidence that Côte d'Ivoire has traded yet under the African Continental Free Trade Area (AfCFTA). But the country has proactively created an AfCFTA national committee, validated the national strategy and coordinates with regional initiatives to support AfCFTA. Further analysis (e.g., on institutional, regulatory and regional constraints) is needed on the remaining blockages to intra-African trading.

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About this publication

This paper aims to inform relevant stakeholders, including the private sector and non-AfCFTA experts, on Côte d'Ivoire's current economic situation and implementation of AfCFTA. The paper is structured as follows. Section 1 discusses the recent socioeconomic development in Côte d'Ivoire, followed by the country's trade landscape and business environment (Section 2). Section 3 presents Côte d'Ivoire's intra-African trade performance and status of AfCFTA implementation. The final section summarises the paper's analysis through a SWOT (strengths, weaknesses, opportunities and threats) presentation.

This paper is part of the ODI–GIZ policy paper series under a larger project titled: 'GIZ Support Programme to the AfCFTA'. The Programme supports the GIZ's partners on the continental (AU Commission, AfCFTA Secretariat), regional (currently East African Community, EAC and Economic Community of West African States, ECOWAS; planned Southern African Development Community, SADC) and national levels on the negotiations and implementation of the AfCFTA.

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1 Recent socioeconomic developments

Since the end of the political crisis in 2011, Côte d'Ivoire has been one of the fastest growing countries worldwide, with an annual growth of 8.2%[1] from 2012 to 2019. The IFC (2020) highlighted five key elements that contributed to this sustained growth: acceleration of public investment; strong agricultural production and diversification of agricultural exports; increase in FDI; improvement in access to digital services; and improvement in access to electricity at low prices (albeit with disruptions in late 2020 to August 2021).[2] Poverty, employment and income per capita, which deteriorated during the peak of the political crisis in late 2010, have substantially improved in the post-conflict period (Table 1).

During the Covid-19 pandemic, Côte d'Ivoire managed to record a 2% growth rate, backed up by a decade of strong economic fundamentals, rapid policy response to the pandemic, relatively lower dependency on sectors (e.g., tourism, services)[3] hit hardest by Covid-19 measures, and access to external financing (IMF, 2021b). To mitigate the impact of the pandemic, the Ivorian government deployed fiscal measures worth 2.5% of 2020 GDP[4] (IMF, 2021c). Most measures related to tax relief were swiftly implemented, although loans (which require compliance with eligibility criteria) extended to the agricultural sector had a low execution rate (ibid.).

The Ivorian economy is expected to have a quick rebound to 6% in 2021 and 6.5% in 2022, driven by expected recovery of the export sector (World Bank, 2021b; IMF, 2021b) (Table 2). However, downside risks to this growth outlook include containment of new Covid-19 variants, limited access or deployment of vaccines, as well sharp increase in risk premia in the international financial markets (IMF, 2021c). Domestically, downside risks include a longer-than-expected dry season, delays in government reforms, dampen private investment and deterioration of fiscal accounts. The deterioration of security in northern Côte d'Ivoire may also dampen growth (ibid.).

On the upside, the economy might perform above projections if its new National Development Plan (NDP) for 2021–2025 can induce confidence and investment and further lift productivity and growth (IMF, 2021c). With implementation of the new NDP, the government forecasts 6.5% growth of the economy in 2021, with an annual average growth rate of 7.7% from 2021 to 2025 (ibid.).

[1] Author's computations based on IMF (2021a) data.
[2] The IFC (2020) refers to development in access to electricity between 2011 and 2019. Recently, Côte d'Ivoire experienced energy shortages following a longer-than-usual dry season and breakdown in one of the thermal power plants (Section 2.3).
[3] For example, Côte d'Ivoire's international tourism receipt as percentage share of exports as of 2018 was 4.3%, lower than in sub-Saharan Africa (8.5%) or the Middle East and North Africa (9.2%) (WDI, 2021). Figure 1.B also shows the relatively lower share of trade in services as percentage of GDP in Côte d'Ivoire compared to other African countries.
[4] IMF (2021c) includes estimates of fiscal resources allocated or planned in response to the Covid-19 pandemic since January 2020, which will cover implementation in 2020, 2021 and beyond.

Table 1 Côte d'Ivoire country facts and social indicators

Capital: Yamoussoukro			
Geographical size: 322,463 km^2; shares border with Guinea, Liberia, Mali to the north-west, Burkina Faso and Ghana			
Languages: French, indigenous languages			
Religions: Islam, Christianity, indigenous beliefs			
Currency; exchange rate: CFA franc; 575.6 franc = 1US$ as of 2020, period average			
	2000	**2010**	**2020/latest**
Population (million)	16.5	20.5	26.4
Dependency ratio (%)[1]	81.5	81.5	74.6[2]
Life expectancy (years)	49.6	53.0	57.8
Mean years of schooling	3.3	4.2	5.3[3]
GNI per capita (constant 2017 PPP$)	3,870	3,527	5,069[2]
Poverty rate (% of population living at less $1.9 a day (2011 PPP)	24.4[4]	30.4[5]	26.4[6]
Unemployment rate (%)	4.5	6.7	3.5
Gender inequality index[7]	0.688[8]	0.678	0.638[2]
Human development index[9]	0.421	0.468	0.538[2]

Notes: 1 dependency ratio of the young (0–14 years old) to the working-age (15–64 years old) population; 2 as of 2019; 3 as of /2019 or latest; 4 as of 2002; 5 as of 2008; 6 estimate; 7 higher score = higher gender inequality; 8 as of 2005; 9 higher score = better human development; GNI = gross national income; PPP = purchasing power parity.
Sources: AfCFTA Secretariat (2021a); World Bank (2021a); WDI (2021); UNDP (2021).

Table 2 Selected macroeconomic performance indicators and forecast[1]

	2019	2020	2021f	2022f	2023f
Real GDP (% growth)	6.2e	2.0e	6.0	6.5	6.4
Consumer prices (% growth)	0.8	2.4e	3.0	2.5	2.2
Total investment (% of GDP)	20.1e	22.2e	22.9	24.6	24.9
Government revenue (% of GDP)	15.0	15.0	14.6	15.3	15.4
Government expenditure (% of GDP)	17.3	20.6	20.2	20.0	19.2
Fiscal balance (% of GDP)	–2.3	–5.6	–5.6	–4.7	–3.8
Public debt (% of GDP)	38.8	47.7	50.2	51.1	51.2
Credit to the economy (% growth)	6.1	6.0e	5.1	4.6	
Current account balance (% of GDP)	–2.3e	–3.5e	–3.8	–3.4	–3.5

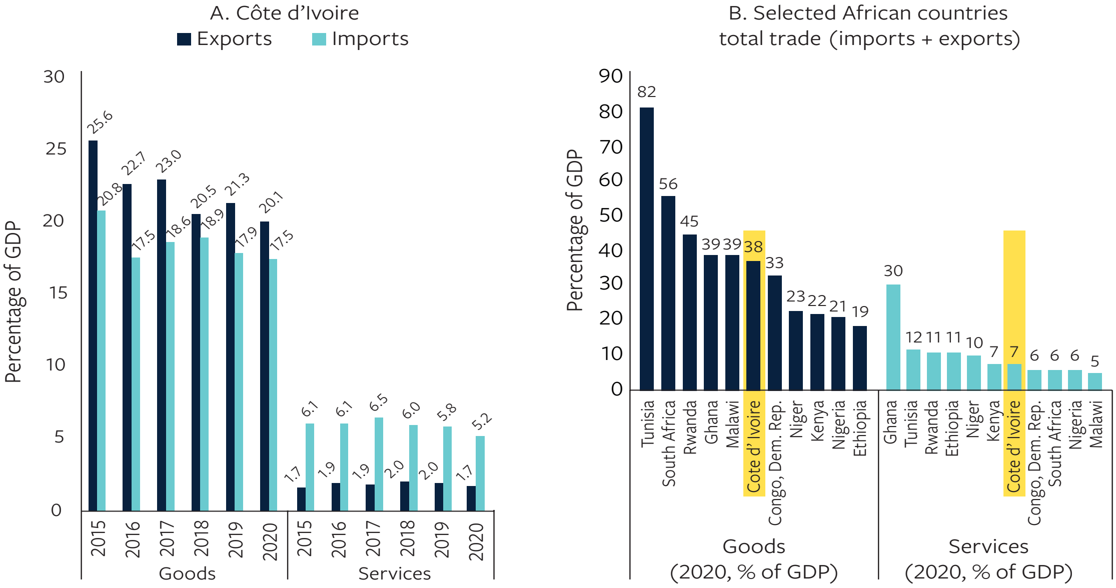
Note: 'e' and 'f' indicate estimate and forecast, respectively.
Sources: IMF (2021a; 2021b).

2 Trade landscape and business environment

2.1 **Trade landscape**

Côte d'Ivoire's trade[5] openness (45% of GDP)[6] is on par to that in sub-Saharan African countries overall (43% of GDP[7]) as of 2020 (also see Figure 1B). The country has been a net exporter of goods but a net importer of services (Figure 1A). Trade in services (as % of GDP) has been relatively stable in the past five years. On the other hand, the importance of goods exports (as % of GDP) has declined from 25.6% to 20.1% of GDP from 2015 to 2020 (Figure 1A). This has been driven by double-digit declines of the value of exports to some major partners (e.g., US, Germany and Belgium), driven by reduced value of exports of cocoa beans.[8]

Figure 1 Trade in goods and services (as % of GDP)



Source: authors' computations based on UNCTAD data accessed in November 2021.

By destination, the largest shares of Ivorian exports went to the Netherlands (11.4%), US (8.3%), France (5.5%), Germany (5.4%), Vietnam (5.2%) and Belgium (5.1%) from 2015 to 2019.[9] Côte d'Ivoire is currently eligible for duty-free access to the United States (US) through the African Growth and Opportunity Act (US) which started in 2002, halted in 2005, and re-admitted since 2011 (WTO, 2017; ITA, 2021). Through an economic partnership agreement with the EU, Ivorian exporters also

[5] Total trade refers to the sum of imports and exports.
[6] Author's computations based on UNCTAD data.
[7] Based on WDI data.
[8] Author's computations/analysis based on WITS data.
[9] Author's computations/analysis based on WITS data.

have duty-free, quota-free access to the European Union (EU) market (EC, 2020). In the last five years to 2019, almost three-quarters of exports have been dominated by commodities in primary forms – such as cocoa, cashew nuts, gold, petroleum oil, natural rubber and cotton. Côte d'Ivoire is the world's largest cocoa bean exporter, accounting for 45.8% of total exported cocoa beans as of 2019.[10]

Meanwhile, Côte d'Ivoire sourced almost half of its imports from just five countries – China (14.2%), Nigeria (12%), France (11.6%), India (4.3%) and the US (4%) – between 2015 and 2019. Imported products are varied, but about a third of total imports are mainly comprised of petroleum oil and products, rice and cereals, drilling platforms, medicaments and vehicles. Notably, Côte d'Ivoire is a net importer of fuel, with 64% of imported fuel sourced from Nigeria between 2015 and 2019.[11]

Given the dependency of Côte d'Ivoire's exports on cocoa and other agricultural products, export production and earnings are vulnerable to adverse weather conditions and terms of trade. In addition, as a net oil importer, the country is also vulnerable to volatile global oil shocks.

We investigate the efficiency (in terms of revealed comparative advantage or RCA) of Côte d'Ivoire's top 25 exports and world demand of such products (sourced globally) in the last five years to 2019.[12] Table 3 presents Ivorian products that can be supported to increase vertical diversification (e.g., creating value-addition in commodity products), as well as export promotion or intervention to increase competitiveness of products with growing world demand. This is consistent with a number of analyses that highlight the need for Côte d'Ivoire to diversify its exports or create value-addition in the cocoa industry to boost the role of trade in the country's economic transformation (IFC, 2020; UNCTAD, 2019a; World Bank, 2019a; 2019b).

Table 3 Export products for targeted intervention

	Increasing RCA (e.g., intervention to increase value-addition, export promotion and facilitation)	**Declining RCA (e.g., intervention to increase competitiveness)**
Increasing world demand	• Shelled cashew nuts • Soap and surface-active products; • Chocolate and other food preparations containing cocoa content exceeding 2kg • In-shell cashew nuts • Electrical energy • Bananas, fresh or dried • Cotton, not carded or combed • Manganese ores and concentrates • Crude petroleum oil • Petroleum oils, light oils and preparations • Petroleum oils, not light oils and preparations	• Cosmetic and toilet skincare preparations • Cocoa powder, not containing added sugar or other sweetener • Other chocolate and other food preparations containing cocoa • Extracts, essences and concentrates of coffee, and preparations • Ethylene polymer sacks and bags for the conveyance or packing of goods • Cocoa butter, fat and oil • Cocoa paste, not defatted
Declining world demand	• Cocoa beans; whole or broken, raw or roasted • Cocoa shells, husks, skins, other cocoa waste • Natural rubber in primary forms • Palm oil and its fractions, other than crude • Coffee; not roasted or decaffeinated • Gold in unwrought forms	• Floating or submersible drilling or production platforms

Source: authors' compilation based on data from World Integrated Trade Solution.

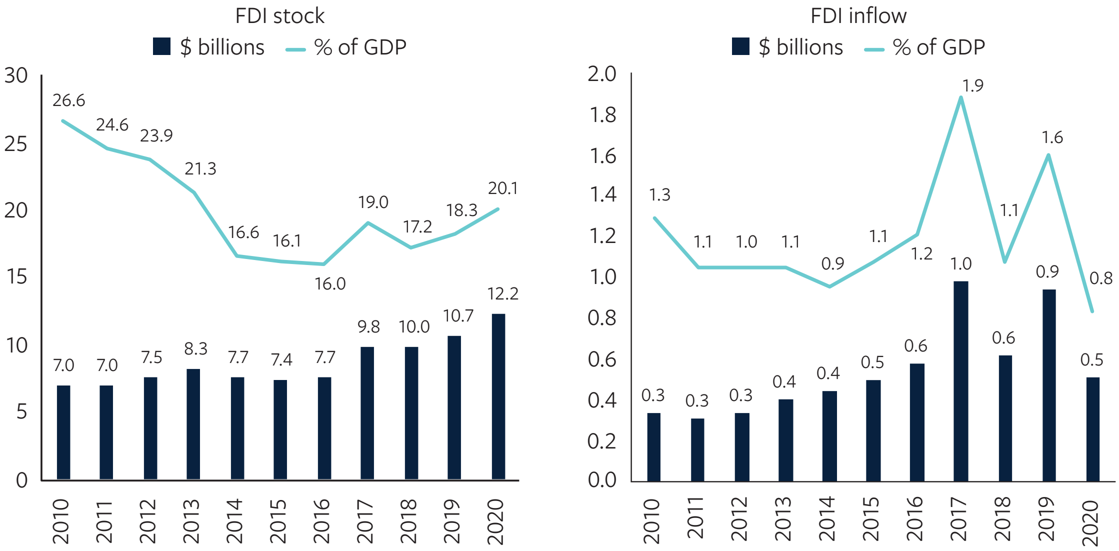
[10] Author's computations/analysis based on WITS data.
[11] Author's computations/analysis based on WITS data.
[12] The top 25 products are based on annual average percentage share of total exports at 6-digit category from 2015 to 2019, while world demand refers to world imports of such products sourced globally from 2015 to 2019. Data is from WITS.

2.2 **Foreign direct investment**

The value of foreign direct investment (FDI) stock in Côte d'Ivoire has increased from $7 billion in 2010 to $12.2 billion in 2020. FDI (as % of GDP) has been lower recently (20% in 2020) than in the earlier part of the decade (e.g., 26.6% in 2010, see Figure 2A), as output grew faster than FDI stock during the same period. Meanwhile, FDI inflows have been volatile in recent years, with surges in 2017 and 2019 (Figure 2B). Similarly, the value of announced greenfield investment has been volatile, reaching up to $3.4 billion (or 7.5% of GDP) in 2015, slowing down in the following years, then rising to $2.5 billion in 2019 (Table 3). However, the number of announced greenfield projects has substantially increased from 7 in 2011 to an annual average of 30 since 2015 (Table 3).

Amid Covid-19, incoming investment to Côte d'Ivoire registered substantial declines. FDI inflows fell by 45.7% to $500 million (Figure 2A), while the value of announced greenfield investments declined by 69% (to $787.5 million) in 2020 (Table 4).

Figure 2 FDI flow and stock



Source: authors' computations based on UNCTAD data.

Table 4 Announced greenfield investments in Côte d'Ivoire

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Value ($ million)	697.9	745.9	2,092.4	372.7	3,444.3	862.6	569.8	1,667.7	2,538.5	787.5
% growth	*321.2*	*6.9*	*180.5*	*–82.2*	*824.2*	*–75.0*	*–34.0*	*192.7*	*52.2*	*–69.0*
% of GDP	*2.4*	*2.4*	*5.4*	*0.8*	*7.5*	*1.8*	*1.1*	*2.9*	*4.3*	*1.3*
Number	7	13	20	15.	29	34	21	33	40	24.
% growth	*–22.2*	*85.7*	*53.8*	*–25.0*	*93.3*	*17.2*	*–38.2*	*57.1*	*21.2*	*–40.0*

Source: authors' computations based on UNCTAD (2021b) data on greenfield investment, and UNCTAD (2021a) data on current GDP.

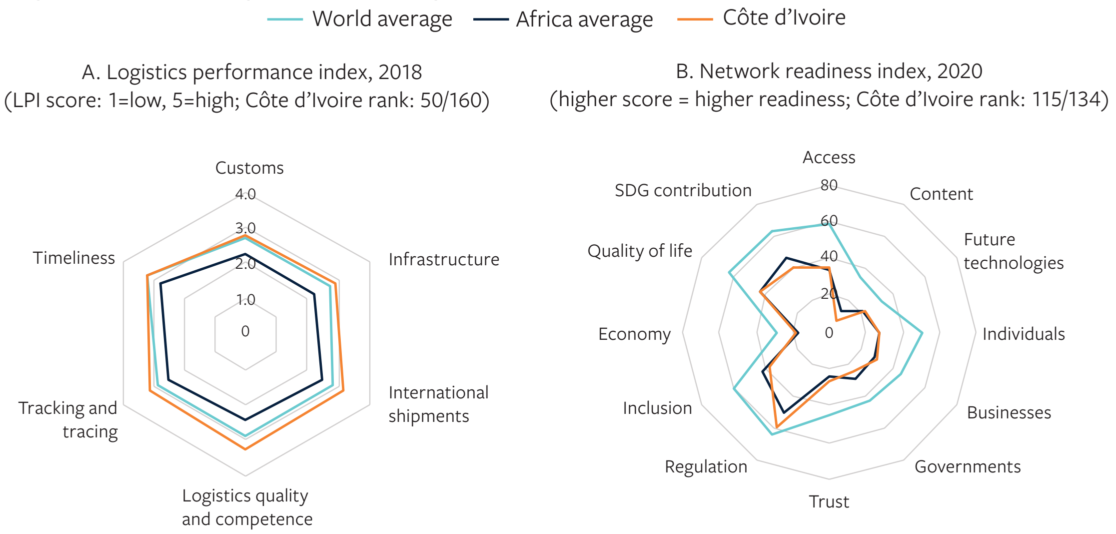
The IFC (2020) highlights that FDI in Côte d'Ivoire has been concentrated in telecommunications, agro-processing and extractive sectors. This issue was raised in the investment policy review (IPR) of Côte d'Ivoire conducted by the UN Conference on Trade and Development (UNCTAD) in 2019. However, the IPR also indicated that investors have been increasingly attracted as well by the local market prospects (e.g., improving purchasing power and changing consumption patterns) (UNCTAD, 2019b). In addition, the IPR underscored that the presence of regional headquarters of foreign affiliates (e.g., Swiss Re, Nestle) and organisations (e.g., AfDB, International Cocoa Organisation) helped in adding dynamism to the investment landscape (ibid.).

Nevertheless, the IPR flagged that FDI remains concentrated in Abidjan, and has room to contribute more to the country's sustainable and inclusive development (UNCTAD, 2020). Thus, UNCTAD recommends adoption of legal and institutional tools to support the country's competitiveness, focusing on improving infrastructure, skills and local businesses' integration in value chains, as well as use of special economic zones and public–private partnerships, among others (ibid.).

2.3 **Business environment**

Key strengths of Côte d'Ivoire's business environment are its relatively well-developed transport sector – aligned with the country's aim to be a key transport and trade hub in West Africa (IFC, 2020). As of 2018, Côte d'Ivoire has scored better (rank 50th of 160) than most countries within and outside Africa on several indicators of trade logistics performance (Figure 3A). The country also has one of the most developed financial sectors and hosts relatively large firms compared to other African countries (IFC, 2020). On the upside, larger firms' economies of scale give them greater opportunities to overcome shortcomings in access to finance, logistics, the digital economy and skilled labour (ibid.). On the downside, there are only very few formal-sector firms that are labour intensive, with these firms estimated to account for only one out of seven jobs in Côte d'Ivoire (ibid.).

Figure 3 Trade logistics and digital readiness



Note: aggregate scores (world and Africa) are based on simple average.
Sources: Figure 4A data based on World Bank database; Figure 4B based on NRI data in networkreadiness.org by Portulans Institute.

Due to limited employment opportunities in the formal sector, Côte d'Ivoire's private sector is characterised by a high level of informality (accounting for 80–90% of employment) (IFC, 2020). Digital connectivity is also spatially unequal and expensive (ibid.), reflecting the country's low ranking (115th out of 134 countries) in terms of digital readiness (Figure 3B). While Côte d'Ivoire substantially improved access to electricity between 2011 to 2019 (IFC, 2020), the country experienced energy shortages between late 2020 and August 2021 due to a longer-than-usual dry season and a breakdown in one of the thermal power plants. The energy outage was reported to have disrupted businesses, for example cocoa grinders that depend on steady power supplies, or in firms resorting to expensive diesel-powered generators (Coulibaly, 2021).

The IFC (2020) highlights that there are better ways to maximise the role of the private sector in contributing to the country's economic and social development objectives. That report identifies potential high-growth sectors (i.e., agriculture, agro-processing and manufacturing), which can be unlocked if the following cross-cutting constraints in five areas can be addressed:

- **Business environment**: cumbersome procedures for business licences and tax compliance; restricted competition in certain sectors (e.g. real estate, refined product importation); excessive inspections in transport, commerce and tourism.
- **Finance**: limited credit access for agriculture and manufacturing, driven by high interest rates and collateral requirements; limited usage of digital financial services.
- **Transport and logistics**: lack of temperature-controlled logistics infrastructure; poor roads and inefficient ports, increasing transport costs.
- **Digital connectivity**: weak connectivity; limited digitalisation of value chains.
- **Skills**: lack of exposure to better techniques by small farmers; lack of skills for agro-processing and manufacturing; weak university and vocational training.

The Ivorian government had explicitly identified a specific objective for the country 'to establish one of the best business environments in Africa and in the world' in its 2015–2020 NDP (IMF, 2016; Toure, 2018). The country has implemented the following measures to boost the private sector (WTO, 2017; Toure, 2018):

- legal reforms, including establishing a new investment code, updating the competition regime framework, and creating commercial courts
- setting up a national export strategy
- adopting programmes designed to support small and medium-sized enterprises (SMEs)
- upgrading logistics infrastructure, including regional infrastructure links (e.g., the Abidjan–Lagos road project funded by the World Bank), developing industrial zones and improving several road and bridge projects, among others.

The draft NDP for the next five years (2021–2025) continues to articulate prioritisation of industrialisation, private sector development, and investment as part of the plan's six pillars[13] (IMF, 2021b). As an effort to facilitate an inclusive private-sector-led growth, the draft plan aims to accelerate transformation of the cocoa sector, by building nine integrated 'Agropoles' (agricultural growth poles) throughout the country. To improve the business environment conducive to NDP implementation, the IMF (2021b) provided the following recommendations:

- improving public sector services, for example by reducing the number of days and simplifying processes to get permits, developing a 'single stop shop'

[13] The draft NDP 2021–2025 has six pillars: (1) acceleration of structural transformation through industrialisation and the development of industrial clusters; (2) human capital development and employment; (3) private sector development and investment; (4) strengthening inclusion, national solidarity and social action; (5) balanced regional development, environmental preservation, and fight against climate change; and (6) strengthening governance, modernisation of the state, and cultural transformation.

- promoting digitalisation in public services and public finance management
- reducing labour-market skill mismatches by broadening professional trainings
- reducing informality, including via cross-checking of databases
- safeguarding property rights, particularly on ownership and transfer of land
- deepening financial inclusion and facilitating access to financial markets
- reducing uncertainty in timing of government payments of goods and services.

3 Intra-African trade performance and AfCFTA

3.1 **Background: Côte d'Ivoire's goods trade with Africa**

Côte d'Ivoire has been a net exporter of goods with Africa, although the surplus has been narrowing recently, with exports and imports reaching $2.9 billion and $2.4 billion, respectively, in 2019 (Figure 4). In addition, the importance of intra-African trade as a share of Côte d'Ivoire's total trade (exports + imports) in goods fell from 29.5% in 2015 to around 23% in the succeeding years up to 2019 (Figure 4).

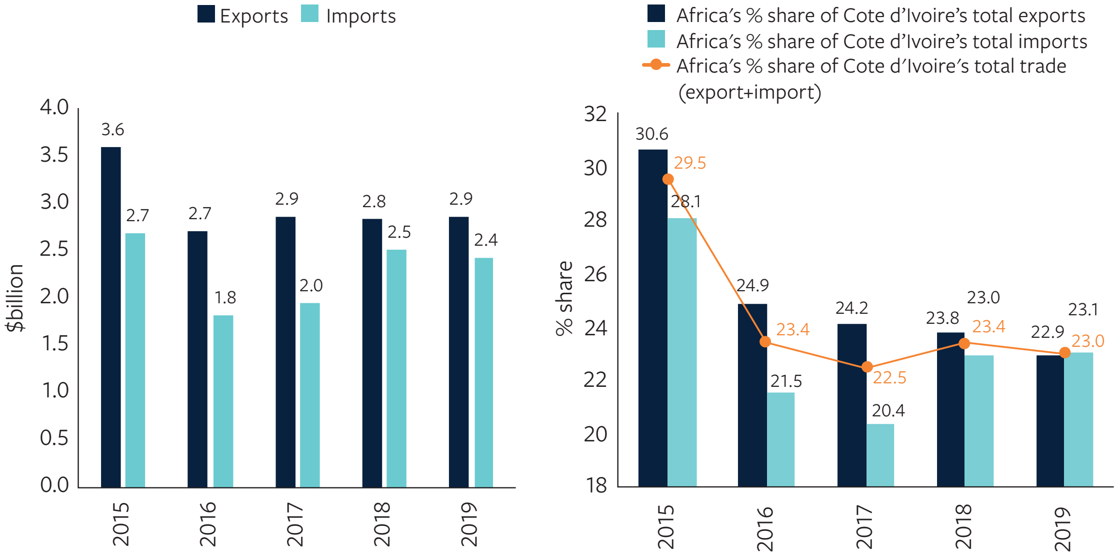
Ten products comprised almost 60% of Côte d'Ivoire's exports to African countries on average from 2015 to 2019 – dominated by petroleum oil (light) (6.3%) and not-light oils and preparations (14.3%), gold in unwrought forms (11.2%), cosmetics products (4.8%) and electrical energy (4.6%).[14] Almost 70% of exports went to just five African countries: Burkina Faso, Mali, Ghana, South Africa and Nigeria during the same period.

Notably, exports to Ghana and Nigeria fell by 46.8% and 65.5% between 2015 and 2019. Product-level analysis suggests that Ivorian exports of plastic packaging sacks or bags to Ghana, which amounted to $57.5 million (13% of Ivorian exports to Ghana) in 2015 fell by 98% to $1 million in 2019. This may partly be explained by the increasing Ghanaian import of this product from China during the same period.[15]

[14] Author's computations based on WITS data. Note that in 2015, Côte d'Ivoire exported floating or submersible drilling or production platforms worth $662 million which represented 18% of total intra-African exports. However, export of this product then substantially dropped, with virtually zero share of Côte d'Ivoire's total intra-African exports by 2016 and 2017, and there has been no available data on this exported product since 2018.
[15] Based on author's analysis of WITS data, almost half of Ghanian imports of plastic bags and sacks are sourced from China (2015–2019). During this period, Ghanian import of plastic bags and sacks from China grew annually by 20%.

Meanwhile, Ivorian export of non-crude oil and preparations to Nigeria, which amounted to $312 million in 2015 (15% of Ivorian exports to Nigeria) fell by 92% to $24 million in 2019. During the same period, Nigerian imports of this product elsewhere (particularly the Netherlands, Belgium, South Korea and to some extent India) witnessed strong growth.[16]

Figure 4 Côte d'Ivoire's intra-African trade in goods



Notes: CIV = Côte d'Ivoire. For consistency, the aggregate for Africa includes only 41 African countries with complete import and export of goods data from 2015 to 2019.
Source: authors' computations based on WITS data.

Meanwhile, 50% of Côte d'Ivoire's imported products from the continent in the last five years was crude petroleum oil, almost all of which was sourced from Nigeria.[17] Other major imports are fish and fish products (mackerel, sardines and fish fillets), representing 12.4% of total intra-African imports. Due to this import basket, the largest share of African imported products is sourced from Nigeria (52.9%), followed by Morocco, Senegal, Mauritania and South Africa.

Trade-weighted most-favoured nation (MFN) tariff rates imposed by Côte d'Ivoire on imports from Africa ranged from zero for Equatorial Guinea to 34.3% for Niger as of 2019.[18] However, as a member of the Economic Community of West African States (ECOWAS), Niger trades with Côte d'Ivoire on preferential terms. Côte d'Ivoire extends preferential tariffs to fellow ECOWAS members implementing the ECOWAS common external tariff (CET).[19]

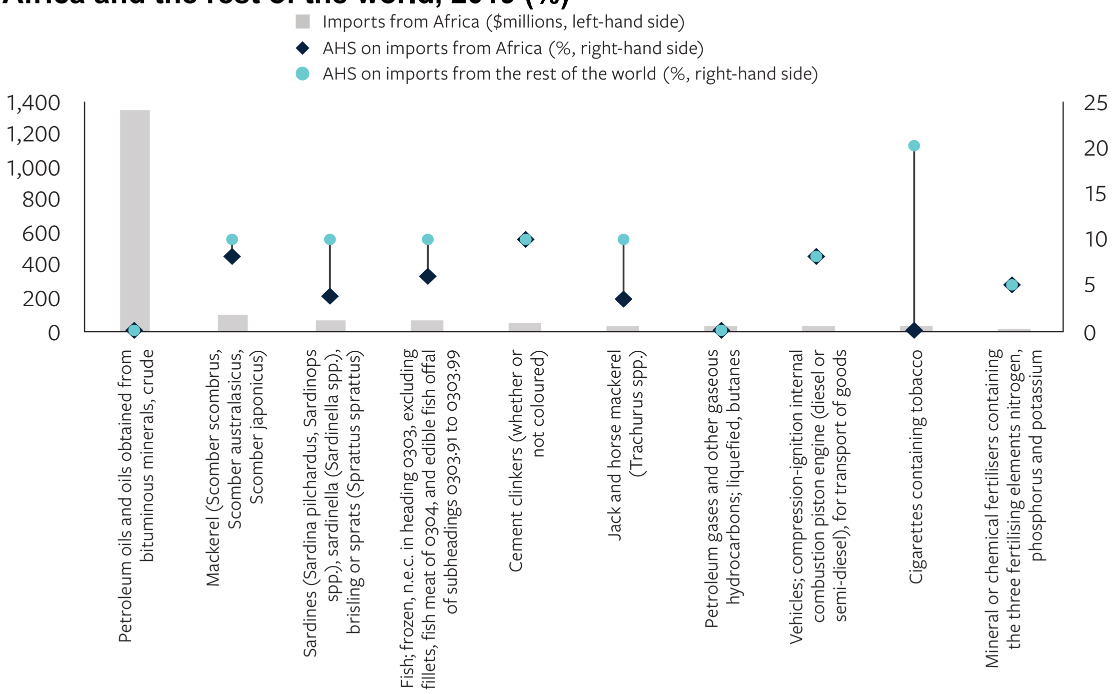
At the continental level, tariffs will be progressively liberalised in stages, apart from for 'sensitive' and 'exclusion list' products under AfCFTA. Tariffs will be liberalised (to zero) for 90% of tariff lines over ten years for least developed countries (LDCs) and

[16] Based on author's analysis of WITS data, more than half of Nigerian import of non-crude oil and preparations are from these four countries. Growth of Nigerian imports of this product increased by a factor of 35 in the Netherlands, 18 in Belgium, 1,623 in South Korea and 40 in India.
[17] Author's computations/analysis based on WITS data.
[18] Based on 2019 tariff year and trade data from the WITS database.
[19] Except for Cabo Verde, all ECOWAS members – namely, Benin, Burkina Faso, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo – are implementing the CET (tralac, 2019).

five years for non-LDCs (AfCFTA Secretariat, 2021b). Sensitive products shall not exceed 7% of total tariff lines, while the exclusion list shall not exceed 3% of total tariff lines with an intra-Africa import value limit of not more than 10% (ibid.).

AHS is defined by the WITS database as the lowest existing preferential tariff rates or applied MFN tariffs. Figure 5 shows the top 10 imported products by Côte d'Ivoire from African countries as of 2019, more than half of which are crude oil. It also shows that the AHS imposed by Côte d'Ivoire on imports from African countries are broadly lower than the AHS imposed on imports from the rest of the world, making it sensible for Côte d'Ivoire to source these products from African neighbours. For instance, as of 2019, almost all of Côte d'Ivoire's imported crude oil from the region was from Nigeria, to which Côte d'Ivoire has an ECOWAS CET commitment.

Figure 5 Effectively applied tariff rates (AHS) on Côte d'Ivoire's imports from Africa and the rest of the world, 2019 (%)

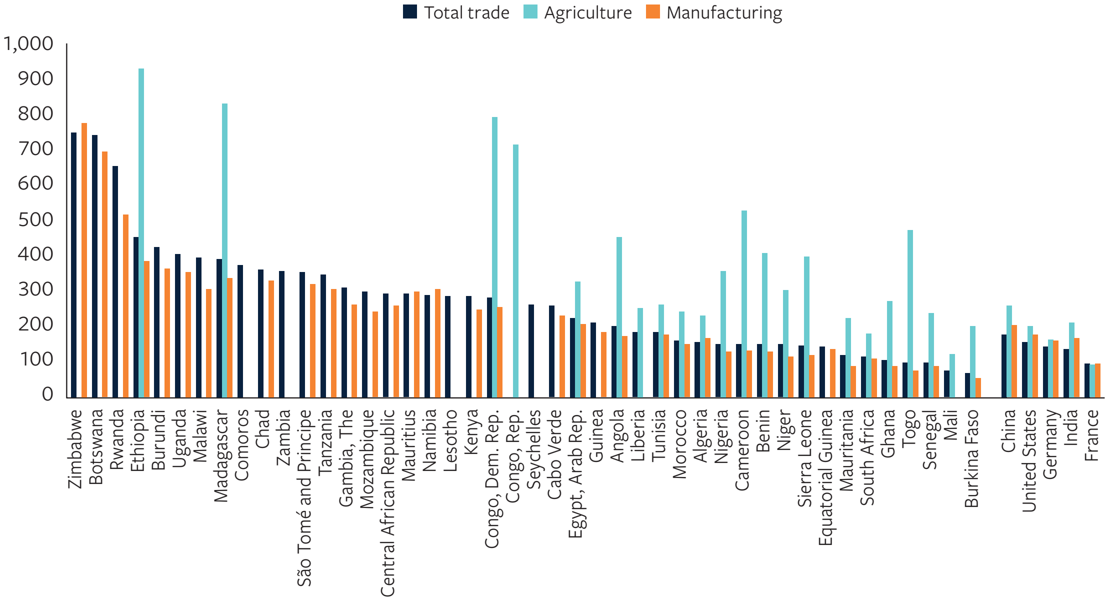


Source: World Integrated Trade Solution database.

Non-tariff measures (NTMs), including sanitary and phytosanitary, technical barriers to trade, pre-shipment inspection, and price and quality control, – ranging from 60 NTMs to 768 NTMs imposed by Niger and Mauritius, respectively[20] – also affect Côte d'Ivoire's imports from other African countries. However, the number of NTMs does not indicate the magnitude of restrictiveness on trade. Figure 6 instead shows ad valorem equivalent[21] trade costs that incorporate not only transport costs and tariffs but also other trade costs, including direct and indirect costs associated with differences in languages, currencies and cumbersome import or export procedures.[22]

[20] Author's computations based on TRAINS database, accessed September 2021.
[21] Or as proportion (%) of the estimated value of the goods.
[22] It should be noted that the measure is an average for all traded goods, some of which may not be traded (or very little) in practice due to prohibitively high trade costs. This measure, developed by ESCAP and World Bank (2017), includes all costs involved in trading goods internationally with another partner (i.e. bilaterally) relative to those involved in trading goods domestically.

Figure 6 Bilateral ad valorem trade costs between Côte d'Ivoire and respective partners (%, average 2014–2018)



Source: World Bank database.

Based on this measure, trading with Zimbabwe or Botswana is almost eight times more expensive than trading within Côte d'Ivoire's borders (and vice versa).[23] Figure 6 also suggests that, except from mostly ECOWAS members, bilateral trading costs between Côte d'Ivoire and African countries are higher than with those outside the region (e.g., France, India, Germany), presenting both a challenge and an opportunity to increase Côte d'Ivoire's intra-continental trade.

3.2 **Status of Côte d'Ivoire's AfCFTA implementation**

Côte d'Ivoire deposited its AfCFTA instrument of ratification to the AU Commission on 23 November 2018 (AU, 2020). As of 4 October 2021, 41 countries have complied with their domestic requirements for ratification of the AfCFTA, 38 of which have deposited their instruments of ratification to the African Union (AU) Commission (tralac, 2021). As of March 2021, the AfCFTA secured 90% of tariff offers and 34% of services offers (AU, 2021a).

World Bank (2020) simulations under a full AfCFTA implementation scenario suggest that Côte d'Ivoire is at the high end of African countries which would benefit most in terms of real income gains and expanded intra-African exports and imports. In recognition of the opportunities from continental trade, the Ivorian government established an AfCFTA national committee (CN-ZLECAf) in May 2018. The CN-ZLECAf is responsible for promotion, coordination and monitoring of AfCFTA implementation at the national level (COM, 2018). The development of a national strategy on AfCFTA began in 2019 with a national awareness raising forum on AfCFTA, followed by workshops among private and public sector stakeholders, deliberations by the CN-ZLECAf in collaboration with the United Nations Economic Commission for Africa (UNECA) and AU Commission, a series of consultations and a validation workshop among multiple stakeholders (CN-ZLECAf, 2021a; 2021b; UNECA, 2019).

[23] See Arvis et al. (2012) for full discussion of methodology.

The validated national strategy contains a detailed action plan and targets for 2020–2022, anchored on the following objectives:

- better ownership of AfCFTA by all stakeholders
- rationalisation of the institutional and regulatory system for promotion of trade and effective application of AfCFTA provisions
- strengthening strategic policy frameworks for improving sectoral competitiveness
- development and implementation of sectoral trade strategies
- upgrading producers (e.g. SMEs) and products
- promotion of women's participation in cross-border trade and entrepreneurship.

The government has also allocated an AfCFTA national budget to implement priority actions under its AfCFTA national strategy (Luke et al., 2021). Several AfCFTA awareness campaigns have been conducted since 2020, such as inter-agency informational sessions, capacity building activities, AfCFTA trade in services, and SME training on using an online tool for reporting on non-tariff barriers (CN-ZLECAf, 2021b; Luke et al., 2021). On 21 December 2021, a national consultation for women in the business sector was held to identify specific trading and financing needs of women to maximise their benefits from AfCFTA (CN-ZLECAf, 2021c).

At the regional level, ECOWAS (of which Côte d'Ivoire is a member) has submitted tariff offers as of 5 December 2020 (AU, 2021b). The ECOWAS Commission also extends support to its members through: meetings with institutions and agencies on improving their understanding of AfCFTA; AfCFTA sensitisation workshops for the private sector; and capacity-building workshops on the AfCFTA e-commerce agenda, among others (ECOWAS, 2020a; 2020b; 2021a). A pan-African payment and settlement system (PASS) was also successfully piloted by the Afreximbank and the West Africa Monetary Institute in the West African Monetary Zone countries (including Côte d'Ivoire), which led to ongoing advanced discussions on expanding the system to rapidly increase continent-wide connectivity (AEIM, 2021)

A draft regional AfCFTA implementation strategy prepared by the ECOWAS Commission was presented and reviewed by regional experts and development partners in November 2021. This was part of the preparation for regional validation of the strategy by ECOWAS member states (ECOWAS, 2021b).

Despite these developments, there is little to no information on whether Côte d'Ivoire has yet traded goods or services under AfCFTA. Further analysis (e.g., institutional, regulatory, regional constraints) is needed on the remaining blockages to intra-African trading.

The next phases of AfCFTA negotiations will include competition, intellectual property (IP), investment and e-commerce. Unlike other African countries lacking legislation or agencies in these areas, Côte d'Ivoire has a competition law and a competition authority (Dawar and Lipimile, 2020), and a dedicated IP office (OIPI, 2021). In 2018, Côte d'Ivoire adopted a new investment code which also provides for a specific agency responsible for promoting investments (IPH, 2018). In the area of e-commerce, Côte d'Ivoire has had laws since 2013 governing electronic transactions and personal data protection, and combating cybercrime, and since 2016 a law on consumer protection (Narcisse, 2017). All these regulations can be leveraged in the next phases of AfCFTA negotiations.

4 Opportunities and challenges for Côte d'Ivoire's trade and investment

Based on the analysis of Côte d'Ivoire's macroeconomic performance, trade and investment landscape, and AfCFTA implementation in previous sections, we summarise the following SWOT (strengths, weaknesses, opportunities and threats) considerations for Côte d'Ivoire's trade and investment prospects.

Strengths	• Growing domestic market with improving purchasing power. • Strong and fast GDP growth with significant poverty reduction in the post-conflict period (2012–2019). Relatively resilient economy during the pandemic, with expected strong rebound in 2021 onwards. • Relatively developed transport and financial sectors compared to other African countries. • Clear government vision and targets on economic transformation and industrialisation policy. • Dedicated AfCFTA national committee with validated national AfCFTA strategy. • Existing legislations and policies on competition, investment, IP and digital transactions, relevant for the next phase of AfCFTA negotiations.
Weaknesses	• Cumbersome procedures for businesses, licences and tax compliance. • Restricted competition in certain sectors (e.g., real estate, refined products). • Limited credit access for agricultural and manufacturing sectors. • Weak digital connectivity, limited digitalisation of value chains and use of financial services. • Lack of skills for agro-processing and use of manufacturing machineries; weak university, technical and vocational education and training system. • Limited distributional impact of FDI, which is concentrated in Abidjan.
Opportunities	• Accelerated private-sector led growth and economic transformation (especially in the agricultural sector) through proactive and targeted reforms in the new national development plan (2021–2025). • Existing preferential access to major markets such as the US and EU. • Opportunities to increase or create value-addition in commodity exports. • Alignment of national development plans and national AfCFTA strategy to maximise Côte d'Ivoire's benefit from intra-African trade. • Intervention to boost further exports of Ivorian products with increasing world demand: cashew nuts, bananas, cotton, oil preparations, processed cocoa (e.g., powder, butter, oil, paste), chocolates, coffee extracts and preparations, soap and surface-active products, cosmetic products and plastic packaging.
Threats (risks)	• Subdued demand in the event of protracted Covid-19 pandemic and/or limited access or constrained deployment of Covid-19 vaccines. • Deterioration of the security situation in northern Côte d'Ivoire. • Increase in risk premia in the international financial markets. • Longer-than-expected dry season that could cause energy shortages. • Vulnerability of commodity exports to global prices volatility, adverse weather. • Delays in government reforms.

	• Delays in AfCFTA implementation or higher preference to trade outside Africa due to relatively higher costs of intra-African trade and/or due to domestic legislative constraints.

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