

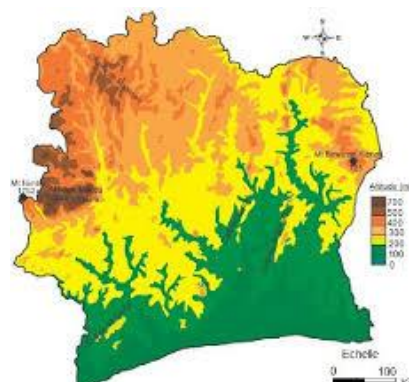
PASTA AND FLOUR INDUSTRIES, OPPORTUNITIES TO MAKE BUSINESS IN THE REPUBLIC OF CÔTE D'IVOIRE: AN ATTRACTIVE COUNTRY FOR INVESTMENT IN AFRICA

Diabi Yahaya Ibrahim-Khalil, Yu Bo

Abstract: As the most dynamic economy in West Africa, Côte D'Ivoire has been showing sustained socio-economic development for years, which has attracted investors. To achieve these results, the Ivorian government has built its strategy around national development plans (NDP 2012-2015 and 2016-2020), one of the major axes of which is the implementation of a policy to attract private national and foreign investments, by providing Côte D'Ivoire with a very competitive business environment. The country has been able to attract important national and international investors thanks to special measures to facilitate private investment. These reforms have earned Côte D'Ivoire an exemplary rise in the "Doing Business" ranking, and have enabled it to move up more than sixty places between 2012 and 2020 from 177th place to 110th place. Ivorian companies continue to modernize their production infrastructure and are increasingly investing in the development of new products and services. They are investing in the recruitment and training of a skilled workforce and are continuing their international expansion. The West African region has also experienced positive development and is becoming increasingly attractive to investors. With its port infrastructure, airports, roads and railroads, Côte D'Ivoire has been chosen by many of the world's leading investors as an ideal regional base from which to cover other West African markets. In this article we are going to be interested in the agro alimentary sector, mainly in the investment of the production and marketing of food pasta commonly called SPAGUETTI, and wheat flour, which since years are part of the basic food of the Ivorians, but these sectors remain more or less unexploited, then the development of this sector of activity can be as much profitable for the Côte D'Ivoire, the investors, the consumers and even for the West African sub-region. Indeed, this country is an important economic weight in the sub-region and can be defined as a strategic point to carry out the activities of production, marketing and also export of these agro-food products and many others. Thus, in this article we will analyse the opportunities and the scope of the development of this agribusiness project in Côte D'Ivoire.

Keywords: Production, Investment, Market, Pasta, Flour, CEPICI, West Africa, Government.

I. INTRODUCTION



Côte D'Ivoire is a country with an area of 322,462 km² in the heart of West Africa. The country is located on the Atlantic coast of the region and is surrounded by Mali and Burkina Faso to the north, Ghana to the east and Guinea and Liberia to the west.

The official language is French and the official currency is the CFA franc, which has a fixed parity with the euro of €1 = CFAF 655.957. The political capital of Côte D'Ivoire is the city of Yamoussoukro, located in the center of the country, and the economic capital is Abidjan. These two cities are respectively part of 2 autonomous districts, the rest of the country being divided into 12 districts and 31 regions. The country's geographical position results in a mixture of equatorial and tropical climates depending on the region with an average temperature of 30°C. Côte D'Ivoire is an agricultural country; it is the world's leading producer of cocoa and also produces coffee, cotton, sugar cane, cashew nuts, tropical fruits, etc.

In 2019, Côte D'Ivoire's population was 25.7 million, growing at an average rate of +2.6% like the rest of the continent, Côte D'Ivoire is facing accelerated urbanization; 51.2% of the population lived in urban areas in 2019 compared to 48.2% in 2012.

The city of Abidjan is home to about 20% of the Ivorian population. This city faces many urbanization challenges with a population density of 11,155 inhabitants/km² compared to an average of 80.9 inhabitants/km² for the entire country.

A. The Ivorian administration

Côte D'Ivoire is an attractive market for any type of investment. For several years we have witnessed a remarkable economic growth of the country, in fact the State is making efforts and a considerable work to achieve its project of emergence, this is justified by an increase in GDP up to 7.6% from 2015 to 2018, the improvement and development of Ivorian infrastructure. The state has a policy of encouraging foreign investment, which attracts more and more economic operators, and Côte D'Ivoire has been ranked twice in a row in the top 10 best reforming countries in the world.

Thus, since 2012, there has been an increase of 44% in investments, of which 69% represents foreign direct investments.

The various reforms

The Ivorian State is doing everything possible to simplify the creation of companies. Now there is the facilitation of procedures, the reduction and elimination of the costs of creation.

First of all, it should be noted that for any business creation, it is now necessary to go through the One-Stop-Shop for Investment in Côte D'Ivoire named CEPICI (Centre de promotion des investissements en Côte d'Ivoire) which was created in 2012.

It is used to assist, study the files and give the information which register the companies in Côte D'Ivoire, to ensure the treatment of the requests in connections with the various administrations and organizations concerned, to take care of the accomplishment of the formalities of creation within 48 Hours.

All the administrations involved in the process of creating a company are represented.

Administrations present:

- The General Tax Directorate
- The Registry of the Court of Abidjan
- The CNPS (National Social Security Fund)
- The Directorate of Foreign Trade of the Ministry in charge of trade
- The General Directorate of the Treasury and Public Accounting

PS: The representative agents have full authority to decide in the name and on behalf of their home administration. The acts they issue have the same value as those established by their administration.

a. The first axis of reform concerns the reduction of creation costs

- Reduction in the cost of inserting legal notices in the newspaper (Fraternité Matin)
- Decrease in the number of notaries' acts
- Reduction of legal costs

❖ **Another group of reforms addresses the following deletions:**

- Abolition of the obligation of legalization of the newspapers carrying the publication of the legal announcement of creation prior to the opening of the bank account.
- Removal of the stamp from the tax return of existence form
- Abolition of stamp duty on notarial acts
- Elimination of the search right for the tax declaration of existence

The steps related to the facilitation of procedures and the reduction and elimination of costs are carried out at the one-stop shop of the CEPICI which creates any kind of company.

b. The second axis of the investment incentive is mainly related to the reforms in the industrial sector

❖ **VAT**

- Reinforcement of the neutrality of the VAT, in particular by the generalization of the

Deduction system

- Lowering of the standard VAT rate by 5 points (from 25% to 20%)
- Abolition of the higher VAT rate
- Lowering the GST rate on bank charges by 15 points (from 25% to 10%)
- Reduction of the tax rate on industrial and commercial profits which is increased to 35
- Elimination of the employer contribution for local staff
- Reduction by half of the registration fees for company contributions
- Lowering the weighted average tariff rate (from 43% to 33%).

In general, the new code is aimed at both Ivorian investors whether foreigners, residents or non-residents.

There are two distinct incentive schemes:

- A declaration that allows the creation of a company in a maximum of 48 hours
- The agreement allows the creation of a company within a maximum of 45 days and is aimed at any investment higher than 500 million CFA francs, i.e. 764 thousand euros. It is aimed at all sectors of activity except those of public works, buildings and finance.

c. Measures applicable to all investments linked to the creation of a new business:

- industrial and commercial or non-commercial profits are exempt from taxes
- exemption from the patent and licenses.

d. Measures applicable to investments over CHF 500 million CFA:

- The equipment, materials and the first batch of Spare parts are exempt from VAT

- Exemption from duties and taxes on equipment, materials and the first batch Spare parts for investments over 2 billion CFA francs
- Exemption from the property tax on built-up properties for Investments over 2 billion CFA francs.

These benefits are applied uniformly, without discrimination, between equipment, materials and spare parts imported and those manufactured Locally.

e. Guarantees offered to investors:

The new Investment Code offers investors the following guarantees:

- the free transferability outside Côte D'Ivoire of the income of any nature generated by the investment, including if necessary, the liquidation bonus.
- Any judicial, arbitral or administrative remedy that the investor deems necessary

B. The Ivorian markets

a. Why choose Côte D'Ivoire to set up a production line of Food Pulp?

Côte D'Ivoire is a good choice for entrepreneurs wishing to settle in West Africa. This new industry of food pasta will be able to have a quality and low-cost workforce, in addition this initiative will expand the company's fields of action in the West African and even Sub-Saharan states.

b. The advantages of the establishment of a subsidiary of production of pasta and wheat flour in Côte D'Ivoire

The creation of a new production line of high-quality food pasta and wheat flour in Côte D'Ivoire is an opportunity for commercial success on the whole territory but also on the extent of sub-Saharan Africa. Indeed, we are witnessing a progressive diversification of consumption habits, especially in sub-Saharan Africa, which presents a cereal demand in strong growth. It should be noted that pasta is now part of the basic diet of many households in Côte D'Ivoire and there is also a strong consumption of flour-based food products. In addition, there is the Ivorian manioc semolina which is one of the best staple foods in the country which we will be stated further at the end of our article.

c. Production of durum wheat semolina derivatives in Côte D'Ivoire

There are two major advantages which are:

- increase in requests
- low competition

There is mainly only one pasta brand in Côte D'Ivoire which is called "Pâte Maman" produced by the "Carrée d'or" group, it occupies 90% of the Ivorian market.

As for the flour it excites 4 types of mills which are:

- The Great Mills of Abidjan (GMA)
- The mills of the Côte D'Ivoire (LMCI) 2008
- The modern mills of Cote D'ivoire (MMCI) 2009
- The SEMOA (West African Maritime Agency)

A new group could well settle in Côte D'Ivoire with a production in food pasta and flour, whose requests and requirement of quality do not cease increasing.

The company will be able to impose itself on the Ivorian market by the diversity and the high quality of its products through a vast advertising and promotion campaign.

With the arrival of a new brand, especially a high-end brand with a good quality/price ratio, consumers will be encouraged to vary their consumption.

d. Export of products to the whole sub-region from Côte D'Ivoire:

This country has an excellent geographical position and the necessary infrastructure for export activities.

Moreover, it is a member of the African Union and ECOWAS (Economic Community of West African States).

Its currency is common to a large number of West African states and they all share the same central bank which is the WACB. The strong point is that the brand will be able to expand into other member countries while avoiding exorbitant trade barriers, so that Côte D'Ivoire can be the platform for production and mass distribution in West Africa.

❖ GEOGRAPHICAL POSITION

It is limited:

- In the north through Mali and Burkina Faso
- In the west through Liberia and Guinea
- To the east through Ghana

And

- To the south by the Atlantic Ocean

❖ QUALITY INFRASTRUCTURES

Côte D'Ivoire has:

- ✚ 3 major airports, the main one is located in Abidjan and the other two in the interior of the country.
- ✚ 2 major ports, Abidjan and San Pedro, which supply practically the entire sub-region.
- ✚ A developed road networks

❖ SECURITY LEVEL OF THE COUNTRY

The IC has regained its political stability, the level of security has clearly evolved, the ADB has even evaluated the security index from 4 to 1 according to its statistics.

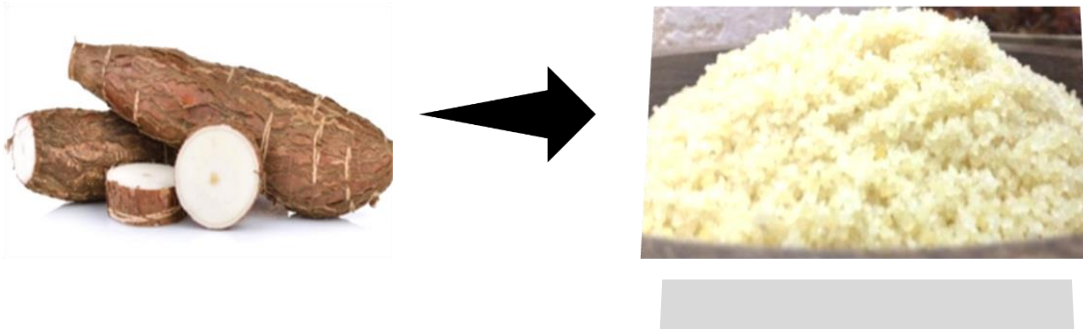
C. Acquiring new knowledge through the establishment of a foreign company

Indeed, setting up a subsidiary of one's company abroad consists in exporting its knowledge but also in acquiring it.

This can be justified by product adaptation, or even additional product innovation to meet local consumer requirements.

So, it is in this optic that we are going to approach at the end of this article, the opportunity to produce in Supplement the Ivorian cassava semolina commonly called 'Attieké'.

a. What is Attieké?



Attieké is a dish of Ivorian origin, it is made of cassava starch.

It is consumed on average by 7 out of 10 people in the CI and is very popular in all countries of the sub-region and even in the world.

Until now, the production of Attieké in Côte D'Ivoire is more artisanal than industrial, and this is where the opportunity lies.

Usually produced by women in a small room or on their own roof, also some investors produce it in industrial form but this production is usually for export.

NB: China after the discovery of this knowledge produces tons of it which is in phase to flood the African and international market.

b. Manufacturing process

First, the cassava is peeled and once the skins are removed, it is washed with water, peeled and fermented.

Then comes the phase of grinding with the help of a machine, the pasta obtained is transported for drying and then is put in contact with the wind and the sun.

And finally, the powder goes to the sieving to give the different types of grains before the process of cooking in a large container. It should be noted that 90% of these steps are done mainly by hand and last at least 3 days.

c. The limits of artisanal production



This method of production has its limits.

It is justified by a restricted production and constraints of long-term conservation except in the cool.

d. The advantages of industrializing Attiéké



- Production in quality and quantity
- Better manufacturing process in the sanitary standards
- Diversification of the product by giving it several types of shape
- Adoption of drying methods for the final product that allow for long-term conservation, which will be favourable for export.
- A production with strict sanitary standards for local consumption in collaboration with the actors of this field.

2. CONCLUSION

The opportunity of setting up a subsidiary for the production of food, pasta and flour in the republic of Côte D'Ivoire as we have presented it is to be seized. Indeed, with the strategic commercial position of the country, the weak competition, the facilitations of procedure of installation and the fiscal advantages of one it has, the republic of Côte D'Ivoire is a good choice to begin this activity and to benefit from the position of the country to take again the productions in all the under region of West-Africa. With this new investment policy, it's ideal for setting up production firms in various activities, and subsequently also to export the productions in several countries with his roads networks, his ports and airports.

REFERENCES

- [1] T Sauerwein - Land Use Policy, 2020 – Elsevier, Gold mining and development in Côte D'Ivoire: Trajectories, opportunities and oversights
- [2] SKS Wilhelms, MSD Witter – 1998, Foreign direct investment and its determinants in emerging economies
- [3] J Fenske - Journal of Development Economics, 2011 – Elsevier, Land tenure and investment incentives: Evidence from West Africa
- [4] Walther - Entrepreneurship & Regional Development, 2012 - Taylor & Francis, Traders, agricultural entrepreneurs and the development of cross-border regions in West Africa
- [5] TS Jayne, J Chamberlin, DD Headey - Food policy, 2014 – Elsevier, Land pressures, the evolution of farming systems, and development strategies in Africa
- [6] ANS Semanou - 2019 - search.proquest.com, Comparative Analysis of Growth in West Africa: The Case of Benin, Cote d'Ivoire, Ghana and Togo
- [7] I Bijaoui - Multinational Interest & Development in Africa, 2017 – Springer, Generators of People's Economy
- [8] AB Bamba - 2016 - books.google.com, African miracle, African mirage: transnational politics and the paradox of modernization in Côte D'Ivoire

- [9] Bansal, Megha, and Smitha Sharma. 2018, "Private Equity in Francophone West Africa." Wharton Africa Growth Partners, Philadelphia. <http://whartonafricagrowthpartners.org/blog/2018/8/3/private-equity-in-francophone-westafrica>.
- [10] Christiaensen, Luc, and Patrick Premand, eds. 2017. Jobs Diagnostic Côte d'Ivoire Employment, Productivity, and Inclusion for Poverty Reduction. Washington, DC. <https://openknowledge.worldbank.org/bitstream/handle/10986/26384/AUS13233-WP-ENGLISH-Employment-Productivity-and-Inclusion-for-Poverty-Reduction-PUBLIC>.
- [11] World Bank. 2019c. "Côte D'Ivoire Higher Education Development Support Project, Project Appraisal Document." PAD 2886, World Bank, Washington, DC. <http://documents.worldbank.org/curated/en/915091553558343307/pdf/Cote-d-Ivoire-Higher-EducationDevelopment-Support-Project>
- [12] Côte D'Ivoire Government | IFP School www.ifp-school.com › partner › ivory-coast-government
- [13] Côte D'Ivoire - Doing Business www.doingbusiness.org › dam › cote-divoire › CIV
- [14] INVEST www.unido.or.jp › files › Booklet CEPICI-Entrep
- [15] Developing New Products and Services www.opentextbooks.org.hk › files › export › pdf
- [16] https://unctad.org/en/PublicationsLibrary/tir2018_en.pdf
- [17] Attieke - Côte D'Ivoire's answer to champagne - BBC News www.bbc.com › news › world-africa-36986299
- [18] Investment Promotion Center in Cote d'Ivoire (CEPICI ... globaledge.msu.edu › global-resources › resource
- [19] Invest in the Côte D'Ivoire - Crédit Agricole international.groupecreditagricole.com › investing
- [20] Côte D'Ivoire (The Republic of Côte D'Ivoire) market guide ... www.great.gov.uk › markets › ivory-coast
- [21] Côte D'Ivoire chapter | Special Report on Investment in Africa iclg.com › alb › special-report › ivory-coast