



Doing Business in Madagascar:

2017 Country Commercial Guide for U.S. Companies

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Doing Business in MADAGASCAR

Market Overview

Political situation: Madagascar has emerged from a political crisis resulting from a coup d'état in 2009. Internationally observed elections in 2013 led to the inauguration in January 2014 of President Hery Rajaonarimampianina. The U.S. government lifted all coup-related restrictions on aid to Madagascar on May 27, 2014, and in July 2014, restored duty-free eligibility to the U.S. market under the African Growth and Opportunity Act (AGOA) after a five-year absence.

U.S. exports to Madagascar totaled \$106.6 million in 2016, a decrease of 17.6 percent compared to 2015. The United States is the eighth largest source of imports in Madagascar. Key trade partners include China, France, India, Germany, South Africa, the United Arab Emirates (petroleum products), and Mauritius.

U.S. imports from Madagascar totaled \$288.5 in 2016, an increase of 25.9 percent compared to 2015. The United States is the second largest destination for Malagasy exports after France, representing approximately 13.3 percent of Madagascar's total exports.

U.S. FDI in Madagascar totaled approximately \$183 million in 2014, the last year for which figures are available.

Economic performance: Madagascar GDP was approximately \$9.74 billion in 2016. The estimated GDP growth rate for that year was 4.1 percent according to the World Bank, while it was estimated to 3.1 percent in 2015, according to the International Monetary Fund (IMF). The latest projections by the IMF for the GDP growth rate in 2017 are between 4.1 and 4.5 percent. The largest driver of GDP growth in recent years has been agriculture (vanilla), followed by the textile industries, construction and real estate. Agriculture contributes about one-fourth of total GDP and employs approximately eighty percent of the population. Inflation was approximately 7.4 percent in 2015, according to the World Bank, driven by an overreliance on imported goods--particularly petroleum products, but also food.

Market Challenges

Madagascar is one of the poorest countries in the world. Over 80% of the population lives under the extreme poverty line of \$1.25 per day while over 92% live on less than \$2 per day (PPP), according to the World Bank.

The low purchasing power of the population makes the local market challenging for American imports, particularly for mass consumption products.

The country's limited and dilapidated infrastructure poses obstacles to market entry, particularly regarding road and rail transport infrastructure, which covers only a small fraction of the country. Roads and rail lines are poorly maintained and also highly susceptible

to damage from recurrent cyclones and floods. These infrastructure constraints impose additional costs on traded goods, putting them further out of reach of most local consumers.

The lack of law enforcement capacity within the government, coupled with widespread corruption and impunity, facilitates anti-competitive practices by some well-connected actors, who compete unfairly against legitimate importers.

Madagascar operates under a legal system inspired chiefly by the French legal system. The lack of transparency in regulatory decisions continues to make doing business in Madagascar difficult.

Market Opportunities

In 2016, the top product categories for U.S. exports to Madagascar were industrial machines and engines, passenger vehicles, mineral fuels, electrical machinery and equipment, and chemicals. These products categories have consistently represented the bulk of U.S. exports to Madagascar throughout the last five years.

Exports related to the extractive industries represent some of the best prospects for future U.S. exports. The country has commercially significant reserves of several mineral resources, including rare earths, uranium, coal, chromite, bauxite, graphite, mica, as well as gold and other precious and semi-precious stones.

The poor state of Madagascar's energy infrastructure and its limited and unreliable electricity production present an opportunities for U.S. suppliers. In rural areas outside the grid - where over seventy percent of the population lives, the access rate is only 4 percent, presenting special opportunities for suppliers of off-grid photovoltaic equipment.

Similarly, the poor state of Madagascar's infrastructure presents opportunities for American suppliers of construction equipment, as the government and international donors prioritize rehabilitation and extension of the road, seaport, and airport infrastructure.

Madagascar's heavy reliance on imports provides opportunities for American suppliers of consumer goods for the upper middle and wealthy classes--the top 1 percent of the population-- which are currently supplied primarily by France, China, India and South Africa.

Madagascar's rich biodiversity and high level of endemic plants and animals are the basis for eco-tourism development and might attract foreign investors, along with potential for the development of tourist resorts.

Market Entry Strategy

Although banks, financial institutions, insurance companies and telecommunication companies are stringently screened prior to entry, there are few restrictions for other businesses wanting to enter the Malagasy market, as long as they comply with local laws. Visiting Madagascar can be helpful to learn about the prevailing local business environment and market demand, which do not always match expected global expectations. It is common to work with a local agent or partner, though not required. However, vigilance is recommended in light of the

fact that fraud and scams have increased in recent years, and due diligence through third parties such as law firms or auditors are recommended prior to finalizing any agreement. It can be useful for American businesses to secure U.S. bank funding ahead of time, as most banks in Madagascar are not Malagasy-owned.

Web Resources

General info: www.edbm.gov.mg

Economy data: www.economie.gov.mg

Political and Economic Environment

Background notes can be found by going to:

<http://www.State.gov/r/pa/ei/bgn/>

You may find opening this link in google chrome works best. Click on the applicable country. Once you have found the background notes for your country, copy and paste the URL into the template (Do not embed link, spell it out).

Web Resources

General info: www.edbm.gov.mg ; www.presidence.gov.mg ; www.primature.gov.mg ; www.diplomatie.gouv.mg

Economy data: www.economie.gov.mg

Selling US Products & Services

Using an Agent to Sell US Products and Services

For new American operators, the use of agents and distributors, particularly those with prior experience in distributing imported products is highly recommended. Local agents have market knowledge and contacts to develop a customer base and can easily communicate in Malagasy and/or French. The American Chamber of Commerce can also provide advice. The Embassy recommends that U.S. firms visit Madagascar and negotiate a distribution contract face-to-face in order to develop the personal relationships that facilitate doing business in the country.

Establishing an Office

The Government of Madagascar has an investment promotion office: the Economic Development Board of Madagascar (EDBM). It is a one-stop shop for investment and business development to facilitate company registration procedures and to assist local and foreign investors. The EDBM has sped up the process for registering a company, with a nominal timeframe of 15 calendar days provided that all supporting documents are presented on the first application.

Office space can be found through a handful of real estate agents, advertisements in local papers, or word of mouth. Landlords will rent to new companies even if they have not obtained all their operating permits. Generally, landlords request a lease agreement

extendable annually and a cash deposit equivalent to one to three months' rent. Office furniture can be obtained locally at reasonable prices and telephone services—fixed or mobile—are available in the main towns. There are increasing numbers of multilingual, qualified secretaries and administrative assistants interested in working with foreign businesses.

Franchising

A number of Malagasy businesspersons have expressed interest in establishing franchises of U.S. businesses in Madagascar, but these efforts have been largely unsuccessful due to the high fees and the lack of local consumer purchasing power. Some leading U.S. products and services are sold through distributorships, including automotive and machinery (Caterpillar, Ford, General Motors); communications and information technology (Apple, AT&T, Cisco, Compaq, Dell, HP, Motorola, NCR, Oracle, Packard Bell, Sun Microsystems, and Honeywell); and Coca-Cola.

Direct Marketing

Although there are exceptions, direct marketing for U.S.-made products is difficult. Therefore, the Embassy encourages U.S. businesspersons to negotiate with local distributors and agents.

Marketing is a relatively new industry to Madagascar. Avenues of advertising include billboards, posters, newspapers, radio, and television. Several prominent campaigns have European influences and often link the product with leisure activities or personal enjoyment. The quality of advertising campaigns varies and appears to depend on the budget of the advertiser. It is possible to pay a newspaper for a full-page article/advertisement, or television stations to broadcast an informational/advertising program.

Internationally designed advertisements are sometimes adapted to be broadcast on local media but local advertising companies can also make customized commercials taking into consideration the particulars of the Malagasy market.

Joint Ventures/Licensing

Joint ventures with local companies are not required, but generally recommended. The benefit of joint ventures is that the local partners have knowledge and experience in the country and can navigate complex bureaucratic administrative procedures. The drawback is that a local partner will likely be a minority shareholder in capital terms and must be carefully screened through independent references and past business history.

Selling to the Government

According to the World Trade Organization (WTO), foreign sources of supply represented only 0.6 percent of total government procurement in 2013, and Madagascar is neither a member nor an observer of the Plurilateral Agreement on Government Procurement. Among the few cases of government procurement from foreign sources in recent years, a growing lack of

transparency has been observed. On June 20, 2016, Madagascar joined the growing majority of WTO members that have ratified the WTO's Trade Facilitation Agreement (TFA).

Nevertheless, as part of its liberalization strategy, the government frequently advertises calls for international bids to supply government-funded projects in official and local newspapers. These bids are open to the public and tend not to be contested. The most frequent opportunities are in road and bridge construction, supply of computers or software, consulting, and engineering, though there has been a recent increase in tenders for energy infrastructure projects.

The law prescribes that a general notification be published for all intended bids within the fiscal year, and an individual notice is communicated in due time either in the daily newspapers, in the official gazette of the government, or on the website of the relevant department or program. However, the law is not always followed.

Additionally, international and multilateral organizations often call for international bids for various development projects, including the World Bank, the African Development Bank, the French Development Agency, and the European Fund for Development.

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to the "Project *Financing*" Section in "Trade and Project *Financing*" for more information.

Distribution and Sales Channels

Imported goods can enter Madagascar via air at Ivato International Airport in Antananarivo or via sea at the ports of Toamasina (East), Mahajanga (West), Antsiranana (North), Toliara (South West) and Fort Dauphin (South East). Approximately 90% of containerized imports and exports transit through the country's largest port, at Toamasina. Products are then distributed by road, river, sea or rail throughout the country. Distribution is often handled by the importing company or by wholesalers and retailers. Roads are poor across much of the country; some areas cannot be accessed by road during the rainy season (December-March).

Six major retail chains (grocery and home equipment) have a multi-city presence in the country. They are French (Score, Leader Price), South African (Shoprite), Chinese (Horizon Ivato/Sogecoa), Mauritian (Cosmos), and local (AAA-MAGRO), which distribute goods and brands sourced from foreign countries and local products. These retail distributors apply a higher commercial margin than those in developed countries as a result of the lower economies of scale and competition. Retail chains also exist for building materials and other products. Generally, the distributors bear the transportation costs from their warehouse to the shops.

Express Delivery

Four international delivery companies, DHL, UPS, TNT and FEDEX, operate in Madagascar. These companies claim delivery times of 3 to 5 working days to deliver from large U.S. cities to the capital of Antananarivo.

Domestic express companies provide extended services to many other cities within the country. The National Post Office and Colis Express SA remain the leading service providers with regard to domestic express delivery.

The international and domestic companies each have in-house dedicated sections to facilitate customs clearance.

Selling Factors and Techniques

The purchasing power of the average Malagasy is very low; 92% live on less than \$2 per day, so most Malagasy can only afford immediate necessities. When selling, there is no legal requirement to translate labels into Malagasy but price has to be displayed. Retailers and sales clerks respond to customers' needs and process sales, but there is only a dawning awareness of service or sales techniques common in the United States or Europe.

eCommerce

Overview

Electronic commerce in Madagascar is much less common than in the United States. Mobile banking and payment services provided by the four major mobile network operators in the country have seen enormous success since their introduction in 2010. The number of mobile money subscribers exceeded the number of traditional banking customers in 2012, according to the Malagasy Central Bank. In addition to deposits and withdrawals, subscribers can also use mobile banking to pay for an ever-increasing number of goods and services. Local e-commerce retailers possess limited competencies and require further capacity building to boost this sector in Madagascar.

Online retailers sell various goods, including electronics, appliances, home decorations, cosmetics, fashion and sportswear, etc. Delivery time for products originating from the United States is typically 15 to 20 days. Though the upper middle and wealthy classes are beginning to explore internet shopping, there is a need to improve the security of data and of electronic money transactions, according to the local IT industry association.

Payment by bank credit cards - generally limited to Visa and Master Card - is possible in department stores, large shops, high-end hotels and restaurants, and large supermarkets in major towns although the use of electronic payment terminal (TPE) remain slow.

Trade Promotion & Advertising

Most trade promotion and advertising events are organized by dedicated agencies. Some agencies reputed for hosting successful exhibitions on a regular basis are: Premiere Ligne, Media Consulting, Madavision, World Trade Center, and Synergie Communications.

Premiere Ligne organizes all the International Fairs of Madagascar (Foire Internationale de Madagascar - FIM), which bring together businesses in all industries from across the southwest Indian Ocean region; and the International Housing Exhibition, which brings together businesses in the construction and housing industries - to include wood, metallurgy, electricity, furniture, interior design, decoration, paint, insurance and solar energy.

Media Consulting is a communication and event planning enterprise which has organized, among other events, the first ever International Mining, Hydrocarbons, and Equipment Exhibition in 2014, which gathered businesses in mining and petroleum sectors. This event will be held every two years during the month of September.

The Madagascar National Office of Tourism organizes an annual International Tourism Fair of Madagascar (ITM), bringing together businesses in the tourism and hospitality industries.

Major local newspapers, magazines and trade publications are edited either in French or in Malagasy languages. However, there is a progressive effort to draft press articles and reports in English at a few publications.

Local fair authorities/organizations:

Première Ligne
3ème Etage, Bâtiment Espace Loisir 13,
Rue Ratsimilaho Antaninarenina ANTANANARIVO 101 - Madagascar
Phone: (261 20) 22 212 40
E-mail: premiereligne@moov.mg
Website: <http://www.foire-internationale-de-madagascar.com/>

Madavision
Lot VP pres 27 A Bis, Ambohimandra Antananarivo 101 - Madagascar
Phone: (261 20) 22 564 41
Email: contact@grandebraderie.com
Contact: Mrs. Harilala Ramanantsoa

Synergie Communication
43 rue de Russie Isoraka Antananarivo 101 - Madagascar Tel: (261 20) 22 618 97
E-mail: synergy@moov.mg

Media Consulting
Lot I A 4bis Cité Batimad, Ankorondrano Andranomahery Phone: (261 22) 361 92
Fax: (261 22) 360 12
Email: med.cons@moov.mg
Website: <http://www.mediaconsulting.mg>

Madagascar National Tourism Office
Lot IBG 29C Antsahavola, PO Box 1780
ANTANANARIVO 101 - Madagascar
Phone/Fax: (261 20) 22 661 15
Website: <http://www.madagascar-tourisme.com/fr/contact>

Daily newspapers:

L' Express de Madagascar
P.O. Box 171, Antananarivo 101 - Madagascar
Tel: (261 20) 22 203 10, Fax: (261 20) 22 213 83
Website: www.lexpressmada.com
E-mail: lexpress@malagasy.com

Midi Madagasikara
P.O. Box 1414, Antananarivo 101 - Madagascar
Tel: (261 20) 22 300 38, Fax: (261 20) 22 273 51
Website: www.mid-madagasikara.mg
E-mail: midi@moov.mg

La Gazette de la Grande Ile
P.O. Box 8678, Antananarivo 101 - Madagascar
Tel: (261 20) 22 613 77, Fax; (261 20) 22 651 88
Website: www.lagazette-dgi.com
E-mail: administration@lagazette-dgi.com

Les Nouvelles
P.O. Box 194, Antananarivo 101 - Madagascar
Tel: (261 20) 22 354 33
Website: www.les-nouvelles.com
E-mail: redaction@les-nouvelles.com

La Verité
P.O. Box 5068, Antananarivo 101 - Madagascar
1er Niveau, Villa Pradon Antanimena
Tel: (261 34)02 409 80
E-mail: yannicksandra@yahoo.fr

Business Journals:

Revue de l'Océan Indien (ROI) P.O. Box 46
Antananarivo 101 - Madagascar
Tel: (261 20) 22 225 36
Fax: (261 20) 22 345 34
E-mail: roi@moov.mg

Television Stations:

Television Malagasy (TVM) (state) Anosy
Antananarivo 101 - Madagascar
Tel: (261 20) 22 208 97
Fax: (261 20) 22 344 21

RTA
P.O. Box 7547, Antananarivo 101 - Madagascar
Tel: (261 20) 22 627 76, Fax: (261 20) 22 558 80
Website: www.rta.mg
E-mail: flash@rts.mg

TV PLUS
Anosizato, Antananarivo 101 - Madagascar
Tel/Fax: (261 20) 22 676 73

MATV
POBox: 1414, Ankorondrano, Antananarivo, Madagasikara
Tel: (261 20) 22 364 69/70, Fax: (261 20) 22 671 27
<http://www.matvonline.tv>

TELE RECORD
PO Box 7522, Antananarivo 101 - Madagascar
Tel: (261 20) 22 295 32, Fax: (261 20) 22 664 68
Website: www.rtv-record.com
E-mail: rtv.record@iris.mg

VIVA Television
Tana Water Front, Ambodivona Antananarivo 101 - Madagascar Tel: (261 20) 22 567 88
Fax: (261 20) 22 684 95

KOLO TV
Route Digue, Ex-Somagel Antananarivo 101 - Madagascar
Tel: (261) 34 07 888 22
E-mail: info@kolo.mg

Pricing

Generally, prices for imported products incorporate the cost of import duties. These import duties are calculated on the basis of customs, insurance, and freight model (CIF), which is the price paid for the imported goods including the cost of freight and insurance (CIF). Import duties in Madagascar range from 0 to 20 percent of the CIF price. The custom duty rate for each item can be found online at <https://www.douanes.gov.mg/tarif-douanes>.

Since 2008, a value added tax (VAT) of 20 percent has been added onto the retail price of all goods and services. Unlike in the United States, all taxes are included in the price displayed to the consumer. The current administration requires that VAT amounts be clearly and separately indicated on all invoices.

VAT is levied also at the import stage. Therefore, any company which has to purchase imported raw materials from another local company, will find its production cost higher when also applying VAT at the retail stage. Businesses are required to account for the collected

VAT and the paid VAT monthly or quarterly on their VAT statement reports to the tax department.

In addition to the custom duty amount, companies need to incorporate the following charges: GasyNet (The GasyNet company is a privileged partner of Customs in the deployment of scanners tools for the development and management of the TradeNet platform and, more generally, for the optimization of customs performance), the port unloading charges and TradeNet fees (statutory authorization prior to clearing then marketing of certain goods in Madagascar including medicine, soap, detergent, foodstuffs) and ground trucking and warehouse costs.

Sales Service/Customer Support

The concept of sales service and customer support is at its initial stage in Madagascar and is only regularly applied to distributors of vehicles, computers and electronic equipment. Retailers of most consumer goods rarely accept returns of defective products. Some electronic and home equipment vendors offer very limited warranties (ranging from one week to few months), and other well-known brands such as LG, Samsung, Philips, and Sharp have recently opened their brand stores offering extended warranties, but at significantly higher prices.

Protecting Intellectual Property

Contacts for local IPR registration and enforcement:
OMAPI, Office Malgache de la Propriété Industrielle
(Malagasy Office for Industrial Property);
e-mail: omapi@moov.mg
<http://www.omapi.mg/en/>

OMDA, Office Malgache des Droits d'Auteurs
(Malagasy Office for Copyrights);
e-mail: omda@moov.mg

The above two government offices share responsibility for intellectual property rights protection: the Malagasy Office for Industrial Property (OMAPI) and the Malagasy Copyright Office (OMDA). These offices are financially autonomous bodies, despite their close collaboration with the Ministry of Industry and Development of Private Sector, the Ministry of Commerce, and the Ministry of Culture and Handicrafts, all of which lack the financial resources to contribute to their operating budgets.

Protection of intellectual property rights is uneven. Officially, the authorities protect against infringement, but in reality, enforcement capacity is quite limited due to resource constraints, weakness of the judicial system, corruption, and a lack of awareness of intellectual property rights among consumers. These constraints have led few international investors to experience difficulties enforcing their rights.

For example, your U.S. trademark and patent registrations will not protect the holder in Madagascar, under local law. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so businesses should consider applying for trademark and patent protection even before selling your products or services in the Malagasy market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Madagascar. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consulting companies familiar with Madagascar and global IP laws.

While the U.S. government stands ready to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. In no instance should U.S. government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its cases.

Meanwhile, major brands are generally respected, but pirated copies of DVDs, CDs, electronic equipment and spare parts are sold openly. Some television stations regularly show pirated copies of first-run U.S. and European movies. Additional products subject to counterfeiting include foodstuffs, clothing items, mobile phones, cigarettes, toothpastes, and cosmetics, among others. Many of these products are imported.

The Ministry of Commerce intermittently seizes counterfeit goods found in the market during unannounced inspections. These products are incinerated at the cost of the faulty party, though figures or statistics concerning these raids are not made publicly available, and the Ministry also suffers from insufficient resources.

Madagascar recently became a signatory to the WIPO Copyright and Performance and Phonogram Treaties, acceding to both in November 2014 and entering them into force in February 2015.

A bill to amend intellectual property protections was under examination by the Ministry of Justice and now waiting its submission to the Parliament. The reforms would incorporate the Hague (international registration of industrial designs), and Lisbon (protection of origin appellation and international registration) agreements, as well as other international treaty classifications in the matter of patents, design and industrial models, and brands and figurative elements into the legislative framework.

It is recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP

and stop counterfeiting. There are a number of these organizations, both Madagascar and U.S.-based. These include:

- The U.S. Chamber of local American Chamber of Commerce
- National Association of Manufacturers
- International Intellectual Property Alliance (IPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Due Diligence

Auditors commonly perform due diligence in Madagascar, usually in areas of investment, joint venture/partnership, and loans. Given the lack of a clear legal framework governing due diligence, in addition to the fact that only commercial banks and microfinance financial statements are available to the public, performing due diligence can be difficult in Madagascar.

Notarial acts are recommended for property transactions with a value exceeding 15 million ariary (approximately \$5000).

Local Professional Services

LAW OFFICES

Madagascar Law Offices

Key person: Sahondra RABENARIVO (032 07 005 56)

Phones: +261 20 22 296 23

Fax: +261 20 22 200 57; Email: sahondra@madalaw.com

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Limitations on Selling U.S. Products and Services

There are no manufacturing sectors or services in which only citizens or a sub-set of the population is allowed to own or sell. There is no restriction for a foreign investor to enter, provided that relevant administrative formalities and company creation and registration are duly fulfilled.

Web Resources

Chambers of commerce and industries: www.amcham-mada.mg ; www.cci.mg ;
<https://fccimadagascar.wordpress.com>

Trade shows: www.foire-internationale-de-madagascar.com ; www.mediaconsulting.mg

General info: www.wto.org

Leading Sectors for U.S. Exports & Investments

Vegetable Oils

This is one of the most promising sectors in Madagascar.

Overview

Madagascar has relied mainly on imports of vegetable oils after the destruction of the only domestic factory manufacturing this product. A large company in Toamasina mostly reconditioned already-refined oils. Domestic production is limited to small artisanal units that process oil from peanuts, with poor or second-hand packaging. Data on market and production are not available.

Thousands of USD

	2014	2015	2016	2017 (Jan - May)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	938	655	794	549
Total Imports	56,526	58,296	86,923	44,133
Imports from the US	0	497	1,377	1,983
Total Market Size	N/A	N/A	N/A	N/A

(Total market size = (total local production + imports) - exports)

Data sources

Total Exports: Malagasy Customs (FOB)

Total Imports: Malagasy Customs (CIF)

Imports from U.S.: Malagasy Customs (CIF)

Products covered are within HTS Chapter 15 “Fat and animal vegetable oils” and HTS 4 digit code 1507, 1508, 1509, 1510, 1511 and 1512 which are refined palm oil, sunflower oil, peanut oil, soybean oil and not genetically modified.

Opportunities

Considering that the U.S. market share accounts for 1.6 percent of the entire vegetable oil market, there is still room for U.S. exporters to increase their sales in this sector through the establishment of a sales agent or by negotiating with a well-

known importer or distributor. 91percent of edible Oils in 2016 came from Malaysia, Indonesia, Argentina and Egypt. The United States is the fifth largest source of imports in this sector, accounting for 1.6 percent. U.S. exports to Madagascar were mostly imported by NGOs and relief organizations.

Metal Ore Mining

Overview

Madagascar has a significant potential for further exploration and exploitation in the mining sector from western investors. Currently, three large operators (QMM, Ambatovy and Kraoma) export nickel-cobalt, ilmenite and chromium. A number of other deposits have been explored and could be developed. These include coal, graphite, and iron ore deposits, among many others.

Thousands of USD

	2014	2015	2016	2017 (Jan to May)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	98,817	71,824	64,552	34,705
Total Imports	81	7	33	1,388
Imports from the US	1	0	14	1,388
<u>Total Market Size</u>	N/A	N/A	N/A	N/A

(total market size = (total local production + imports) - exports)

Data sources

Total Exports: Malagasy Customs (FOB)

Total Imports: Malagasy Customs (CIF)

Imports from U.S.: Malagasy Customs (CIF)

Products covered are within HTS chapters 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2614, 2615, 2616 and 2617 that are chromium, titanium, iron, manganese, nickel, cobalt, aluminium, lead, zinc, tin, tungsten, uranium, thorium, niobium, tantalum, vanadium, zirconium ores, precious stones ores and their relative concentrates. Madagascar has rich deposits of a wide array of precious and semi-precious stones and metals. Exports are heavily underestimated officially and illegal exports of gold and precious stones and metals are often reported in the media.

Leading Sub-Sectors

Rock Drills, Construction and Surface Mining Type, Manufacturing

Although the construction phases of the country's existing mines are largely over, future large-scale development of other identified commercial deposits in the country may lead to a rise in imports of heavy machines and special vehicles related to extraction activities.

Thousands of USD

	2014	2015	2016	2017 (Jan - May)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	3,987	4,907	5,566	167
Total Imports	18,288	15,944	20,582	20,309
Imports from the US	3,411	1,391	5,752	2,387
<u>Total Market Size</u>	N/A	N/A	N/A	N/A

(total market size = (total local production + imports) - exports)

Data sources

Total Exports: Malagasy Customs (FOB)

Total Imports: Malagasy Customs (CIF)

Imports from U.S.: Malagasy Customs (CIF)

Products covered are within HTS Chapters 842831, 842832, 842833, 842839, 842840, 842890, 842911, 842919, 842920, 842930, 842940, 892951, 892952, 842959, 843010, 843031, 843039, 843041, 843049, 843050, 843061, 843069, 843131, 843139.

U.S. market share of these imports increased gradually from 2013 to 2014, and U.S. exporters dominated the market in overall HTS 84 category, including boilers and other machinery. The main competitors for U.S. exports in these categories come from China, France and Germany.

Opportunities

U.S. firms have to date not been heavily involved in investment or exploration in the mining sector. The dominant player in this industry- and also the largest FDI in Madagascar- is Ambatovy, an \$8 billion mining enterprise producing primarily laterite nickel and cobalt, in addition to ammonium sulphate. The project is a joint Canadian, Japanese and South Korean venture. Rio Tinto/QMM, a \$1 billion project mining

ilmenite/titanium and related products in Fort Dauphin (southern Madagascar), is the second largest project. Under the previous coup government, mining companies found it difficult to obtain new permits, particularly those for exploration. The government has been reviewing the mining code for two years now but has not made tangible progress to date.

Agricultural Sector - Specialty Rice

This is a best prospect industry sector for this country.

Overview

Rice is the main staple food in Madagascar. Large areas of the northwest and center east of the country are dedicated solely to the production of this crop. Yet this is still insufficient to satisfy local demand. Experts think that Madagascar should import around 200,000 tons of rice to fill the gap. In the last three years, the quantity effectively imported has surpassed this threshold because of low productivity due to bad weather and poor infrastructure.

Thousands of USD

	2014	2015	2016	2017 (Jan - May)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	62	101	141	147
Total Imports	148,701	93,795	87,805	87,005
Imports from the US	0	1,003	2,729	2,225
<u>Total Market Size</u>	N/A	N/A	N/A	N/A

(total market size = (total local production + imports) - exports)

Data sources

Total Exports: Malagasy Customs (FOB)

Total Imports: Malagasy Customs (CIF)

Imports from U.S.: Malagasy Customs (CIF)

Products covered are within HTS Chapter 1006 Rice, which include subsections 100610, 100620, 100630 and 100640.

Opportunities

Rice imports have long benefited from duty free treatment from successive Malagasy governments due to its importance to the national diet, despite the urgings of the IMF

and other international donors. Some importers fraudulently mislabel wheat flour and other products as rice in order to benefit from duty-free treatment.

Principal competition for U.S. exporters in the rice sector may come from India, Pakistan and Myanmar.

Manufacture - Apparel

This is a best prospect industry sector for this country.

Overview

Madagascar has a sizeable domestic apparel industry, though it is geared almost entirely toward the export market. Under the legislative framework promoting investment in this sector, at least 95 percent of production must be exported in order to receive special tax incentives. As such, opportunities exist in the apparel industry both for American investment and for American exporters, particularly to service the small middle and wealthy classes. Additionally, Madagascar re-eligibility for duty free exports to the United States under AGOA, which went back into effect in July 2014, is expected to continue boosting investment in the textile sector. This sector receives the second largest share of FDI after the mining sector.

Thousands of USD

	2014	2015	2016	2017 (Estimate)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	455,489	405,941	471,217	165,055
Total Imports	101,224	117,590	123,191	54,980
Imports from the US	2,420	1,390	1,291	415
<u>Total Market Size</u>	N/A	N/A	N/A	N/A

(total market size = (total local production + imports) - exports)

Data sources

Total Exports: Malagasy Customs (FOB)

Total Imports: Malagasy Customs (CIF)

Imports from U.S.: Malagasy Customs (CIF)

Products covered are within Harmonized Tariff System (HTS) Chapters 60, 61, 62 and 63 covering all textile items from new to second hand and comprised of all types of fabrics.

Leading Sub-Sectors

Textile Machinery and Equipment Merchant wholesalers

Madagascar imported \$19 million worth of machinery for its vibrant textile industry in 2016, nearly double since 2014 because of the reeligibility for AGOA. Imports in this sector are expected to continue to rise because of the potential which has not yet fully been exploited.

Thousands of USD

	2014	2015	2016	2017 (Jan - May)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	329	487	259	39
Total Imports	11,072	17,842	18,862	5,178
Imports from the US	26	1,123	56	18
Total Market Size	N/A	N/A	N/A	N/A

(total market size = (total local production + imports) - exports)

Data sources

Total Exports: Malagasy Customs (FOB)

Total Imports: Malagasy Customs (CIF)

Imports from U.S.: Malagasy Customs (CIF)

Products covered are within HTS chapters 844400, 844511, 844512, 844519, 844520, 844530, 844540, 844590, 844621, 844630, 844712, 844720, 844790, 844811, 844819, 844820, 844831, 844832, 844833, 844839, 844842, 844849, 844851, 844859, 844900, 845129, 845130, 845140, 845150, 845180, 845190, 845221, 845229, 845230 and 845290 related to textile machinery and excluding materials typically dedicated to household use only.

Currently, U.S. manufacturers have a very low share of this market, having lost their lead to Chinese and European firms. As investment in the sector picks up following the reinstatement of AGOA, existing firms will seek to expand their capacity while new firms enter the market, created potential opportunities to American suppliers.

Opportunities

There are still no official sellers representing U.S. major brands in Madagascar, but there is a demand for such products.

Cosmetics

This is a best prospect industry sector for this country.

Overview

Madagascar imports very few cosmetics products from the United States, despite the fact that U.S. products are cheaper than those from Europe. There are no large domestic cosmetics producers in Madagascar but the country is a major source of essential oils used as a raw input in their production. Average imports during last three years amounted \$1.9 million per year, but with expectation of economic growth over the next few years, an increase in demand looks likely.

Thousands of USD

	2014	2015	2016	2017 (Jan - May)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	142	54	29	12
Total Imports	2,177	1,937	2,160	1,095
Imports from the US	30	20	19	18
Total Market Size	N/A	N/A	N/A	N/A

(total market size = (total local production + imports) - exports)

Data sources

Total Exports: Malagasy Customs (FOB)

Total Imports: Malagasy Customs (CIF)

Imports from U.S.: Malagasy Customs (CIF)

Products covered are within HTS chapter 3304 - Cosmetics and prepared makeup, skin products.

Opportunities

In 2016, the value of imported cosmetic products to Madagascar totaled \$2.2 million, of which \$19,000 only came from the United States. With projected growth urbanization, the demand for these products is expected to grow. The main competitors for U.S. imports in this sector are China and France, with the former exporting cheaper products and the latter exporting high quality products, leaving a market segment in the middle ripe for exploitation by U.S. firms. The best way to enter the market would be through an agent distributor or by contacting business associations.

Essential oils

This is a best prospect industry sector for this country.

Overview

Madagascar is well-known for its biodiversity in fauna and flora, and the latter are used as inputs for the production of essential oils.

Thousands of USD

	2014	2015	2016	2017 (Jan - May)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	37544	24770	34151	15670
Total Imports	28	37	43	18
Imports from the US	0	0	0	0
Total Market Size	N/A	N/A	N/A	N/A

(total market size = (total local production + imports) - exports)

Data sources

Total Exports: Malagasy Customs (FOB)

Total Imports: Malagasy Customs (CIF)

Imports from U.S.: Malagasy Customs (CIF)

Products covered are within HTS Chapter 3301 "Essential Oil" which covers sub-sections 330111, 330112, 330113, 330119, 330121, 330122, 330124, 330125, 330126, 330129, 330130 and 330190. Almost all exports came from 330129 (other essential oils rather than citrus-extract).

Opportunities

U.S. investors may be interested in finding local partnerships to exploit opportunities by selling essential oils overseas, as the market for this product is becoming more diverse, especially with continued growth in the emerging markets.

Petroleum Production

This is a potential prospect industry sector for this country.

Overview

With the recent discovery of large natural gas deposits of the coast of Mozambique, Madagascar, just across the Mozambique Channel, has received interest in the last few years as a potential source of natural gas and petroleum. Unfortunately, disappointment came early. Prospects carried out by Exxon Mobil stopped in 2015 and Tullow Oil also recently closed its subsidiary. Madagascar Oil got the permit to produce heavy fuel but had been unable to sell its stocks for a while because of the contract to sell locally to JIRAMA had been denied by the Government. Very recently, the new board and CEO of the utility company decided to procure heavy fuel from multiple vendors including Madagascar Oil. Only a handful of international oil companies are currently exploring both on-shore and off-shore but none of them (except Madagascar Oil) have commenced exploratory drilling.

Leading Sub-Sectors

Petroleum Pipelines, Crude

Given that Madagascar is projected to become an oil producer in the medium to long term, U.S. businesses have an opportunity to enter the market in the petroleum pipe supply chain. Madagascar Oil was recently granted its exploration permit and has plans to build a pipeline going the western coast line. Currently, Turkey, Germany and China dominate the market. The U.S. has been losing market share since 2013, despite a surge on demand in 2014 and 2017.

Thousands of USD

	2014	2015	2016	2017 (Jan - May)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	66	2	6	2
Total Imports	2,984	714	866	1,300
Imports from the US	76	2	1	6
Total Market Size	N/A	N/A	N/A	N/A

(total market size = (total local production + imports) - exports)

Data sources

Total Exports: Malagasy Customs (FOB)

Total Imports: Malagasy Customs (CIF)

Imports from U.S.: Malagasy Customs (CIF)

Products covered are within HTS chapters 730411, 730419, 730420, 730422, 730423, 730424, 730429, 730511, 730512, 730519, 730520, 730531, 730539, 730590, 730610, 730611, 730619, 730621 and 730629 which are pipes used for transporting gas and for extracting fuel.

Support activities for Oil and Gas Operations

This industry comprises enterprises primarily engaged in performing support activities on a contract or fee basis for oil and gas operations (except site preparation and related construction activities). Services include exploration (except geophysical surveying and mapping); excavating slush pits and cellars, well surveying; running, cutting and pulling casings, tubes, and rods; cementing wells, shooting wells; perforating well casings; acidizing and chemically treating wells; and cleaning out, bailing, and swabbing wells.

Opportunities

The Government is currently in the process of revising its petroleum legislation. The private sector has been consulted intermittently. It was seeking advice from the World Bank and the U.S.-based Deloitte Consulting firm. However, there is no clear timeline for finalization of the new petroleum code and government objectives are unclear.

Vehicles

This is potential for U.S. car manufacturers in Madagascar.

Overview

Madagascar has a single publicly-owned car company, but it produces very few vehicles (less than one thousand a year), and these do not meet international export-standards.

Thousands of USD

	2014	2015	2016	2017 (Jan - May)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	268	212	356	197
Total Imports	26,439	19,760	25,838	14,542

Imports from the US	1,768	1,336	1,530	881
Total Market Size	N/A	N/A	N/A	N/A

(total market size = (total local production + imports) - exports)

Products covered are within HTS Chapter 87 including all categories between 870321 and 870324. Cars running with diesel are not included, since they are not produced on a large-scale in the United States, nor deemed to suit the Malagasy market.

Opportunities

U.S. car brands are popular in Madagascar, especially the hatchback, sedan, small trucks and SUV models produced by Ford. Some U.S. brands, notably Chevrolet, have traditionally been seen as fuel inefficient and not well-suited to Madagascar's high fuel costs. However, more recent American models have been deemed more economic and perfectly in line with the Malagasy consumer's requirements. Small and less expensive cars fit the average Malagasy family's needs, whereas pickup trucks and utility vehicles fit those of internationally-owned extractive firms operating in the country. Ford's Escape and Explorer models with EcoBoost options are very competitive compared to other new 4WD gasoline vehicle models. Very few hybrid vehicles have been sold in Madagascar as of 2017. Electric cars are almost nonexistent. However, a commercial oil distributor plans to build sixty electric recharge points for electric cars in its gas stations starting in 2017.

Travel and Tourism - Eco-Tourism

This is among the best prospects for this country.

Overview

With more than 5,000 km of coastline, Madagascar presents excellent opportunities for tourism. There is significant room for growth, as nearby Mauritius and Kenya each receive millions of tourists every year compared to the nearly three hundred thousand that Madagascar received in 2016. The government has identified tourism as a growth industry and aspires to increase the number of tourists to 1 million per year by 2020. Poor infrastructure and unreliable domestic flights remain obstacles to development although the arrivals of new regional airlines companies serving Madagascar have resulted in lower regional/international airfares. Nevertheless, the country's rich biodiversity and unique wildlife make it a strong attraction for international tourists, presenting opportunities for U.S. investment in tourist infrastructure as well as for U.S. providers of tourism services.

Opportunities

U.S. companies could either establish new tour operators or associate and coordinate with already existing local ones. Tourism operators, including airline companies, hotels, donors, and wildlife conservation groups have created an association called

“Tour Operators Association” or TOP and are in partnership with the Ministry of Tourism.

The country’s protected areas are organized into the Madagascar National Parks (MNP) network, a public-private partnership managed by government officials with most funding provided by national and international non-governmental organizations. Each park is publicly owned, albeit financially independent, receiving funds from donors such as the World Bank, the World Wildlife Fund, international NGOs, in addition to admission fees. MNP recently announced a tender for companies to manage several of the parks, with the possibility of building neighboring hotels/resorts and contributing MNP’s monitoring the protected areas. Many of the national parks abound in flora and fauna, especially lemurs, which are endemic to Madagascar.

Iron and Steel Products

Overview

Madagascar possesses several iron ore deposits, but no domestic transformation capability. As such, the vast majority of the country’s iron and steel needs are supplied through imports. This sector currently presents opportunities for American iron and steel exporters seeking to supply the country’s significant import needs.

Unit: Thousands of USD

	2014	2015	2016	2017 (Jan - May)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	4,529	2,468	2,256	430
Total Imports	142,211	116,111	119,547	28,177
Imports from the US	3,435	1,716	1,321	1,063
<u>Total Market Size</u>	N/A	N/A	N/A	N/A

(Total market size = (total local production + imports) - exports)

Total Market Size = (Total Local Production + Total Imports) - (Total Exports)

Data Sources:

Total Exports: Malagasy Customs (FOB)

Total Imports: Malagasy Customs (CIF)

Imports from the United Malagasy Customs (CIF)

Products covered are within HTS Chapter 72 “Iron and Steel Products” (such as stainless steel, bars, rods, wire of alloy steel) and HTS Chapter 73 “Articles of Iron or Steel” (such as wires, ropes, cables, tubes and pipes).

Opportunities

Considering Madagascar’s total imports in this sector of \$120 million in 2016 (CIF) and the low U.S. market share, U.S. exporters can increase their sales in this sector through the establishment of a sales agent or by negotiating with a well-known importer or distributor. China, France, Germany and South Africa are currently the top exporters in this sector.

Madagascar possesses several iron ore deposits: concessions to the Soalala deposits (the most significant), approximately 360 million tons at a grade of 35% iron, have been granted to China’s Wuhan Iron and Steel Company (WISCO). Two important deposits remain to be exploited: the Betioky deposit, estimated to contain 30 million tons of ore at 24% iron and 130 million tons of ore at between 10% and 14% iron; and the Bekisopa deposit, estimated at around 10 million tons of ore at a grade of 60% iron and 140 million tons at a grade of 10% to 14% iron. Smaller iron deposits also exist throughout the country. Should the Ministry of Strategic Resources conduct a new international solicitation for licenses on these iron deposits, the Political-Economic section will notify the Department of Commerce and potential U.S. investors.

Plastics

Overview

Madagascar has more than 20 companies processing plastic products, such as tubes, pipes, buckets and bags. The raw materials are mainly sourced from China, South Africa, Mauritius, France and Arab countries. Nevertheless, domestic production is not sufficient to cover the needs of the market, leading to a significant reliance on imports.

Unit: Thousands of USD

	2014	2015	2016	2017 (Jan - May)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	5,769	1,517	1,734	447
Total Imports	101,183	97,946	114,564	44,215
Imports from the US	3,396	1,512	4,023	1,300
<u>Total Market Size</u>	N/A	N/A	N/A	N/A

(Total market size = (total local production + imports) - exports)

Total Market Size = (Total Local Production + Total Imports) - (Total Exports)

Data Sources:

Total Exports: Malagasy Customs (FOB)

Total Imports: Malagasy Customs (CIF)

Imports from the United Malagasy Customs (CIF)

Products covered are within HTS Chapter 39: plastics and articles thereof including articles of polymers and resins; tubes, pipes and hoses of plastics; cellulose and its chemical derivatives in primary forms.

Opportunities

Considering the significant needs of the Malagasy market in plastic products, with total imports reaching \$114 million in 2016 (CIF), there is ample opportunity for the U.S. plastics industry in Madagascar. To enter this market, U.S. products must be very competitive with best ratio price-quality, because South African and Chinese suppliers have good trade links and usually sell at low prices. The best way to enter the market would be through an agent distributor or a well-known importer with good distribution nationwide.

Power and Communication Structures

Overview

This industry is comprised of enterprises primarily engaged in the construction of power lines and towers, power plants and alternative energies, especially solar. The construction work performed may include new construction, reconstruction, rehabilitation, and repairs. Specialty trade contractors are included in this group when they are engaged in construction activities primarily related to power and communication lines and related structures. All structures (including buildings) that are integral parts of power and communication networks (e.g., transmitting towers, substations, and power plants) are included.

The IMF and World Bank have pushed for reform of the publicly-owned water and utility company, JIRAMA, which is virtually bankrupt, with significant unpaid debts. To date, the Government has appointed a new General Manager and fresh board members. Also, the latter implemented the first significant tariff adjustment (+7.5%) on July 1st, 2017 as strongly recommended by the IMF. Prior to this adjustment, Jirama is selling its production much below of its production cost. It is outsourcing part of the production of electricity to third parties but the agreement is subject to corruption and rent seeking, prompting the IMF to recommend audits on the agreement signed by both parties.

Symbion Power, an American company, concluded an agreement with Jirama to provide 40 MW to the city of Antananarivo by repairing four old engines running with heavy fuel. That is an example of opportunity that U.S. company succeeding in the

difficult electricity generation market despite the difficulty in getting Jirama to arrange a workable payment mechanism.

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Opportunities

Opportunities for U.S. companies would also include dam construction or providing power lines and towers for power extension or electricity saving technologies all along transmission line. In alternative energy, there is potential for exploiting wind energy in the extreme north and solar energy in the south. The prospects for either project are good, since power in those regions is currently produced only by fuel inefficient thermal power plants, which JIRAMA has announced that it plans to scale back. Off-grid power is another promising area since only 6 percent of residents in rural Madagascar have access to electricity as of 2017.

Web Resources

For information related to business and investment opportunities, monetary and economic indicators, please refer to the following websites:

Commerce and industry: www.commerce.gov.mg; www.industrie.gov.mg

Data: www.instat.mg; www.banque-centrale.mg; www.tresorpublic.mg

General info: www.edbm.gov.mg; www.douanes.gov.mg

News: www.orange.mg; www.moov.mg; www.actutana.com

Customs, Regulations & Standards

Import Tariff

Customs duties range from 5 to 20 percent and are modified annually by the yearly Budget and Finance law. Less than 40 percent of tariff lines are subject to a 20 percent customs duty, with beverages, fisheries, flora and fauna, and textiles being among the most protected products.

The average tariff rates for the best prospect sectors are listed below:

Iron and Steel Products: 22.8%

Rock Drills, Construction and Surface Mining-Type: 7.1%

Petroleum Pipelines, Crude: 12%

Vegetable Oils: 17.7% Shoes : 12%

Plastics :13.4% Cosmetics : 24%

Under the government's various industrial promotion schemes, inputs imported for certain sectors enjoy fiscal incentives that often include waivers of customs import duties and VAT, particularly in the apparel industry under the Export Processing Zone Law (EPZ), and in the mining industry.

The government also extends certain tariff preferences to particular countries as part of its membership in the European Union (APEi), Southern African Development Community (SADC), the Indian Ocean Commission (IOC) and the Common Market for Eastern and Southern Africa (COMESA). U.S. firms that have manufacturing presence in member countries of these associations would benefit from duty-free entry to the Malagasy market under certain conditions.

Import Requirements & Documentation

Includes import documentation and other requirements for both U.S. exporters and foreign importers.

The following documents are mandatory for importers based in Madagascar :

- BSC (Bordereau de Suivi des Cargaisons, cargo follow-up document)
- Commercial invoice
- Bill of lading or Air Waybill
- Bank payment
- Packing list
- Import declaration
- Certificate of origin

Labeling/Marking Requirements

For each certified product, labeling and marking are required on the packaging of the product before sale or export. All perishable foods must bear a label, written in French or English, indicating the origin, the sell-by or use-by date, the ingredients, the method of storage, the manufacturer's name and registration number where appropriate, and the intended use. Use of the metric system is compulsory in Madagascar.

For further information, the point of contact is:

Bureau National des Normes (BNM)
06 bis Rue Rainandriamampandry, Soarano, Postal code 101,
PO Box 1316, Antananarivo 101, Madagascar
Tel: (261 20) 22 279 70
E-mail: bnm@bnm.mg
Website: www.bnm.mg

U.S. Export Controls

There is no special U.S. export/import control related to Madagascar. However, companies should ensure that imports of flora or fauna from Madagascar to the United States adhere to the provisions of the Lacey Act, which does not allow the import, export, transport, sale, receipt or purchase of plant materials taken, possessed, transported, or sold in violation of U.S. or foreign laws. U.S. law enforcement officials took action in 2010 against companies that imported rosewood that had been illegally felled in Madagascar.

A list that consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of

potential parties to regulated transactions is available here:
<http://developer.trade.gov/consolidated-screening-list.html>

Temporary Entry

Madagascar has a temporary admission regime under which certain items may enter duty free for up to 12 months. These items include imported goods that are expected to be re-exported (as is or after transformation); goods subject to experiment, repairs, and testing; goods exhibited during an international trade fair; and equipment used in public works.

Prohibited & Restricted Imports

Imports into Madagascar are liberalized and do not require an import license, except for a limited categories of items which are considered strategic by the Malagasy government and which are specially regulated. The importations of radioactive waste from nuclear power stations, pornographic materials, counterfeit branded products, pirated goods and goods bearing false indications of origin are prohibited. The imports of products such as arms, explosives, and drugs are subject to prior authorization. The same applies to imports of diamonds, gemstones, gold and platinum jewelry, and vanilla. Madagascar also maintains a special regime for imports of tobacco leaf. Import license is required for lubricant. In addition, Madagascar applies prohibitions and licenses under multilateral environmental agreements to which it is party.

Customs Regulations

Madagascar is a member of the World Customs Organization (WCO). Since November 2000, the Malagasy customs authorities have implemented the "transactional value" definition of the WCO. Customs duties are valued based on Cargo, Insurance and Freight (CIF). Customs contact information:

Mr. Eric Narivony Rabenja
General Manager of Customs,
Ministry of Finance and Budget,
Antananarivo, Antananarivo, Postal code 101, Madagascar
Tel: +261 20 22 229 16
Fax: +261 20 22 646 80

Standards for Trade

Overview

Madagascar's Standards Office (Bureau de Normes de Madagascar, BNM), is the official entity in charge of standards and conformity assessment in Madagascar. BNM's objective is to draft, publish and implement the national standards, manage national trademark conformity, and apply national standards.

BNM also represents Madagascar at regional and international standards organizations such as the ISO (International Organization for Standardization), the CEI (Cycle Engineers' Institute), the OIML (International Organization of Legal Metrology), and the

Codex Alimentarius. When developing standards, BNM follows international standards, mainly those established by ISO. BNM works closely with the Ministry of Commerce.

PRONABIO (Natural and Organic Products), a local organization, has developed its own standards, called “NATIORA” to certify its natural goods such as vegetables, spices, and essential oils. There are dedicated national standard designed for few export agricultural products (vanilla, clove, litchi).

Standards

The National Laboratory of Public Works and Building (Laboratoire National des Travaux Publics et du Batiment, LNTPB), which develops standards in construction and engineering materials.

The National Institute and Laboratory of Nuclear Sciences and Technogy (Laboratoire de l'Institut National des Sciences et Techniques Nucléaires, LINSTN). Other national laboratories test for conformity with international standards, as highlighted in the next section.

Member countries of the World Trade Organization (WTO) are required to report to the WTO all proposed technical regulations that could affect trade with other Member countries under the Agreement on Technical Barriers to Trade (TBT Agreement).

Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Online registration is available at: <http://www.nist.gov/notifyus/>

Testing, inspection and certification

The BNM and the following testing laboratories ensure conformity assessment in Madagascar:

- National Laboratory of Public Works and Building (Laboratoire National des Travaux Publics et du Bâtiment, LNTPB): certification of construction materials (cement, iron, etc); study of road materials; study of soil in view of construction stability assessment; control of construction; description of maintenance works; training of engineers.
- Antananarivo Laboratory of Chemistry and Microbiology (Laboratoire de Chimie et de Microbiologie d'Antananarivo, LCMA): quality control of food and agricultural goods, classification and conformity assessment. Standards used are AFNOR, ISO, and the Codex Alimentarius.
- Chemistry Laboratory of Tamatave (Laboratoire de Chimie de Tamatave, LCT): quality control of agricultural goods such as coffee, vanilla, cloves, litchi, pepper,

- and essential oils; classification and conformity assessment. Standards used are AFNOR and ISO.
- Laboratory of Legal Metrology (Laboratoire de Métrologie Légale, LML): control and standardization of measuring equipment in the commercial and industrial sector. LML reports to the Ministry of Commerce.
 - Laboratory of the National Center of Research for the Environment (CNRE): analysis of environmental samples; monitoring of impacts of industrial activities of environment; scientific support to the industrial sector; control and analysis in the nutritional and food sector; scientific support to the private sector in product quality (shrimp, lobster, agricultural goods, etc).
 - Laboratory of Biochemical Nutrition for the Department of Zootechnics and Veterinary Research (LBN): chemical and microbiological analysis of raw materials for animal food.
 - Laboratory of the National Center of Industrial and Technological Research (CNRIT): conformity assessment in the following sectors: water, various chemical products, construction materials, civil engineering, and electronics. It also provides technical support to companies.
 - Laboratory for the Control of Pesticides (LCP): control of agro-pharmaceutical products and pesticides (local or imported).
 - Laboratory of Microbiology, Water, and Consumables: bacteriological analysis of food, water, and medicines.
 - National Laboratory of the Minister of Mines (LNM): certification of jewelry and precious stones for export; LNM belongs to the Ministry of Mines.
 - National Laboratory of Research in Telecommunications (LNRT): verification, inspection and certification of telecommunications equipment.
 - National Institute and Laboratory of Nuclear Sciences and Technology (LINSTN): standardization of ionizing radiation detection apparatus; radioactivity control of food and metallic waste; analysis of geological samples; detection of heavy metal; control of heavy metal in seafood and meat; quantitative/qualitative analysis of atomic elements in powder, solid, and liquid samples.

Publication of technical regulations

Technical regulations and standards developed by the different laboratories are published in the National Gazette of the Republic of Madagascar, if required by law. U.S. or foreign entities can approach the different laboratories or related departments to comment on final regulations.

Contact Information

Accreditation body and contact information:
 Bureau des Normes de Madagascar (BNM)
 P.O. Box 1316, Antananarivo, Postal code 101, Madagascar
 Tel: +261 20 22 279 70
 E-mail: bnm@bnm.mg

Trade Agreements

Madagascar has ratified the following regional and international agreements:
 (<http://www.diplomatie.gov.mg/index.php?categorie8/integration-regionale>)

1964: United Nations Convention on Trade and Development (UNCTAD)

1992 - IOC -Indian Ocean Committee: Since 1998, elimination of tariffs on goods originating from the COI countries. It is an intergovernmental organization uniting some countries of the Indian Ocean, created in 1984 by the Victoria's Agreement. The Comoros, France (La Réunion), Madagascar, Maurice and the Seychelles are member countries to COI.

1993- COMESA: Free Trade Area since 2000. It is an international organization of a regional nature for East Africa, of which 19 states are members. This zone represents a total population of 340 million and had a total gross product of \$170 billion in 2006. The annual commercial transaction between member countries and the rest of the world reaches 52 to 60 billion U.S. dollars, between 1997 and 2002

1995: World Trade Organization (WTO)

2000: Cotonou Agreement <http://ec.europa.eu/europeaid/where/acp/overview/cotonou-agreement/>

2005 - SADC: Madagascar adhered to SADC in 2005 but the trade agreement has been enacted since 2008. Among the numerous commercial advantages that the SADC offers, besides the fact of having an access in a big market of more than 200 millions of consumers, there is the preferential tariff treatment of which exporters or importers from members countries can benefit from.

2009 - APEi: Interim Economic Partnership Agreement with the European Union. The cooperation between the European Union and countries of Africa, the Caribbean and the Pacific, dates more than fifty years. The Treaty of Rome, signed by six European States namely Belgium, France, West Germany, Italy, Luxemburg and the Netherlands, created the European Economic Community (EEC). This treaty was the starting point of relations between the two parties.

China: In compliance with the MOU between the government of the People of the Republic of China and the beneficiary country of products exported to China by the country beneficiary of the program Special Preferential Tariff (SPT) treatment, these rules will be applied in the determination of products exported under the SPT program.

India: The rules set are related to the determination of the origin of products eligible for India preferential tariff GSP granted to the least developed countries.

Licensing Requirements for Professional Services

<http://www.commerce.gov.mg/information-sur-le-commerce-de-service/>

Web Resources

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

U.S. Trade and Development Agency: <http://www.ustda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

World Bank: <http://www.worldbank.org/madagascar>

IFAD (agribusiness promotion): <http://www.ifad.org/french/operations/pf/mdg/index.htm>

UNIDO (industry): <http://www.unido.org/office/madagascar>

African Development Bank: <http://afdb.org/en/countries/southern-africa/madagascar>

Investment Climate Statement

This information is derived from the State Department's Office of Investment Affairs' 2015 Investment Climate Statement. Any questions on the ICS can be directed to EB-ICS-DL@state.gov.

Executive Summary

Since assuming office in 2014, the government of President Hery Rajaonarimampianina has publicly emphasized the importance of combating corruption and improving the business and investment climate, citing private sector led growth as the engine for the future economic development of Madagascar. However, despite a number of programs to improve the country's investment climate, including reform of the existing regulatory framework, progress reigning in corruption has been largely absent.

Foreign direct investment has failed to reach its potential due to persistent corruption in the government and in the private sector. Both foreign direct investment and domestic investment are held back by the lack of infrastructure (notably roads and electricity), the lack of transparency in the award and oversight of public works projects, generally inadequate audit and management of budgets, the government's inability or unwillingness to properly enforce regulations and laws, and a weak financial system.

The best options for U.S. investment are extractive industries and light manufacturing in the apparel sector, construction, energy, agribusiness, and tourism. Extractive industries, particularly the mining sector, have been the largest driver of economic growth over the past few years, even though low commodity prices in recent years have added an additional obstacle for investors.

In its 2015-2020 five-year development plan, the government plans to seek public-private partnerships with private industry, in addition to traditional donor aid in order to rehabilitate and extend its dilapidated infrastructure. This may present opportunities for U.S. investment, particularly if the government succeeds in its efforts to reform the management of the state-owned water and electric utility JIRAMA. Following a major cabinet reshuffle in April 2016, the government announced a number of reform projects and efforts to improve the business and investment climate. However, these efforts, especially within JIRAMA, have not produced concrete results so far. The mining sector has, up until now, been the primary recipient of foreign investment.

The IMF released the first \$43.5 million tranche of a \$304.7 million Extended Credit Facility for Madagascar in September 2016. Progress on IMF-monitored reforms is broadly satisfactory, with generally good performance on indicative targets and structural reforms. However, the poor financial health of the national utility, JIRAMA, and the national airline, Air Madagascar, remain major concerns that will require significant but unknown increases in government subsidies - threatening to undermine progress in all other areas. Resolution of these potential budgetary uncertainties depends on improvements in governance, including the fight against corruption.

Table 1

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2016	145 of 176 (Score 26/100)	http://www.transparency.org/research/cpi/overview
World Bank's Doing Business Report "Ease of Doing Business"	2017	167 of 190	doingbusiness.org/rankings
Global Innovation Index	2016	125 of 128	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in partner country (\$M USD, stock positions)	2015	\$170 million (+16.4% from 2014)	http://www.bea.gov/international/factsheet/
World Bank GNI per capita	2015	420	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

Openness to and Restrictions upon Foreign Investment

Policies towards Foreign Direct Investment

President Hery Rajaonarimampianina came into office after democratic elections in late 2013, ending five years of rule by an unelected coup regime that was largely characterized by corruption and rent seeking. As the Finance Minister in that regime,

Rajaonarimampianina was the transition regime's candidate in the 2013 elections but broke away from his former benefactors after he was elected president. Since taking office, his government has, in its public statements, emphasized the importance of combating corruption and improving the business and investment climate, citing private sector led growth as the engine for its future economic development. The President and his administration have repeatedly underlined the importance of attracting foreign direct investment (FDI). This commitment is enshrined both in the government's official policy document, the General Policy for the State, and the National Program for Development (NDP), which prioritizes the country's development objectives in the short to medium term. However, clear actions in support of these pronouncements are difficult to identify.

Although the government welcomes foreign investment, the country faces many impediments that make investing in Madagascar a challenge. These include weakness in the judicial system and the banking sector, the high cost and low reliability of electricity, entrenched corruption at all levels of government, and limited road, rail, and port infrastructure. With the arrival of new operators such as Turkish Airlines and Ethiopian Airlines, the cost of air transportation has decreased slightly, although it remains higher than in other countries in the region.

The current government inherited numerous problems from the coup regime - a stagnating economy, increased poverty, and poor social conditions. In recognition of Madagascar's return to elected government, many international donor countries that had rescinded or curtailed their development aid to Madagascar, including the United States, resumed cooperation in 2014. Beginning in January 2015, Madagascar resumed duty free exports to the United States under the African Growth and Opportunity Act (AGOA) due to the country's return to constitutional order. However, the continuing low global prices of commodities, difficulty accessing credit, and prevailing corruption limited the amount of foreign and local investment to Madagascar in 2016. Economic growth reached 4.1 percent, boosted by record high prices of vanilla and foreign assistance.

The legislative framework governing investment in Madagascar does not discriminate against foreign investors, neither does it prohibit, limit, nor condition foreign investments. Any natural person or legal entity, Malagasy or foreign, is free to invest in Madagascar. In accordance with the laws and regulations in force, equal treatment as nationals one is granted to foreign investors in any sector. There is no discrimination against foreign investors at the time of the initial investment or after the investment is made, such as through special tax treatment, access to licenses, approvals, or procurement.

Other Investment Policy Reviews

The British consultancy "Control Risks" put Madagascar on its list of countries with "high political risk" along with Libya, Cote d'Ivoire, Cameroon, and Eritrea. It warned

that Madagascar could fall into the “safety risk” zone following the looting of a sugar company in Morondava and the deterioration of the infrastructure of JIRAMA.

Business Facilitation

Madagascar created the Economic Development Board of Madagascar (EDBM) as a one-stop shop for receiving, processing, and delivering the required administrative documents to speed up the approval of all investment projects. The EDBM has significantly streamlined the process for establishing a business in Madagascar, though some investors continue to report delays. However, it is strongly advised that a foreign company seeking to start a business in Madagascar consider partnering with a local business to set up the registration despite the existence of the one-stop shop. Post recommends the retention of competent local counsel. It is almost impossible to register in Madagascar with no permanent residence or contact when difficulties arise. Madagascar is ranked 128th out of 189 for the starting business registration by Do Business. The EDBM, whose mission is to attract FDI, receives funds from the World Bank. The EDBM has a website in English: <http://www.edbm.gov.mg/>.

According to the World Bank, it takes three procedures and 12 days to establish a foreign-owned limited liability company (LLC) in Madagascar (Antananarivo). This process is among the shortest in Sub-Saharan Africa and much faster than the IAB global average. An LLC can be entirely foreign-owned; investment authorizations are no longer required. However, at least one of its executives must reside in Madagascar. If a newly-established company (domestic or foreign) wants to engage in international trade, it must register with the Ministry of Commerce and Trade. At the one-stop shop, companies can obtain their statistical card, tax registration confirmation, commercial registration number, and professional card. They must also register for social security and health insurance at the same shop. Companies in Madagascar are free to open and maintain bank accounts in foreign currency. Minimum capital requirements have been abolished. Madagascar does not have an investment promotion agency to facilitate foreign investment, but EDBM assists both local and foreign companies to register and to operate their businesses.

Outward Investment

The Malagasy Government has set up an economic section within the Ministry of Foreign Affairs with the objective of supporting local businessmen and increasing Malagasy exports. The government does not offer any incentives to promote outward investment.

Capital controls do not exist. However, the mandatory repatriation of foreign currency resulting from international trading constitutes an indirect restriction on investing abroad.

Bilateral Investment Agreement and Taxation Treaties

Madagascar does not have a free trade agreement with the United States. The Malagasy government has expressed interest in negotiating a bilateral investment treaty with the United States. Initial discussions began in late 2008, but stalled due to the unconstitutional change of government in March 2009. The United States signed an agreement in 2001 on the development of trade and investment relations with the Common Market for Eastern and Southern Africa (COMESA), in which Madagascar is a member.

Bilateral Investment Agreement and Taxation Treaties

According to the U.N. Conference on Trade and Development (UNCTAD), Madagascar has concluded bilateral investment agreements with Belgium, Canada, China, France, Germany, Mauritius, Norway, Sweden, and Switzerland.

Legal Regime

Transparency of the Regulatory System

Bureaucracy and inconsistency in the application of regulations hinder investment and can lead to corrupt practices. Even though existing legislation attempts to establish clear rules, a lack of enforcement and a shortage of resources and capacity have led some international investors to allege unfair competition from unscrupulous actors. A lack of transparency in government regulatory decisions is a common complaint.

The National Council on Competition, instituted under law no. 2005-020 (Law on Competition) 17 October 2005, was finally established in November 2016. The body has responsibility to hear cases of unfair competition, but has not rendered any major decisions related to unfair competition.

Tax, labor, environment, health, and safety standards are generally not used to impede foreign investment, though, as mentioned above, bureaucratic procedures and red tape are often opportunities for corruption. There are no informal regulatory processes managed by non-governmental organizations or private sector associations.

Proposed laws and regulations are generally not published in draft form for public comment. The only opportunity for comment is usually at the parliamentary level. However, the current government has developed a track record over the last year of seeking comment on proposed laws and regulations from a limited pool of stakeholders. These consultations typically do not include the general public.

International Regulatory Considerations

Madagascar is a member of the following economic blocks: Indian Ocean Commission (IOC), Southern African Development Community (SADC), and Common Market for Eastern and Southern Africa (COMESA). Regional regulatory systems prevail over the national system. As a former French colony, most of Madagascar's norms and standards are French. However, in the last decade, British and other international

norms or standards increasingly have been adopted in response to global market requirements. The government commits to notify all draft technical regulations to the WTO Committee on Technical Barriers to Trade (TBT).

Legal System and Judicial Independence

Madagascar's legal system is based on French civil law, and its provisions contain protections for private property rights. Local commercial law consists largely of the Code of Commerce and annexed laws, which are reportedly applied in a non-discriminatory manner. However, the Malagasy judicial system is slow and complex and has a reputation for opacity, corruption, and executive influence.

Laws and Regulations on Foreign Direct Investment

The major laws affecting foreign investment include: the Law on Investments (Law 2007-036), the Law on Free Zone Companies (Law 2007-037), the Law on Large Scale Mining Investments (Law 2001-031, modified by Law 2005-022), the Petroleum Code (Law 96-108), and the Law on Commercial Enterprises (Law 2003-036). The mining and Petroleum codes are under review with the assistance of the World Bank and a U.S. consulting firm.

In addition to the freedom of investment and equality of treatment for foreign and national investors, Madagascar's Investment Law (2007-036) includes articles on the protection of patent rights and protections against expropriation, freedom to transfer funds abroad without prior authorization, and a stability clause guaranteeing investor privileges from future legal or regulatory measures. There is no legal requirement that nationals own shares of foreign investment, nor any restriction on the mobility of foreign investors. The regime for visas, residence, and work permits is neither discriminatory nor excessively onerous. Since the creation of the EDBM, processing of residence and work permits has been streamlined.

Although the judicial system is independent, and the government has no right to interfere in its proceedings, some foreign investors have complained that the courts abdicate their responsibility and do not rule on the substance of tax appeals, but rather dismiss cases based on technicalities. Harassment by tax collectors assessing extraneous taxes is a frequently cited complaint by many investors. In addition, large companies nearly always lose court trials on issues related to personnel such as layoffs or dismissal of workers because of the rigidity of Malagasy labor laws. Investors frequently allege interference by government officials and corrupt judges in the judicial system.

Competition and Anti-Trust Laws

The Law on Competition (Law 2005-020) assigns the Ministry of Commerce and Consumption the overall responsibility for ensuring fair competition. The law also mandates the creation of an independent National Council of Competition (NCC) to rule on cases brought before it relating to unfair competition.

Expropriation and Compensation

The Investment Law (2007-036) provides foreign and local investors protection against nationalization, expropriation, and requisition, with the exception of public interest cases as established by regulation (Ordinance 62-023). Infrastructure projects requiring the expropriation of private property must receive an official proclamation by the government that defines the public interest of the proposed project. In these cases, the investor is granted a fair and prior compensation according to the market value of expropriated interests.

There are no recent cases of expropriation actions by the government of Madagascar, though as reported in local and international media, there were attempts by the previous de facto coup regime to expropriate oil blocks belonging to an international oil company in 2010. The company and the ruling regime resolved this case without resorting to expropriation.

Aside from the above, there have been no government actions or shifts in government policy occurring in the last five years that would indicate possible expropriations in the foreseeable future.

Dispute Settlement

ICSID Convention and New York Convention

Madagascar is a member state to the International Centre for the Settlement of Investment Disputes (ICSID Convention) and under the Investment Law (2007-036), disputes between foreign investors and the State are handled through arbitrage proceedings administered by the ICSID. If the foreign investor is the initiator of the proceedings, he or she may also choose to submit the dispute to the Commerce Tribunal, the competent Malagasy jurisdiction. However, the Malagasy judicial system is slow and complex and has a reputation for opacity, corruption, and executive influence. A poll conducted by the national statistics agency, INSTAT, in 2014 found that 45.5% of the Malagasy population has no confidence in the judicial system, compared to 35% for the government and 34% for the police.

Investor-State Dispute Settlement

As a signatory to the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention), Madagascar also accepts international arbitration as means of resolving investment disputes. Based on the obligation of the New York convention, domestic courts should recognize and be willing to enforce foreign arbitral awards. International arbitration is also accepted as a means of settling commercial disputes between private parties.

Madagascar has also been a member of the Multilateral Investment Guarantee Agency (MIGA) since 1989.

International Commercial Arbitration and Foreign Courts

The Malagasy Arbitration and Mediation Center (known by its French acronym, CAMM) was created in 2001 as a private organization to promote and to facilitate the use of

arbitration to resolve commercial disputes, both international and domestic, as well as to lessen reliance on an overburdened court system. As a result, many private contracts now include arbitration clauses, which allow the CAMM to mediate eventual disputes. However, the CAMM only mediated a total of 25 cases in year 2016, according to its General Secretary.

Bankruptcy Regulations

Madagascar has a bankruptcy law (2003-042). According to the latest World Bank Doing Business report, creditors have the right to initiate insolvency proceedings only when seeking liquidation of the debtor, but not when seeking reorganization.

In reorganization proceedings, all creditors have the right to vote on the reorganization plan, not just those whose rights are modified or affected by the plan. Creditors are not divided into classes for the purpose of voting on the reorganization plan. Dissenting creditors do not have to receive as much under the reorganization plan as they would have under liquidation.

Creditors have the right to object to a decision of the court to approve or reject claims against the debtor brought by the creditor itself or by other creditors. The insolvency framework does not afford creditors the right to participate in the selection of an insolvency representative, to approve the sale of substantial assets of the debtor, nor to access information about the insolvency proceedings.

Law 2003-042 removed bankruptcy offenses from the Penal Code but maintained them in the bankruptcy law itself. Bankruptcy offenses are punishable by fines and imprisonment depending on the nature of the offense - ranging from simple, to negligent, to fraudulent bankruptcy. The associated prison sentences were reduced compared to those stipulated in the previous insolvency framework.

Industrial Policies

Investment Incentives

Madagascar extends certain incentives for investment, outlined in domestic legislation, particularly in the Export Processing Zones and in the mining sector. The Law on Large Scale Mining Investments (Law 2001-031, modified by Law 2005-022) establishes a special regime in terms of currency exchange, taxes, customs duties, and legal protections to large investments in the mining sector of approximately \$25 million or more - including attractive royalties and taxation rates designed to incentivize not only investment in the mining sector, but also local transformation of the mined substances. These incentives include fixed tax rates on corporate profits of 25%, compared to 35% in the general tax regime, which fall to 10% when products are processed locally. The Government has set up a committee called “committee on the LGIM” which could be seen as the only interface between the Malagasy government and investors. The Law on Large Scale Mining Investments has encouraged growth in

the mining sector, which has been the biggest driver of GDP growth in the last five years.

Foreign Trade Zones/Free Ports/Trade Facilitation

The January 2008 Law on Free Zone Companies (Law 2007-037) established an Export Processing Zone (EPZ) regime to incentivize investment in three categories: (1) investment in export-oriented manufacturing industries; (2) development or management of industrial free zones; and (3) provision of services to EPZ companies. The EPZ regime provides certain tax advantages and incentives to EPZ companies, to include: temporary tax exemptions of two to fifteen years (depending on the category of enterprise); no VAT or customs duties on imports of raw materials; no registration taxes; no customs tax on exported goods; income tax on expatriation not exceeding 30% of the taxable basis; and free access to foreign currency deposited in the company's foreign currency bank account. Free zone companies are exempted to pay income tax in the first five years of operation. From the sixth year of operation, the income tax rate is only 10%. These incentives are conditioned upon a performance guarantee and requires 95% of an EPZ company's output be exported.

Performance and Data Localization Requirements

The government does not follow forced localization.

Regulation of the local IT sector is embryonic, and there are no requirements for foreign IT providers to turn over source code and/or provide access to surveillance (backdoors into hardware and software or turn over keys for encryption).

There are no current mechanisms to enforce any rules on maintaining a certain amount of data storage within the country. The IT Industry Association (GOTICOM) is actively working with the relevant authorities on updating the legislative and regulatory framework governing the sector.

Protection of Property Rights

Real Property

Upon independence, Madagascar continued the land tenure policies of the French colonial administration with the presumption of state ownership of all land and the central government being the sole provider of legitimate land titles. However, due to the length and cost of the procedures for registering land, together with the remoteness of the authorities, customary practices for recognition of property rights prevailed at the local level. Recognition of property rights at this local level entailed the use of non-uniform, handwritten titles. The Land Title Office in Antananarivo is the only place to obtain an official title whenever a locally-registered business wants to acquire a large parcel of government land. Registering a land title or transfer remains difficult, costly, and time-consuming for those living outside the capital.

In 2005, with the support of a Millennium Challenge Corporation Compact, the government embarked on a land reform project to simplify the registration process

and to reconcile the existing formal and informal land titles. The reform reversed the presumption of state land ownership and introduced private ownership, while at the same time decentralizing land registration and recognizing/formalizing the existing local customs for social recognition of property rights.

This reform process was interrupted by the 2009 political crisis, leaving the country with approximately 10% of its existing land plots with formal title. The majority of land ownership disputes are resolved at the local level without recourse to judicial proceedings. The small percentage of disputes that rise to the court system remain bogged down due to the complexity of cases and the lack of clear evidence of ownership, and even when determinations are made, they are often not adequately enforced.

The Investment Law (2007-036) provides foreign investors authorization to acquire real estate property through lease with a maximum, renewable duration of 99 years, so long as the property is solely and continuously used to carry out commercial activity. The law specifically prohibits the acquisition of land by foreign investors for resale in its original state, or for resale after development. Banks and insurance companies use mortgages and liens on commercial property to guarantee loans.

After coming to power in 2014, the government has re-initiated land reform with the intent to complete the process that was interrupted in 2009. A new national land policy could be adopted in 2017.

Intellectual Property Rights

Protection of intellectual property rights is uneven. Officially, authorities protect against infringement, but in reality, enforcement capacity is quite limited due to resource constraints, weakness of the judicial system, and a lack of awareness of intellectual property rights among consumers. These constraints have led some international investors to experience difficulties enforcing their rights.

A draft bill to modernize intellectual property protections is under examination by the Ministry of Justice prior to its submission to the Parliament in 2017. The reforms would incorporate the Hague (international registration of industrial designs), and Lisbon (protection of origin appellation and international registration) agreements, as well as other international treaty classifications in the matter of patents, design and industrial models, brands and figurative elements into the legislative framework.

Madagascar does not track or report on seizures of counterfeit goods. Counterfeit goods are widely observed in local markets. Media piracy is extremely common, but the lack of electricity and media playback devices limits the size of the market.

Financial Sector

Capital Markets and Portfolio Investment

There is no stock exchange in Madagascar, and plans to create one were scuttled while still in the analysis and study phase by the 2009 political crisis.

Banks are free to support the flow of resources in the product and factor markets, and credit is usually allocated on market terms. However, the banking sector is relatively small, with approximately \$1.4 billion in total credit, making access to credit expensive, particularly for small and medium enterprises. Although the banking sector comprises 80% of the financial system, it only offers basic savings and credit products to a select clientele. Mobile banking is growing very quickly, partly due to a World Bank project designed to encourage it. Credit tends to be of short to medium term in nature, and there is no corporate or municipal debt market in the country.

Money and Banking System

Madagascar's financial sector is comprised of 11 commercial banks, all of which except a small one are subsidiaries of foreign banks, mostly based in Mauritius, France and mainland Africa. The top four banks account for more than 86% of assets and deposits. Only 6% of the population has a bank account, so the vast majority of the banking clientele is represented by corporate or professional entities.

The sector is stable and highly profitable despite a relatively large non-performing loans ratio of 13.1% of total loans, and a complete lack of deposit insurance. The sector remains profitable, with a return on equity of approximately 31%.

The overall assets of all banks are estimated at \$2.1 billion as of March 2016 with the largest bank boasting approximately \$700 million of total assets. Madagascar has had an autonomous Central Bank since 1973, however the level of executive influence over the bank increased during the period of coup governance. In response to a recommendation by the IMF that it become more independent, the Central Bank revised its structure in March 2017. Under the new framework, the Central Bank Governor is assisted by two deputy governors, one dealing with the monetary policy and the other with all administration affairs.

In order to establish a bank account, foreigners must have established residency status.

Foreign Exchange and Remittances

Foreign Exchange

While some foreign exchange controls exist, they are not especially restrictive. There are repatriation requirements for export earnings, and some specific capital controls, but Madagascar abides by the IMF's Article VIII statutory framework, which prohibits direct government limitation on foreign exchange use and availability. Investment Law (2007-036) provides foreign and local investors freedom to freely transfer abroad

without prior authorization. When delays occur in conversion or funds transfer, they are due to temporary shortages of foreign currency on hand.

This foreign currency market determines the exchange rate, with daily fluctuations in the exchange rate. The Central Bank reserves the right to intervene in order to avoid abrupt variations in the exchange rate. Normally, it allows the local currency to fluctuate within a band of 2 percent. The Central Bank can intervene if the Malagasy ariary gains or loses more than 2 percent in a single day.

Remittance Policies

There are no restrictions on converting or transferring funds associated with foreign investment, including remittances of investment capital, earnings, loan repayments, and lease payments.

There are no plans to change remittance policies that have tightened or relaxed access to foreign exchange for investment remittances. There is no limitation on the inflow or outflow of funds for remittances of profits, debt service, capital, and returns on intellectual property.

Sovereign Wealth Funds

No Sovereign Wealth Fund (SWF) or Asset Management Bureau (AMB) exist in the country, aside from the Privatization Trust Fund established in 1996, whose sole function is to manage the State's minority shares in privatized enterprises in preparation for their auction to the local private sector. All of the Privatization Trust Fund's investments are domestic, given that the shares it holds are the remaining minority shares of the State resulting from the privatization of earlier state-owned companies. The fund adopts a passive role as a portfolio investor and does not take an active role in the management of the assets in which it holds shares.

State-Owned Enterprises

Two major SOEs operate in the travel and energy sectors -- the national air transport company, Air Madagascar (90 percent state-owned), the water and electric utility, JIRAMA (100 percent state-owned). However, the Government promised to lower its participation on Air Madagascar to 51 percent following an agreement with French company Air Austral that has not yet been finalized. Other SOEs with significant shareholding by the state include a forestry company (FANALAMANGA), a chrome mining company (KRAOMA), an insurance company (ARO), an airport management company (ADEMA), the Tamatave commercial port company (SPAT), and a real estate company (SEIMAD). The Treasury, within the Ministry of Finance, maintains a list of the 50 SOEs on its website, including those enterprises in which the State has only a minority shareholding. For more information, see.

Private enterprises are, for the most part, allowed to compete with state-owned enterprises (SOEs) under the same terms and conditions with respect to access to markets, credit, and other business operations.

There is currently no specific structure of corporate governance specified for SOEs, though the government is currently in the process of establishing one. Improving governance of SOEs has long been a condition of multilateral donor institutions such as the World Bank and the International Monetary Fund.

Privatization Program

Madagascar's privatization program was established in 1996 through legislation calling for state divestment in public enterprises (Law 96-011). The government subsequently identified over fifty public enterprises in various sectors for privatization, including: agriculture, petroleum, mining, transport, and telecommunications, among others. Partially through support provided by the World Bank from 2003 to 2010, the government privatized a number of these firms through tender processes, including two large enterprises: Hasyma, a cotton plantation, Telma, a telecommunications company, and three major banks BFV (commerce), BNI (industry), and BTM (agriculture). Foreign investors were allowed to participate in these tenders. However, a number of the large state-owned enterprises that were also identified for divestment as part of the World Bank project were never privatized, including the national airline Air Madagascar and JIRAMA.

A Privatization Trust Fund was established in 1996 to manage the government's minority shares in formerly state-owned enterprises for eventual sale to private investors. Currently, the trust fund is preparing to auction off the state's existing minority shares in Telma, as well as in the numerous firms that emerged from the break up and privatization of SOLIMA, the former national downstream petroleum company. By law (Law 2003-051) sales of these shares by the Privatization Trust Fund are restricted to Malagasy citizens and/or corporations with the majority of their shares held by Malagasy nationals in an effort to increase domestic shareholding.

Responsible Business Conduct

There is a lack of general awareness of Corporate Social Responsibility (CSR) among producers and consumers, but several large, formal sector companies, particularly those with foreign investment, apply CSR principles. Public opinion is favorable regarding those firms who pursue CSR.

The government enforces labor, employment rights, consumer and environmental protections in part through periodic inspections. However a lack of resources and capacity, as well as continued corruption at lower levels, impedes the effectiveness of this enforcement. Nevertheless, the government does not waive these requirements in order to attract foreign investment, except for some particular exemptions to its labor code provided to EPZ companies.

Many companies with foreign investment, particularly from western countries, adhere to international standards in these areas through their participation in voluntary certification schemes, such as Worldwide Responsible Accredited Production (WRAP) principles in the

apparel sector. There is also a vibrant NGO and civil society sector, particularly regarding environmental issues, but it suffers too much from a lack of resources and capacity.

Madagascar has an Extractive Industries Transparency Initiative (EITI), headed by the Minister of Mines and Petroleum. There is no law nor domestic transparency measures mandating the disclosure of payments for projects related to the commercial development of mines and hydrocarbon resources.

Corruption

Giving or accepting a bribe is a criminal act and is subject to trial by court, complicated administrative procedures introduce delays and uncertainties, increasing possibilities for corruption. High levels of corruption exist in nearly all sectors, but are most pervasive in the following areas: judiciary, police and gendarmerie, tax, customs, land, trade, mining, industry, environment, education, and health. The government, despite maintaining an anti-corruption stance publicly, has made little progress in reigning in corrupt practices or effectively prosecuting corrupt officials or individuals close to the ruling party.

The Independent Anti-Corruption Bureau (BIANCO) is the agency formally responsible for combating corruption. Madagascar also created a Financial Intelligence Unit (SAMIFIN) in mid-2008 to carry out research and financial analysis related to money laundering. Transparency International has an office in the country and has operated here since 2002.

There is no requirement for companies to establish internal codes of conduct that, inter alia, prohibit bribery of public officials. However, some foreign companies have begun to orient their internal controls and ethics and compliance programs to prevent bribery, while U.S. firms are prohibited from engaging in such behavior by the Foreign Corrupt Practices Act. Madagascar signed and ratified the UN Anticorruption Convention and the African Union Convention against Corruption. It has not signed the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Resources to Report Corruption

BIANCO (Independent Bureau Anti-Corruption) is responsible for combatting corruption.

Mr. Jean Louis ANDRIAMIFIDY

General Manager

BIANCO

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Watchdog organization:

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Political and Security Environment

Although Madagascar has a history of coups and political instability, it does not have a significant history of political violence. There were occasional demonstrations and strikes in the urban areas, but most of these were monitored and resolved without incident. Some isolated incidents of violence occurred in 2014 but there was no widespread civil unrest.

In December 2014 in the southwestern city of Morondava, employees of a sugar factory clashed with security forces, looted and burned down the facility after a month-long strike resulting from a labor dispute with the factory's Chinese managers. Local media reported up to seven deaths and approximately \$80 million in damages from the incident. During the same month, the local branch office of the state-owned electric and water utility was looted and burned in Toamasina, the country's principal port city on the east coast. Local media reported one death and seven seriously injured as the result of clashes between security forces and the demonstrators, who were allegedly dissatisfied with load shedding and poor service delivery from the utility.

Cattle rustling has been an increasing problem in the rural south of the country and also occurs in other regions, leaving hundreds of civilians and security forces dead in recent years. The government has deployed sporadic security operations to restore order over the past few years, with limited success.

Labor Policies and Practices

Madagascar has a significant pool of available labor, due to the combined impacts of unemployment and underemployment, though the availability of skilled labor is more limited. Nevertheless, the quality of Madagascar's unskilled labor is high and is frequently touted by private investors as primary attraction for the country. The Labor Law (2003-044) differentiates between firings and lay-offs, and allows employers to adjust employment in light of fluctuating market conditions with the payment of a severance. The monthly minimum wage was increased this year to \$42 per month.

The government does not mandate hiring of local nationals, except in the mining sector, in which large investment projects are required to give preference to nationals given equal skills and qualifications. The law provides that public and private sector workers may establish and join labor unions of their choice without prior authorization or excessive requirements. Civil servants and maritime workers, however, have separate labor codes, while essential workers,

including police, military, and firefighters, may not form unions. The law provides that unions operate independently from government and political parties, and this is generally respected.

Labor protections under EPZ companies are slightly different from the general labor code, as EPZ labor contracts may differ in terms of duration, restrictions on the employment of women during night shifts, and the amount of overtime permitted. The labor law establishes labor dispute mechanisms, which proceed progressively from internal negotiation to outside mediation from the Ministry of Labor to arbitration or legal settlement through the competent courts.

The law provides workers in private sector, except for seafarers, the right to bargain collectively. According to union representatives, collective bargaining rights are more readily exercised and respected in larger international firms, such as those in telecommunications and banking sectors. In EPZs and smaller local companies, employees tend to be more reluctant to make demands for fear of reprisals.

OPIC and Other Investment Insurance Programs

On March 31, 1998, the Overseas Private Investment Cooperation (OPIC) and Madagascar signed a bilateral Investment Incentive Agreement, which updated the previous agreement signed in 1963. OPIC and Madagascar concluded two memoranda of understanding in 2004 pledging cooperation attracting U.S. investment in several sectors, including telecommunications and information technology, agribusiness, mining, energy, and tourism. The grain mill that was the one active OPIC project in the country, a \$11.6 million insurance facility for the revitalization and operation of the mill signed in 2011, recently terminated operations. Madagascar has been a member of the Multilateral Investment Guarantee Agency (MIGA) since 1989.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical Source		USG or International Statistical Source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2015	\$9,744	2015	\$9,739	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical Source		USG or International Statistical Source		USG or international Source of Data: BEA; IMF; Eurostat; UNCTAD, Other

U.S. FDI in partner country (\$M USD, stock positions)	2014	\$183.5	N/A	N/A	BEA data available at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Host country's FDI in the United States (\$M USD, stock positions)	2014	N/A	N/A	N/A	BEA data available at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	2014	54.6%	N/A	N/A	N/A

Table 3: Sources and Destination of FDI

Madagascar is not enlisted in the IMF CDIS data. The following figures come from the Central Bank which makes an annual survey on FDI along with the National Statistics Institute. The latest available statistics is as of 2014.

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	554.9	100%	Total Outward	N/A	100%
Mauritius	342.1	61.6%	N/A	N/A	N/A
France	100.2	18.1%	N/A	N/A	N/A
United States	16.4	2.9%	N/A	N/A	N/A
UK	9.0	1.6%	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

"0" reflects amounts rounded to +/- USD 500,000.

Table 4: Sources of Portfolio Investment

Madagascar does not have any portfolio investments from overseas. Foreigners are not able to purchase neither internal debt securities nor Treasury bills. The absence of any stock market does not also provide the opportunity to foreign individuals nor corporates to purchase shares in any Malagasy corporation.

Web Resources

World Trade Organization: <http://www.wto.org>

Transparency International: <http://www.transparency.org/research/cpi/overview>

World Bank’s “Doing Business” rankings: <http://www.doingbusiness.org/rankings>

The Global Innovation Index: <https://www.globalinnovationindex.org/home>

Bureau of Economic Analysis: <http://www.bea.gov/>

Trade and Project Financing

Methods of Payment

Payments for exports into Madagascar are usually made through the following standard methods: open account, letter of credit, cash in advance, or documentary collection. Madagascar is a cash economy, with little financial depth compared to neighboring African countries.

Banking Systems

Four percent of the population has a bank account and the country has eight bank counters per one million inhabitants (Central Bank of Madagascar). The currency in circulation occupies a large part of the money supply and accounts for about 45% of the monetary supply in 2016. Madagascar’s financial sector is small, with 11 banks, six operating finance establishment and 25 operating microfinance institutions. Deposits accounts only for 16.6% of GDP. Foreign ownership controls most of the 11 banks, divided between French, Mauritian, Chinese, Gabonese, and Belgium.

Foreign Exchange Controls

While some foreign exchange controls exist, they are not especially restrictive. There are repatriation requirements for export earnings, and some specific capital controls, but Madagascar abides by the IMF’s Article VIII statutory framework, which prohibits direct government limitation on foreign exchange use and availability. Investment Law (2007-036) provides foreign and local investors the freedom to freely transfer abroad without prior authorization. When delays occur in conversion or funds transfer, they are due to temporary shortages of foreign currency on hand.

US Banks & Local Correspondent Banks

Exim bank has no specific program for Madagascar and no known U.S. banks operate in the country. However, Madagascar’s major commercial banks collaborate with following U.S.-based banks:

	Citi Bank	Deutsche Bank, New York	Société Générale, New York	JP Morgan- Natixis
Bank of Africa (BOA)	X	X		X
Bankin’Ny Indostria (BNI)	X	X		

Banky Fampanandrosoana ny Varotra (BFV)	X		X	
Banque Malgache de l'Océan Indien (BMOI)	X			X

Local commercial bankers expect more alternatives and further collaboration with U.S. based banks and financial institutions in their growing U.S. dollar transactions.

Project Financing

Madagascar has relatively rudimentary financial markets and a very low rate of bank penetration. High interest rates, stringent requirements for collateral and guarantees, limited competition among banks, and reluctance to finance foreign trade or provide working capital, even when secured by letters of credit, make financing very expensive and difficult to access. The difficulty of increasing working capital through bank borrowing is a severe constraint on local firms' ability to expand. Banks maintain that many prospective borrowers lack reliable and transparent balance sheets; and long-term financing is difficult because they lack a long-term deposit policy.

Only well-known and significant operators can get credit in Madagascar. The credit granted is mainly for the purchase of traditional agricultural products such as vanilla, coffee, and cloves. In case of pre-financing by foreign importers, local exporters still have to pay high interest rates to their banks. Generally speaking, the financing possibilities that are available to local firms are quite limited.

Multilateral Development Banks:

There is no private development bank operating locally in Madagascar. Important civilian infrastructures (roads, ports, airports etc.) are funded by either bilateral or multilateral cooperation. African Development, the World Bank through IDA and IBRD and the EU contribute most to the funding of infrastructures since independence. Madagascar recently was accepted in June 2017 as a full member of the newly created Asian Infrastructure Investment Bank (AIIB).

The World Bank committed to invest \$167 million in Madagascar in 2017, including loans from IDA and IBRD. That is \$68 million less than what had been disbursed in the preceding year.

The ADB is now conducting a \$91 million project to pave 109 km of road between Toliara and Analamisampy (in the southwest). As of March 2017, 85% of the work has been completed, including a new bridge crossing the river Mangoky.

For the EU, 228 million euros from a total aid package of 518 million euros will be dedicated to infrastructure over a six-year period (2014 - 2020).

Additionally, the Government has agreed to public-private partnerships (PPP) to expand the airports of Ivato (Antananarivo) and Nosy Be with a foreign private consortium of three

companies. The government will not contribute funds but has agreed to allow this consortium to collect 38 euros per ticket sold for 25 years in exchange for the construction work. The consortium said they would use their own funds first in addition to the loan they had secured from a private bank.

Financing Web Resources

Trade finance guide: A quick reference for U.S. exporters, published by the International Trade Administration's Industry and Analysis team:

<http://www.export.gov/tradefinance/index.asp>

Export-Import Bank of the United States: <http://www.exim.gov>

Country limitation schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Sba's Office of International Trade: <http://www.sba.gov/oit>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccp/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

MULTILATERAL DEVELOPMENT BANKS:

World Bank: <http://www.worldbank.org/madagascar>

IFAD (agribusiness promotion): <http://ifad.org/french/operations/pf/mdg/index.htm>

UNIDO (industry): <http://www.unido.org/office/madagascar>

African Development Bank: <http://afdb.org/en/countries/southern-africa/madagascar>

Business Travel

Business Customs

Laws and common business practices are based on the European - particularly French - business style.

Travel Advisory

The State Department consular information sheet can be found at <https://travel.state.gov/content/passports/en/country/madagascar.html>.

Visa Requirements

Work permit requirement for expatriate workers could be obtained from a single window office named EDBM (Economic Development Board of Madagascar) subject to submission of application along with full set of required document.

In order to further apply for investor visa, 72-hour entry visa or boarding authorization for purpose of obtaining convertible visa, is mandatory to obtain at the Madagascar Embassy in Washington, DC. Details of required documents can be found at the following hyperlink: <http://www.edbm.gov.mg/One-Stop-Shop/72-hour-entry-visa-or-boarding-authorisation-for-the-purpose-of-obtaining-convertible-visa>

Foreigners including U.S. citizens may be eligible for obtaining resident permit after several years living and exercising businesses in Madagascar subject to satisfactorily morality investigation.

Currency

The local currency symbol is MGA, called the “ariary” [R-e-R]. During the first quarter of 2017, one U.S. dollar could be exchange for, on average, 3,200MGA.

Telecommunications/Electric

Internet is accessible in hotels and at cyber cafés of major towns. There are four cellular phone companies in competition: Airtel, Orange, Telma and Blueline. All of them use the GSM system.

Access to electricity is low - 15% in urban areas and only 6% in rural.

Transportation

Air transportation is the best way for touring inside the country. Maritime transport is mainly used for local transportation around the island to connect the few operating seaports available and to join neighbouring Indian Ocean Islands (Mauritius, Comoros, Reunion, Seychelles). Visitors to the capital city of Antananarivo and to other major towns too can hire taxi cabs for relatively low fares, yet vehicles are far from complying with U.S. safety standards.

Language

Malagasy is the official language along with French being the administrative and business language. English is rarely spoken; one should not expect ordinary citizens or officials outside the capital or major towns to speak even minimal English or French.

Health

For specific information for travelers to Madagascar, please refer to the Centers for Disease Control and Prevention webpage at

<http://wwwnc.cdc.gov/travel/destinations/traveler/none/madagascar>

(<http://wwwnc.cdc.gov/travel/destinations/traveler/none/madagascar>)

Visitors are strongly urged to purchase medevac insurance prior to arrival. Local hospitals are poorly equipped and far from matching U.S. standards, especially for emergency care, and evacuation to nearby stations (Mauritius, Reunion, South Africa) is encouraged for serious illness.

Local Time, Business Hours and Holidays

The Malagasy Time Zone is Greenwich plus three. Madagascar does not use Daylight Savings Time. The typical hours of business are from 8:30 am to 5 pm, with a lunch break between noon and 1 pm.

2017 holidays:

January 1	New Year's Day
April 17	Easter Monday
May 1	Labor day
May 25	Ascension Day
June 26	Independence Day
December 25	Christmas Day

Note: The government of Madagascar sometimes declares an additional “bridge” holiday on the Friday following a Thursday holiday, although it has not applied this rule since May 2014.

Temporary Entry of Materials or Personal Belongings

When not imported for sale nor in limited quantity, goods may be admitted into the country exempted of custom duty subject to compliance with the procedure in force.