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GAIN Report

Global Agricultural Information Network

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U.S. Exports Remain Peripheral to Cote d'Ivoire's Flourishing Ag Trade

Report Categories:

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Promotion Opportunities

Approved By:

Charles Rush

Prepared By:

Dan Archibald

Report Highlights:

Côte d'Ivoire's agricultural and related imports exceeded \$2 billion in 2017, a new record for a nation in the midst of rapid economic growth. Meanwhile, beyond cocoa exports, its bilateral agricultural trade with the United States remains low despite a number of growth sectors and potential for American products. High transport costs and established trading partners are factors that contribute to this low-level of bilateral agricultural trade. However, robust growth and ambitious infrastructure investments will erode these limitations, growing the consumer base and increasing market linkages. U.S. agricultural exports to Côte d'Ivoire are up 33% in 2018, largely on rice trade, but multiple product categories merit consideration for increased commercial engagement.

General Information:

Background:

Côte d'Ivoire, once considered a model of stability and growing prosperity in the West Africa region, experienced significant political upheaval and economic malaise since the 1990s. However, since a presidential crisis in 2010-11 that turned violent, the country returned to relative stability and experienced persistent and rapid growth, projected to continue at least through 2022. The country consistently posts annual GDP exceeding 8%, averaging 8.9% annually during the period of 2012-2017. As such, it is one of the most dynamic economies in the world. While concerns remain over the country's long-term political stability, and whether impressive economic gains will benefit the broader domestic consumer base, the Ivorian market is young, vibrant, and potentially rewarding for a range of food and agricultural products. The following report outlines the country's growing status as both a major producer and customer of food and agricultural products, the current nature of this trade, growing market linkages, and future prospects as a market for U.S. suppliers.

Figure 1: Côte d'Ivoire at a Glance



Population (2016)	23.7 million
Population Growth Rate	2.5%

Table 1: Key Macroeconomic Indicators, 2013-2022

	2013	2014	2015	2016	2017	2018*	2019*	2020*	2021*	2022*
GDP (Bil USD)	28.7	31.2	34.0	36.8	43.2	50.8	53.9			
GDP Per Capita (USD)	2,980	3,218	3,452	3,693	3,951	4,234	4,494			
GDP Growth (%)	8.9	8.8	8.8	8.3	7.8	7.4	6.8	6.2	6.5	7.9
Ag Sector Growth (%)	4.2	16.2	2.9	-1.1	10.9	5.5	1.7	1.2	1.5	1.0

Sources: World Bank, Economist Intelligence Unit, (*Projections)

In 2017, Côte d'Ivoire's total agricultural and related imports reached a record \$2.06 billion¹, which represents growth of 33% over the last decade. As one of the most dynamic economies in Sub-Saharan Africa and the world, with rapidly growing market linkages, it is an intriguing prospective market and an access point to much of West Africa. To date, the European Union (EU) and several emerging suppliers satisfy the growing demand for imported food and agricultural goods. While U.S. agricultural exports to Côte d'Ivoire also increased over the last decade from \$15.24 million in 2008 to \$21.61 million in 2017, U.S. market share remained stagnant at around 1%. 2018 year-to-date (Jan-Aug) U.S. exports to Côte d'Ivoire are up 33% from the prior year. At current pace, U.S. exports in 2018 would capture a slightly larger share of the country's total agricultural import value, which is also up 11% year-to-year.

Côte d'Ivoire's International Agricultural Trade: Exports

Key to Côte d'Ivoire's economic well-being is its own agricultural export economy, accounting for a significant share of the country's overall export earnings, as well as nearly a quarter of the country's GDP. As evidenced by available statistics, over the last decade Côte d'Ivoire became both a significant exporter and importer of agricultural goods. In 2017, total agricultural exports of \$7.96 billion constituted a new record. In agricultural terms, the country is a net exporter with a trade surplus of \$5.9 billion in 2017, due primarily to its significant cocoa bean sales. The country has long been a major exporter of cocoa beans and cocoa products, accounting for nearly half of world trade in cocoa beans. However, in recent years it also attempted to either establish or revitalize other sectors, including cashew, coffee, cotton, palm oil, rubber, and tropical fruits.

In addition to being the world's largest cocoa exporter, Côte d'Ivoire became the world's largest exporter of cashew nuts in 2017. As previously mentioned, the total value of the country's reported agricultural exports reached a record this same year, even amidst a steep decline in global cocoa prices, its primary export earner. Seeking to sustain strong economic growth, policymakers see processing and value addition in these products as a key to diversifying economic activities away from primary commodities that are prone to fluctuation. The decrease in global cocoa bean prices since 2016 illustrates very clearly the country's exposure to external price shocks and increasingly informs national perceptions and policies. Yet progress in this regard is slow as local agro-processing faces a number of obstacles to competing globally.

Table 2: Estimated Production and Trade of Primary Agricultural Exports

Commodity	Year	Basis	Unit	Production	Exports	Est. % of World Trade
Cashew, in-shell* ²	2017	Jan-Dec	1,000 MT	711	624	32.0%
Cocoa, Beans* ³	2016/17	Oct-Sep	1,000 MT	2,020	1401	47.3%
Cocoa, Products* ⁴	2016/17	Oct-Sep	1,000 MT		360	4.6%

¹ Note: This report uses Côte d'Ivoire's official import and export statistics as reported to the Global Trade Atlas (GTA), Exports by Destination and Imports by Origin. Derived data from major trading partners would likely yield higher value figures, but exclude some major countries whose statistics are unavailable or incomplete. The report uses Global Agricultural Trade System (GATS) figures to discuss U.S. - Côte d'Ivoire bilateral trade.

² Conseil du Coton et de l'Anacarde (CCA), Est % of World Trade derived from multiple sources.

³ International Cocoa Organization (ICCO)

⁴ ICCO

Coffee, Green	2017/18	Oct-Sep	1,000 60kg bags	1,400	1,300	1.0%
Cotton	2017/18	Aug-Jul	1,000 480lb. bales	785	620	1.5%
Tropical Fruits* ⁵	2016	Jan-Dec	1,000 MT	2,266	468	1.2%
Oil, Palm	2017/18	Oct-Sep	1,000 MT	480	200	0.0%
Rubber, natural* ⁶	2017	Jan-Dec	1,000 MT	545	502	5.6%

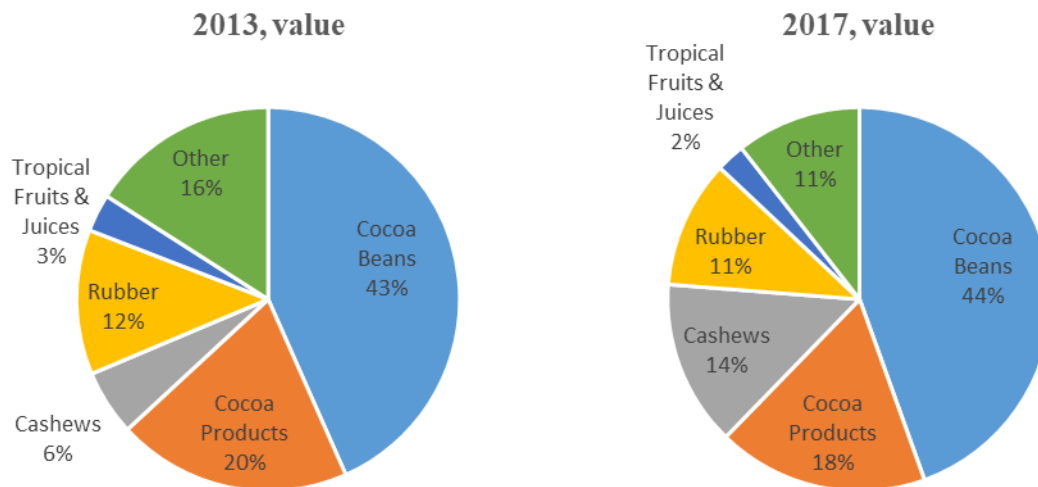
Production Source: USDA PSD, (*No PSD – Various Sources)

Exports Source: USDA PSD (*No PSD – GTA)

Tropical Fruits Note: Includes avocado, banana/plantain, coconut, guava/mango, papaya, and pineapple. Production is 70% plantain, mostly consumed domestically.

Beyond capturing a greater share of profits beyond raw agricultural production, value addition and agro-processing remain major preoccupations of policymakers to create much needed employment and improve livelihoods for a young and expanding population. Aside from the notable expansion of raw cashew nut (RCN) exports, the agricultural economy remains stubbornly reliant upon the export of whole cocoa beans. The recent surge in cashew exports also remains largely confined to RCN shipments to India and Vietnam, while shelled cashews account for just 7% of total cashew export earnings.

Figure 2: Composition of Agricultural Exports, 2013 & 2017 Comparison



Source: GTA

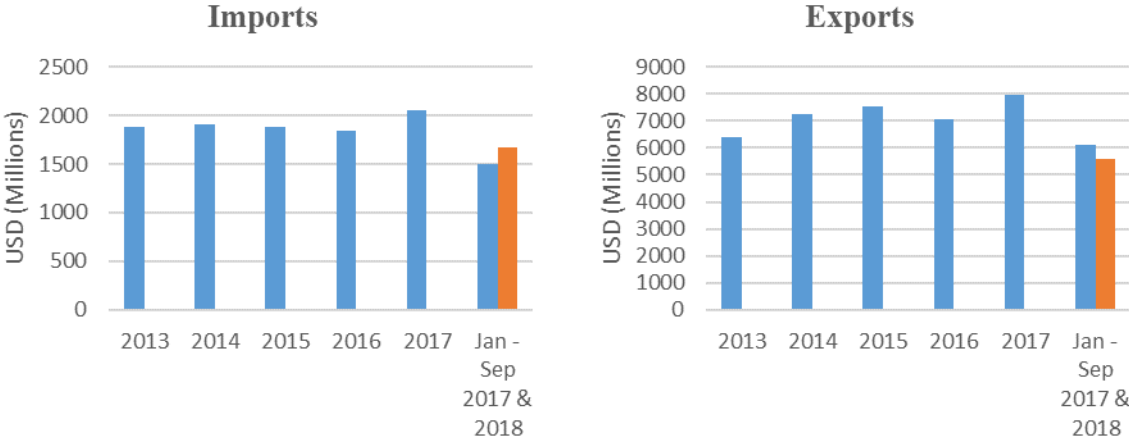
Côte d'Ivoire's total agricultural export value dwarfs that of regional neighbors; more than double that of the second largest regional exporter, Ghana. While the transition to increased domestic processing and value addition remains slow, the composition of the country's agricultural exports are perhaps more varied than others in the region. Côte d'Ivoire can claim a modicum of diversification, at least relative to

⁵ FAOSTAT

⁶ International Rubber Study Group

most of its neighbors, often based on one to two commodities such as cashew (Benin), cotton and/or sesame (Sahel countries), or rubber (Liberia). In this respect, Ivorian agricultural production is something of a pacesetter, regionally speaking. However, despite measurable increases in the cashew trade, modest productivity gains in other cash crops and aspirational production/trade targets moving forward, the country remains heavily reliant on cocoa as a share of its agricultural exports. For example, cocoa and cocoa products still account for 62% of agricultural export earnings compared to 66% for Ghana, a country that arguably has a less diversified agricultural export regime.

Figure 3: Total Annual Value of Ivorian Agricultural Trade



Source: GTA

Côte d’Ivoire’s International Agricultural Trade: Imports

A growing population and brisk economic growth continue to drive demand for imported food and agricultural products. While some fluctuation occurs year-to-year, imports will continue to trend upwards over the long term given the rapid economic and demographic growth in the region. Bulk rice remains the largest single import, but recent growth in feed ingredients, meat, seafood, and consumer-oriented products are also notable.

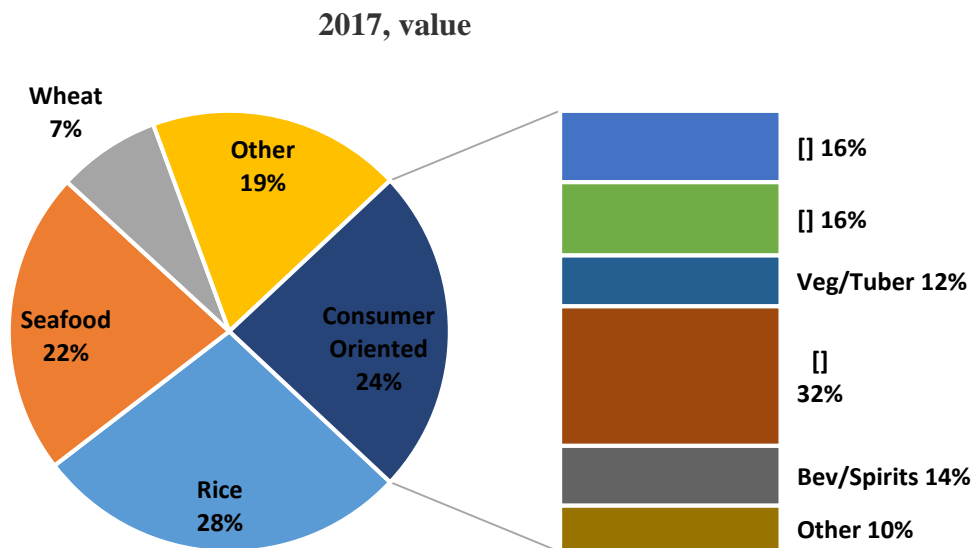
Figure 4 below provides a breakout of the consumer-oriented category. In 2017, bovine and swine represented the bulk of meat and meat product imports at \$53.8 and \$38.5 million, respectively. While regional meat trade is small, the movement of cattle herds and other small ruminants from neighboring countries still represents a major but largely untracked source of animal protein.

In July 2017, Ghana agreed to a bilateral protocol to allow for the import of U.S. cattle, primarily with the view to establishing a more commercialized domestic dairy herd. With similar dynamics in terms of market demand and a lack of commercialized domestic dairy production, a similar approach in Côte d’Ivoire is under consideration. Ivorian dairy imports, totaling \$82.0 million in 2017, consist largely of dry and powdered milk products, as well as packaged ultra-high temperature (UHT) pasteurized milk and butter.

Onions/shallots (\$37.4 million), potatoes (\$9.5 million), carrots (\$3.0 million), and garlic (2.4 million) make up the bulk of vegetable and tuber imports. Various food preparations, consisting largely of the HS 1901, and 2101-2106 product groups (\$156.0 million) include preparations for infants, malt extracts/flours/meals, and various other extracts, ingredients, soups/broths, and sauces. Sauces and

preparations (HS 2103), while only \$7.6 million in 2017, represents a fast growing segment. Figure 4 below provides a breakout of the consumer-oriented category.

Figure 4: Côte d'Ivoire's Agricultural Import Composition



Source: GTA

Table 3: Five-year Import Growth Trend of Selected Products (Millions USD)

Product	2012 Value	2017 Value	5 yr. Growth	2017 U.S. Mkt Share	Top Non-U.S. Supplier(s)
Beef & Beef Products	38.9	41.4	6.4%	4.6%	EU (France, Ireland, Germany), Brazil
Seafood	332.2	461.2	38.8%	0.9%	Mauritania, Senegal, China, Angola, Morocco
Condiments/Sauces	4.0	7.6	90.0%	6.6%	EU (France, Netherlands), China,
Fresh Fruit	9.3	12.8	37.6%	0.0%	South Africa, EU (France, Spain), Morocco
Fresh Vegetables	37.1	53.7	44.7%	0.0%	EU (Netherlands, France, Belgium), Niger, Burkina, China, Morocco
Pork & Pork Products	29.9	38.0	27.1%	0.0%	EU (Germany, France, Spain, Poland)
Processed Vegetables	24.5	26.6	8.6%	17.3%	China, EU (France, Italy)
Snack Foods	10.3	16.4	59.2%	0.0%	EU (France), India, Turkey, China
Soybean Meal	13.1	35.6	171.8%	0.0%	Argentina, Brazil

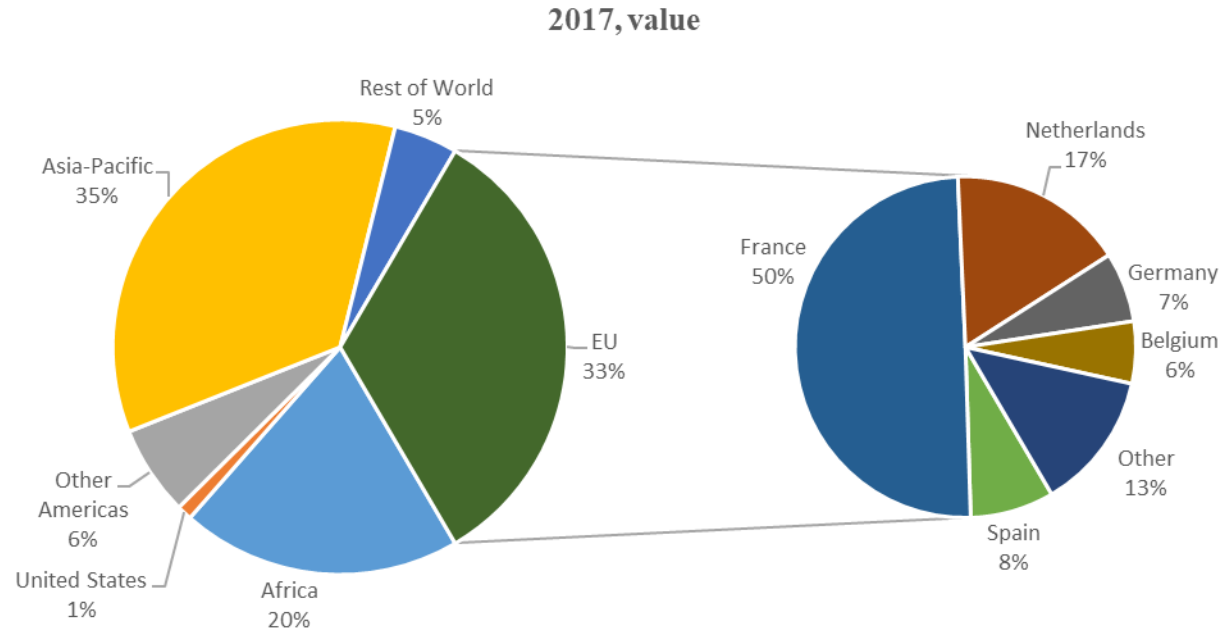
Wine & Beer	39.7	53.0	33.5%	0.0%	EU (Spain, France)
Whiskies	2.1	3.1	47.6%	16.1%	EU (UK, France)

Source: GTA

Traditionally, the EU and especially France dominate the Ivorian market based on well-established commercial and cultural ties, favorable proximity, and a lack of active competitors. However, that last advantage erodes as some Asian suppliers diversify their exports to the region beyond bulk rice, intra-regional trade slowly gains pace, and other emerging suppliers such as Argentina, Brazil, China, Morocco, New Zealand, and Turkey increase their bilateral trading relationships. Largely peripheral to this equation are U.S. products.

Although often at a disadvantage due to transportation and a strong dollar, the U.S. brand would find an eager base of importers and consumers, particularly among the growing affluence and cosmopolitan nature of Abidjan. Local importers and consumers with the requisite purchasing power are already accustomed to significant markups on imported goods. Fresh fruits offer a clear illustration of this trend. Products such as citrus, strawberries, and tomatoes are cultivated throughout the region, but clearly considered lower quality than imported varieties. In modern supermarkets, fresh fruit imports from Spain and North Africa will often sell at five to six times the price of local varieties not just due to transportation and duties, but also as a function of improved qualities such as uniformity, size, texture, and taste. Table 3 above and Figure 5 below illustrate current import growth patterns for selected products and the primary suppliers to the Ivorian market, as well as a breakdown of U.S. market share.

Figure 5: Côte d’Ivoire Agricultural Imports by Market

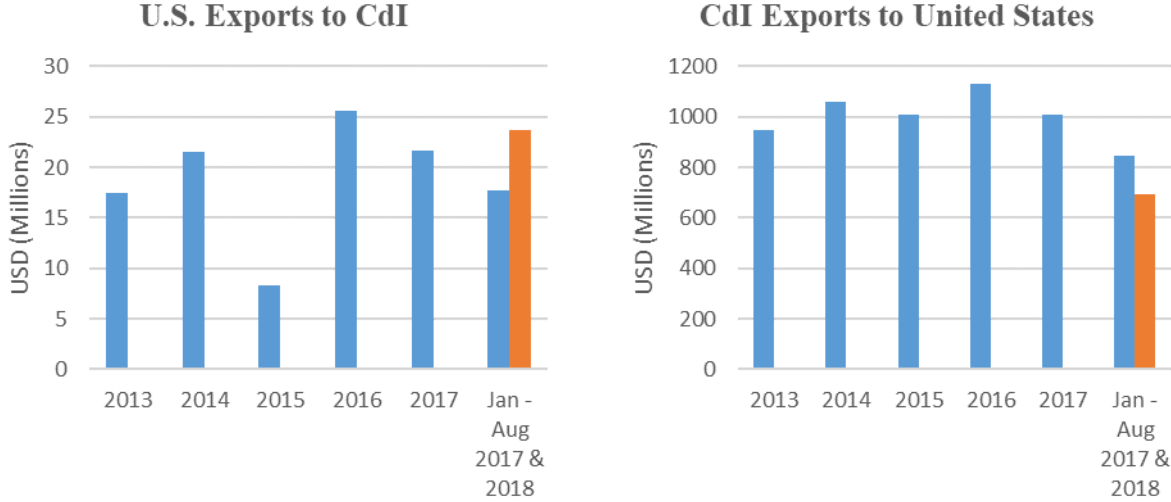


Source: GTA

United States – Côte d’Ivoire Agricultural Trade:

U.S. exports to the country have surged in 2018, up 33% year-to-date (Jan-Aug), exceeding the total value of the previous year. However, an uptick in U.S. rice sales accounts for much of this growth. Given the dominance and competitive advantage of Asian rice suppliers, coupled with ambitious domestic production initiatives, U.S. rice sales will continue to vary widely year to year. However, recent sales to Côte d’Ivoire and the region point to small but sustainable opportunities among specialty importers, wholesalers, and caterers whose contracted clientele are willing to accommodate the price difference. Post also observes opportunities of varying size but with more consistent year-to-year growth in other commodity sectors, including meat and seafood, processed products such as condiments/sauces and snack foods, both fresh and processed fruits and vegetables, feed ingredients, and distilled spirits.

Figure 6: United States and Côte d’Ivoire Bilateral Agricultural Trade

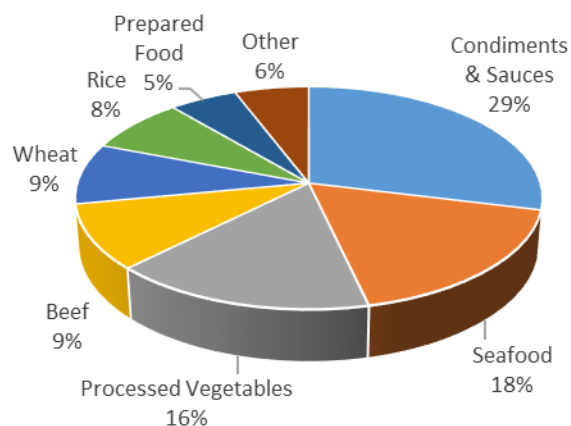


Source: Global Agricultural Trade System (GATS)

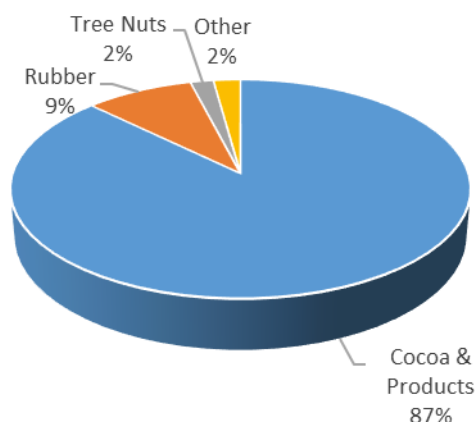
In 2017, the United States ran a sizeable agricultural trade deficit with Côte d’Ivoire of \$989.2 million. U.S. cocoa imports explain this disparity, as the United States is the second largest customer of Ivorian cocoa beans and products after the EU. Although U.S. agricultural exports remain low, at \$21.6 million or just about 1% market share in 2017, Côte d’Ivoire imports a diversity of U.S. products including condiments/sauces, processed vegetables, meat, and seafood. As they typically struggle to compete on price terms due to transportation and currency considerations, most American products occupy the high-end market segment, and are most visible in western-style grocery stores and luxury hotels/restaurants. While supply chains lean heavily toward the EU and emerging markets, many food and agribusiness multinationals recognized as U.S. brands operate in the market, continually developing Ivorian consumer tastes for American style products and experiences.

Figure 7: Composition of Bilateral Agricultural Trade

U.S. Exports to CdI (2017, value)



CdI Exports to United States (2017, value)



Source: GATS

Policy

As part of the Economic Community of West African States (ECOWAS), Côte d’Ivoire adopted the body’s Common External Tariff (CET) in 2013, which it began implementing in 2015. It continues to implement the CET, although while also applying supplementary protection measures for various goods. Concerning food and agricultural products, the country applies additional or higher tariffs beyond the CET, particularly on pork and poultry products, beer, and wine/spirits.

In general, the Government of Côte d’Ivoire promotes business friendly policies and encourages foreign investment. In the World Bank’s 2018 Ease of Doing Business Report, the country ranked 139 out of 190 countries. As a point of comparison, Côte d’Ivoire was 177th in the 2013 report. This improvement is to a large degree the result of government efforts to cut down on the requirements and approvals needed to register and start a business in the country, but also reflects improvements in tax laws and electricity supply. In previous years, measurable progress was also evident in the accessibility of credit, enforcement of contracts, and trading across borders. Regionally, only Ghana (120th) and Cabo Verde (127th) rank higher among West African nations in 2018.⁷

The country’s 2016-2020 National Development Plan broadly seeks to improve the country’s macroeconomics and place it on a path towards becoming an industrialized emerging market. This includes increasing agricultural output, but also expanding the industrial base particularly with regards to agro-processing. Improving regional and international commercial engagement is also a stated priority. Included in this plan, although not detailed at great length, is at least the recognition of regional and international integration and the improvement of market linkages.

Growing Linkages and Promising Returns in an Emerging Market:

⁷ World Bank Ease of Doing Business Reports, 2013-2018

The upgrade of existing infrastructure and new transportation projects creates an environment in which new and potential market linkages provide significant opportunity for greater trade. The expected increase in capacity and efficiency could bring decreases to both the time and cost of trading with the region; long a discouraging factor. Abidjan, long regarded as having superior infrastructure to other regional metropolises, still struggles to cope with growing traffic and an influx of new residents and travelers. Yet this does provide a solid foundation for current and future transport development. Large infrastructure projects abound in the country and region, and are in and of themselves significant contributors to current growth. In addition to improving transport infrastructure, particularly around the economic center of Abidjan, the ability to move agricultural goods in and out of port is also a high priority. The Port of Abidjan is undoubtedly the center of the country's economy, and it is among the regional economic centers often cited as a current or potential "hub" of commerce and trade.

In recent years, the volume of trade throughout West Africa has increased significantly, and so too has competition between ports to receive that trade. Achieving the status of a regional hub port and thus the preferred access point for the West African market is an attractive prospect for a rapidly growing market. Multiple countries continue to invest heavily in port facilities to improve efficiency and position themselves to handle future volumes of trade. In terms of current annual container capacity, Abidjan Port is the largest in the region at 1.3 million twenty-foot equivalent units (TEUs), ahead of Tema (1.2 million TEUs), Lomé (1.1 million TEUs), and Cotonou (950,000 TEUs). Lower capacity ports in the region include Tin Can Island (Nigeria), Dakar, Conakry, Freetown, Monrovia, and San Pedro. San Pedro, Côte d'Ivoire's second port, while much smaller in capacity to others in the region, experienced the most significant volume growth (22%) in the region from 2006-2015.⁸ For many commodities, Abidjan appears to be the port of preference for a large swath of francophone West Africa. Beyond its own purposes, Côte d'Ivoire's Abidjan and San Pedro ports also serve as significant import/export pipelines for Burkina Faso, Mali, and Niger. If current projects to widen and deepen Abidjan's Vridi Canal and add a second container terminal are realized (scheduled completion in 2019), the Port of Abidjan will have a significantly upgraded capacity, and will be well positioned to absorb a great deal of West Africa's projected trade increases.

Given the rise in business and tourist interest, air links also show significant improvement. In 2018, international carriers established a three times weekly direct route between Felix Houphouët-Boigny International Airport (ABJ) in Abidjan and Newark's Liberty International Airport (EWR). Greater air transit through Abidjan is a boon both to local service industries in Abidjan experiencing higher visitor volume and thus higher demand for food and beverage products, as well as suppliers of high-value perishable goods that seek to enter the market but were previously discouraged by negligible demand, high cargo costs, and poor connections. Local importers and retailers express interest in leveraging improved air links to source high-value, perishable U.S. products.

Rail and road links are also vital not just to Côte d'Ivoire's success, but to unlocking the West African market to greater regional and international trade. The Port of Abidjan currently possesses established but outdated ground networks linking it with neighbors. Major improvements are also underway in these areas, including road and rail links to Burkina Faso and Mali, as well as a national road widening initiative. The Millennium Challenge Corporation (MCC) also recently announced funding of \$292 million in road construction projects, to include a rehabilitation of the port highway. One of the most ambitious potential projects with significant implications for regional trade is the Abidjan-Lagos

⁸ U.S. International Trade Commission (USITC)

Corridor Highway, which would link five countries, including some of the most sought after markets on the continent, with a much-needed modern coastal roadway. Abidjan, which at roughly 5 million inhabitants accounts for over 20% of the national population, also targets a 2022-23 opening of its first urban metro rail system.

Challenges remain for entrants to the market, particularly in overcoming established supply chains and operating within established logistical networks, often dominated by French products and companies. Additionally, while Côte d'Ivoire posts impressive growth in food and agricultural trade, ultimately it is a smaller emerging market. The overarching allure of the Ivorian market should be its potential role as a regional hub and the logical entry point to a large portion of the exponentially larger West African market. In this respect, current regional linkages and integration are largely inadequate, but ongoing and potential expansions/upgrades will significantly enhance trading opportunities for suppliers to the market. Those with established linkages and recognition amongst importers and consumers will reap the benefits.

Table 4: Opportunities and Challenges

Opportunities	Challenges
<ul style="list-style-type: none"> • Sustained annual economic growth exceeding 7-8%. • Well-developed and growing middle class relative to other West African countries. • Improving economic outlook as domestic agricultural economy diversifies and global cocoa prices stabilize. • Government adopts a relatively business-friendly posture, which contributes to steady improvement in the country's business climate. • Influx of tourist/business travelers. Investors taking advantage of stability and growth across multiple industries, in turn driving hospitality and retail demand. • Primary point of entry to West African market and regional trading hub, particularly for francophone West Africa. 	<ul style="list-style-type: none"> • Macroeconomic success not yet translating into broad-based economic growth. • Prospects for sustained political stability leading up to and beyond 2020 elections remain unclear. • Ranks 170th in UN Human Development Index, indicating severe poverty remains problematic. • Slow progress in moving economy away from commodities and towards increased manufacturing and services. • Entrenched interests and trading partners with significant logistical and relational advantages. • Despite improvement, ranked 139 of 190 countries on World Bank's 2017 Ease of Doing Business Report. • Perceived as an immature market despite bustling hotel/restaurant/retail sectors, especially in Abidjan. Ivorian importers poorly connected with U.S. suppliers.

Conclusion

Sustained economic growth, improving market linkages and business environment, and the country's position as a regional hub make Côte d'Ivoire an underutilized market for U.S. food and agricultural suppliers. The narrative surrounding the country and the region remains stuck on its 'potential', when in fact current opportunities to engage commercially are widely available. Both traditional and emerging

suppliers currently capitalize upon most of these opportunities. The Ivorian market itself, while enticing for its trade potential, is also an access point for much of West Africa, a market of 367 million people (2015 estimate) poised to grow measurably in both size and purchasing power in the coming decades. Suppliers of meat and seafood, processed products such as condiments/sauces and snack foods, both fresh and processed fruits and vegetables, feed ingredients, and distilled spirits will find opportunities that are small in comparison to total U.S. global agricultural trade but with appreciable growth potential.

Further Contact

The FAS Office of Agricultural Affairs in Accra, Ghana also covers Côte d'Ivoire, Liberia, Sierra Leone and Togo. Please direct any questions or requests for additional information to agaccra@fas.usda.gov.