

Sub-Saharan Report

Sub-Saharan Africa is one of the focal regions of Global Challenge 2015.

These reports are by Mr. Kenshi Tsunemine, an expatriate employee working in Johannesburg with a view across the region.

Vol. 10: Ivory Coast

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Do you know who the highest-paid African-born professional athlete is? Die-hard football (soccer) fans may have an idea - it is Yaya Toure of the English Premier League football club, Manchester City (note 1). He is one of Manchester City's key players and also is a leading member of the Ivory Coast national team. Speaking of Ivory Coast and football, some of you may remember that Ivory Coast defeated Japan 2-1 in Japan's first match of the 2014 Brazil World Cup. So given this soccer-related background and the fact that we have just sent 2 expatriates to Abidjan from April of this year to re-open our office there, I thought it would a good time to introduce Ivory Coast to you (note 2).



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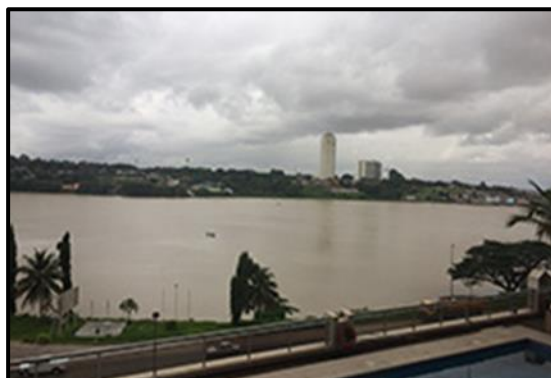
In order for the Marubeni Research Institute to acquire live information from the field and contribute to the Company's strategy, young Marubeni staff well-versed in economic and industry analysis have been posted to the region.

Table 1: Ivory Coast Country Information

Basic Data (2014)	
Population	24 million
Land Area	1.247 million km ²
Nominal GDP	\$129 billion
Per Capital GDP	\$5,273
Official Language	Portuguese

Source: IMF

Ivory Coast is located in West Africa and faces the Gulf of Guinea on one side, while being directly surrounded by the countries of Ghana in the east, Mali and Burkina Faso in the north, and Guinea and Liberia in the west. In terms of the climate, the coastal area is hot and humid with a tropical climate, while changing to a savanna type climate as you move inland into the savanna (picture 1).



Picture 2: The city of Abidjan facing a lagoon

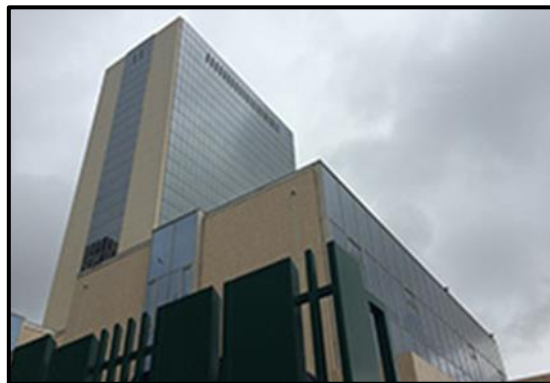
As the Ivory Coast was a former French colony, the official language is French. And, while Christianity is the predominant religion in the south, Islam dominates in the north. Ivory Coast's food staples are basically rice, corn, and cassava, which

can be eaten plain or combined with various vegetables including okra and spinach, and stewed fish and meats. Given the fact that the country was a former French territory these make for very colorful meals (picture 2).



Picture 2: A boiled fish and rice meal set. The fish is boiled in a bonito and okra soup stock (sauce, which is very palatable to Japanese tastes).

Ivory Coast is a member of the Economic Community of West African States (ECOWAS), and the West African Economic and Monetary Union (UEMOA, French acronym), and uses the CFA franc as its currency. In addition, the headquarters of the African Development Bank (AfDB) is located in Ivory Coast's largest city of Abidjan (note 3), so it can be said that Ivory Coast is a core country in West Africa and holds a leading position among the French speaking countries there (picture 3).



Picture 3: AfDB Headquarters.

Looking back on the history of the Ivory Coast we find that under the leadership of Felix Houphouët-Boigny, the Ivory Coast gained independence from France in 1960. Following independence, Ivory Coast remade itself as a strong agricultural nation by developing large-scale plantations leading to the export of cocoa and coffee, which became known as the “miracle of Ivory”. However, following the death of President Houphouët-Boigny in 1993, the country’s growing debt became a problem and against a backdrop of farmland owners and tribal conflict, social discontent rose, leading to a military coup d’etat in 1999. The coup lasted only a short time with the military leader being toppled and Laurent Gbagbo (head of the Ivorian Popular Front whose base of power was in the southwest of the country) being appointed president. However, in 2002, conflict broke out between government and anti-government forces with a civil war ensuing and essentially dividing the country.

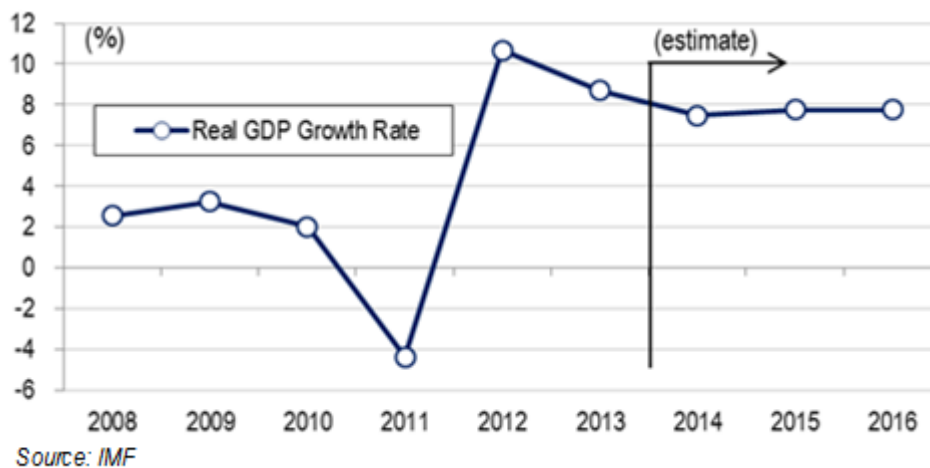
In the ensuing years various peace processes and proposals were repeatedly attempted but the country remained in confusion until 2010, when, for the first time in 10 years, a presidential election was held with the opposition’s Alassane

Ouattara (Rally of the Republicans Party whose support base comes from the northern part of the country) being declared the winner. However, the results were challenged by previous President Gbagbo, resulting in mass chaos and violence which left more than 3,000 dead. This chaotic situation, which verged on civil war, lasted 5 months, before UN Peacekeeping Operations intervened, helping to restrict Gbagbo’s supporting forces and avoiding all-out civil war. The Ouattara government was able to gain international support, which has made for a relatively stable government, restored security in the country and has allowed for a continuation of Ivory Coast’s previously rapid economic growth.

It should be noted that a presidential election is now slated for October of 2015. Current President Ouattara has already picked up the endorsement of the head of the Democratic Party of Ivory Coast, Henri Konan Bedie, whose strength lies in southeast of the country, and the two parties will form a coalition with two other parties (RHDP) for the upcoming presidential election. Due to this political coalition it is expected that President Quattara will win the next presidential election and that the chaos that broke out over the last election is unlikely to occur this time.

Regarding Ivory Coast’s economy, the country recorded high economic growth rates of 8.7% in 2013 and 7.5% in 2014 with 2015 expected to be over 7% as well (graph 1). With the end of the country’s civil war both the country’s security and government has been stable, attracting increased investment from such countries as France, its former colonial ruler, and Morocco and Nigeria, which in turn is helping to support Ivory Coast’s high economic growth. Furthermore, the government has been implementing investment promotion measures by pointing out that because the country’s currency is CFA francs its exchange rate is stable which is a very favorable factor for increasing investment and has also created an organization that acts as a central window for investment in the country.

Graph 1: Real GDP Growth Rate



Ivory Coast’s main industry is agriculture, which makes up 30% of the country’s GDP and employs 80% of the workforce. It is especially strong in cocoa, where it is the world’s number one producer (table 2), and raw cocoa and intermediate cocoa products combined make up 30% of Ivory Coast’s total exports (note 4).

Table 2: World Cocoa Production

	2012/13	2013/14	2014/15
Ivory Coast	1,449	1,746	1,720
Ghana	835	897	810
Indonesia	410	375	380
Nigeria	238	248	235
Ecuador	192	220	230
Brazil	185	228	215
Cameroon	225	211	205
Papua New Guinea	41	40	42
Other	370	390	395
Total	3,945	4,355	4,232

Source: International Cocoa Organization

Note: 2013/14 estimate, 2014/15 forecast

Other main areas of cultivation are coffee, natural rubber, cashew nuts and cotton. Also, main exports other than cocoa consist of crude oil and oil products. Although oil production has been sluggish in recent years due to depletion of the country's oil fields, because they have an oil refinery they are able to import oil from countries like Nigeria and then export oil products to such neighboring countries as Burkina Faso and Mali (table 3).

Table 3: Main Export Items

	Value (million CFAs)	Share (%)
Cocoa Beans	1,322,206	19.5
Oil Products	955,112	14.1
Cocoa Products	609,467	9
Crude Oil	473,550	7
Rubber	376,765	5.6
Other	3,045,196	44.9
Total	6,782,296	100

Sources: Ivory Coast Customs Agency, JETRO

Note: 1CFA=0.20 yen (5/12)

Manufacturing's share of GDP, mostly in food products, palm oil and rubber production, is also relatively high; however, 60% of it is related to the agriculture industry. As the country already processes (processing industry) many intermediate products, the government is focusing on attracting investment to finished product manufacturing.

One challenge confronting Ivory Coast in recent years is the disparity between the plentiful cocoa and coffee harvests and rich oil fields of the southern part of the country and the comparatively poorer off north. It is important to point out that it was not only ethnic and religious conflicts that fueled turmoil in the country in 2010, but also differences in economic circumstances. As a result, the government has been actively providing agricultural support to the north in order to eliminate some of this economic disparity.

Although Ivory Coast is faced with the problems mentioned above, the country has made a great deal of progress since the end of their civil war and is now one of the countries in Africa with the most momentum. In the IMF's April 2015 economic forecast, Ivory Coast will have the third highest economic growth rate in sub-Saharan Africa following the Democratic Republic of the Congo and Ethiopia in 2015. In addition, Ivory Coast could be attractive as a gateway for such landlocked countries as Burkina Faso, Mali and other such French speaking countries of West Africa.

From Japan, access to Ivory Coast is not simple as it is necessary to pass through Dubai or Paris first to get there. On the other hand, we at Marubeni can now get information first-hand as we have re-opened our office in Ivory Coast.

Ivory Coast is not only the world's largest producer of cocoa with a great deal of potential, it is also a football powerhouse in Africa, so why don't you make it a point to visit and see if you can find some business opportunities?

Note 1: According to Forbes, Toure's income in 2014 was \$21.7 million which ranked him as the 59th highest-paid athlete in the world (and number one in Africa). http://www.forbes.com/athletes/#tab:overall_page:6

Also in the Premier League is Didier Drogba, who plays for Chelsea and wears number 11, meaning their top striker, and is also from Ivory Coast.

Note 2: Marubeni closed its liaison office in 2002 but reopened it this year to expand its business in West Africa.

Note 3: The AfBD headquarters moved from Abidjan to Tunis in Tunisia in 2003 due to Ivory Coast's civil war. It returned to Abidjan in May of 2014. The city of Yamoussoukro, in central Ivory Coast, was designated the official capital of Ivory Coast in 1983, however, almost all government and economic institutions are in Abidjan.

Note 4: Due to quality control and other issues, as well as a history of long-term procurement, 80% of Japan's cocoa imports come from Ghana.

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