



U.S. Department of State FY 2001 Country Commercial Guide: Benin

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1. INTRODUCTION: PREPARATION OF A COUNTRY COMMERCIAL GUIDE (CCG) IS OPTIONAL FOR SPECIAL EMBASSY PROGRAM (SEP) POSTS, OF WHICH EMBASSY COTONOU IS ONE OF THE SMALLER ONES (REF A). HOWEVER, POST RECOGNIZES THE IMPORTANCE OF A CCG FOR AMERICAN BUSINESSES SCOUTING FOR OPPORTUNITIES IN BENIN. SINCE THIS POST HAS NO FULL-TIME REPORTING OFFICER, LET ALONE AN ECON/COMMERCIAL SECTION, WE HAVE GONE THE EXTRA MILE TO PREPARE AS COMPREHENSIVE A GUIDE AS POSSIBLE, GIVEN OUR LIMITED RESOURCES. OUR CCG INCLUDES THE EXECUTIVE SUMMARY AND OTHER SECTIONS AS WELL AS BOILERPLATE LANGUAGE, AS SUGGESTED IN THE TASKER FOR THE FY 2000 CCG (REF A). IT ALSO INCLUDES A STAND-ALONE SECTION (CHAPTER VII) CONSISTING OF AN INVESTMENT CLIMATE STATEMENT (ICS) (REF B). OUR SEP POST VOLUNTEERS THIS ICS, IN ITS PRESENT COMPOSITE CCG FORMAT, IN LIEU OF A SEPARATE, OPTIONAL ANNUAL ICS SUBMISSION (REF B). WE REMIND READERS THAT FCS REGIONAL HUB IN ABIDJAN IS AVAILABLE TO AMERICAN BUSINESSES FOR MORE ELABORATE SUPPORT WITH REGARD TO BENIN, AS REQUIRED. END INTRODUCTION.

EXECUTIVE SUMMARY

2. THIS COUNTRY COMMERCIAL GUIDE (CCG) PRESENTS A COMPREHENSIVE LOOK AT BENIN'S COMMERCIAL ENVIRONMENT USING ECONOMIC, POLITICAL AND MARKET ANALYSIS. THE CCGS WERE ESTABLISHED BY RECOMMENDATION OF THE TRADE PROMOTION COORDINATING COMMITTEE (TPCC) A MULTI-AGENCY TASK FORCE, TO CONSOLIDATE VARIOUS REPORTING DOCUMENTS PREPARED FOR THE U.S. BUSINESS COMMUNITY. COUNTRY COMMERCIAL GUIDES ARE PREPARED ANNUALLY AT MANY U.S. EMBASSIES THROUGH THE COMBINED EFFORTS OF SEVERAL U.S. GOVERNMENT AGENCIES. THE PRESENT CCG INCLUDES A STAND-ALONE SECTION (CHAPTER VII) CONSISTING OF AN INVESTMENT CLIMATE STATEMENT (ICS).

BENIN, A WEST AFRICAN REPUBLIC WITH ABOUT 6.1 MILLION PEOPLE, HAS LIMITED NATURAL RESOURCES. PER CAPITA INCOME STANDS AT LESS THAN USD 400 PER YEAR. THE ECONOMY IS BASED ON AGRICULTURAL

PRODUCTION, WITH THE PRINCIPAL EXPORT BEING COTTON. ABOUT 80 PERCENT OF THE POPULATION ARE ENGAGED IN THE AGRICULTURAL SECTOR. THE PORT OF COTONOU SERVES AS A GATEWAY FOR THE SUB-REGION WITH MANY GOODS ARRIVING IN COTONOU DESTINED FOR NIGERIA, BURKINA FASO, NIGER AND OTHER COUNTRIES IN WEST AFRICA. GDP IN 1999 WAS ESTIMATED AT CFAF 740.6 BILLION (ALTHOUGH DIFFERENT ESTIMATES PLACE THE GDP SOMEWHAT HIGHER), WITH THE GROWTH RATE ESTIMATED AT BETWEEN 4.5 AND 5.0 PERCENT. THIS POSITIVE GROWTH FIGURE IS TEMPERED BY THE FACT THAT, IN THE VIEW OF MANY DEVELOPMENT EXPERTS, A NON-NEGLIGEABLE PORTION OF THIS RECENT GROWTH IS ATTRIBUTABLE TO DONOR FUNDED PROJECTS, SUCH AS ROAD CONSTRUCTION. ALTHOUGH INFLATION STOOD AT ABOUT THREE PERCENT IN 1999, THERE HAVE BEEN SIGNS, IN THE FIRST SEVERAL MONTHS OF 2000, OF RISING PRICES, TO INCLUDE STAPLE FOOD STUFFS, PHARMACEUTICAL PRODUCTS, CEMENT AND PETROLEUM PRODUCTS.

BENIN REVERTED TO A MULTI-PARTY DEMOCRATIC SYSTEM IN 1990 AND THE ELECTIONS WHICH HAVE TAKEN PLACE SINCE THEN HAVE BEEN GENERALLY PERCEIVED AS FREE AND FAIR. THESE ELECTIONS HAVE ALLOWED FOR PEACEFUL ALTERNATION OF POWER BETWEEN PARTIES. THE OPPOSITION PLAYS AN INFLUENTIAL – AND SOME MIGHT SAY DOMINANT - ROLE IN THE NATIONAL ASSEMBLY, WHICH WAS INSTALLED FOLLOWING FREELY CONTESTED ELECTIONS IN 1990. FURTHERMORE, BENIN'S INDEPENDENT JUDICIARY HAS ISSUED SEVERAL DECISIONS AGAINST THE GOB IN RECENT YEARS AND THE ADMINISTRATION HAS ABIDED BY THOSE RULINGS. GOVERNMENT RESPECTS THE EXISTENCE OF DISSENTING OPINION AND THE ROBUST AND OUTSPOKEN (IF SOMETIMES IRRESPONSIBLE) PRESS OPERATES FREE OF MOST GOVERNMENT RESTRICTIONS. THERE ARE NO REPORTS OF POLITICAL PRISONERS. INDEED, BENIN IS VALIDLY CONSIDERED BY MANY AS A DEMOCRATIC MODEL NOT ONLY FOR ITS OWN WEST AFRICA REGION BUT EVEN FOR THE ENTIRE CONTINENT.

WITH THE RESTORATION OF DEMOCRACY FOLLOWING A PEACEFUL TRANSITION FROM MARXIST-LENINISM, VIA THE ONLY FULLY SUCCESSFUL NATIONAL SOVEREIGN CONFERENCE IN AFRICA, BENIN HAS UNDERTAKEN TOUGH ECONOMIC REFORMS. THE GOVERNMENT HAS SIGNED ON TO STRUCTURAL ADJUSTMENT PROGRAMS IN CLOSE COOPERATION WITH THE WORLD BANK AND THE INTERNATIONAL MONETARY FUND. IT IS CURRENTLY IN THE PROCESS OF MOVING FROM A COMPLETED THREE-YEAR ESAF TO A THREE-YEAR POVERTY REDUCTION AND GROWTH FACILITY (PRGF). THE ADOPTION OF THE COMMON EXTERNAL TARIFF (TEC) AT THE BEGINNING OF THE YEAR 2000, TOGETHER WITH OTHER COUNTRIES BELONGING TO THE WEST AFRICAN ECONOMIC AND MONETARY UNION (WAEMU), WILL IN THE MEDIUM TERM ENCOURAGE DOMESTIC PRODUCTION. IN THE SHORT TERM, HOWEVER, PRICES CAN BE EXPECTED TO RISE AND GOB REVENUES TO DECLINE.

BENIN REMAINS ONE OF THE POOREST COUNTRIES IN THE WORLD. THE ADULT ILLITERACY RATE IS ESTIMATED AT 47.8 PERCENT FOR MEN AND 70.8 PERCENT FOR WOMEN (FOR URBAN CENTERS THE RATE IS 28 PERCENT TO 58 PERCENT). FORTY ONE PERCENT OF CHILDREN AGED BETWEEN 6-11 YEARS DO NOT ATTEND SCHOOL. THERE IS A RATIO OF 11,000

INHABITANTS TO EACH DOCTOR/MIDWIFE. HEALTH SERVICES ARE LIMITED. THE PREVALENCE OF HIV/AIDS APPEARS RELATIVELY LOW AT 3.7 PERCENT BUT INCIDENCE IS PROBABLY HIGHER AND SIMPLY UNRECORDED. CURRENT TRENDS REGARDING ITS SPREAD INDICATE ITS PREVALENCE COULD RISE RAPIDLY, GIVEN HIGHER RATES IN NEIGHBORING TOGO AND NIGERIA. ONLY 56 PERCENT OF BENINESE HOUSEHOLDS HAVE ACCESS TO POTABLE WATER. SINGLE URBAN WOMEN HEAD 46 PERCENT OF HOUSEHOLDS BELOW THE POVERTY LINE.

PERHAPS THE MOST DAUNTING OBSTACLE TO ECONOMIC DEVELOPMENT, HOWEVER, IS THE PERVASIVE AND INCREASING LEVEL OF CORRUPTION THROUGHOUT SOCIETY. CORRUPTION IMPACTS VIRTUALLY ALL ASPECTS OF SOCIAL, ECONOMIC AND POLITICAL LIFE IN BENIN. INEFFICIENT AND UNMOTIVATED GOVERNMENT BUREAUCRACIES, EVEN WHEN NOT OVERTLY CORRUPT, ALSO MAKE IT EXTREMELY DIFFICULT FOR FOREIGN BUSINESSES TO CONDUCT OPERATIONS IN BENIN. STATIST ATTITUDES STEMMING FROM THE TWIN LEGACY OF MORE THAN HALF A CENTURY OF FRENCH COLONIAL RULE (1890'S-1960) AND A DECADE AND A HALF OF DIRIGISTE MARXIST-LENINIST DICTATORSHIP (1974-1990) HAVE LEFT A LEGACY OF MISUNDERSTANDING AND DISTRUST TOWARD FREE ENTERPRISE AMONG MANY IN SOCIETY AND GOVERNMENT. MOST SENIOR CIVIL SERVANTS WERE EDUCATED IN FRANCE AND MANY EMBRACE FRENCH STATIST MANAGEMENT THEORIES, ALBEIT PAYING LIP SERVICE TO FREE MARKETS AND LIBERAL ECONOMIC THEORY. ONE RECENT POSITIVE DEVELOPMENT, HOWEVER, IS THE ANNOUNCEMENT THAT THE GOB PLANS TO BE THE FIRST AFRICAN COUNTRY TO ACCEDE TO THE OECD ANTI-CORRUPTION CONVENTION.

COUNTRY COMMERCIAL GUIDES ARE AVAILABLE FOR U.S. EXPORTERS FROM THE NATIONAL TRADE DATA BANK'S CD-ROM OR VIA THE INTERNET. PLEASE CONTACT STAT-USA AT 1-800-STAT-USA FOR MORE INFORMATION. CCGS CAN ALSO BE ACCESSED VIA THE WORLD WIDE WEB AT [HTTP://WWW.STAT-USA.GOV](http://www.stat-usa.gov), [HTTP://WWW.STATE.GOV.](http://www.state.gov), AND [HTTP://WWW.MAC.DOC.GOV](http://www.mac.doc.gov). OR THEY CAN BE ORDERED IN HARD COPY OR ON DISKETTE FROM THE NATIONAL TECHNICAL INFORMATION SERVICE (NTIS) AT 1-800-553-NTIS. U.S. EXPORTERS SEEKING GENERAL EXPORT INFORMATION/ASSISTANCE AND COUNTRY SPECIFIC COMMERCIAL INFORMATION SHOULD CONTACT THE U.S. DEPARTMENT OF COMMERCE, TRADE INFORMATION CENTER BY PHONE AT 1-800-USA-TRADE OR BY FAX AT (202) 482-4473.

CHAPTER II – ECONOMIC TRENDS AND OUTLOOK

3. THE GOVERNMENT OFFICIALLY FAVORS A MARKET ECONOMY APPROACH. HOWEVER, THE TWIN LEGACIES OF FRENCH COLONIALISM (IN THE CLASSIC, FRENCH CENTRALIZED "DIRIGISTE" TRADITION) AND A DECADE AND A HALF OF MARXIST-LENINIST RULE IN THE 1970'S AND 1980'S CONTRIBUTE TO SOME ANTI-BUSINESS, ANTI-FREE ENTERPRISE ATTITUDES IN CERTAIN SECTORS, INCLUDING WITHIN SOME PARTS OF GOVERNMENT. THE GOVERNMENT OF BENIN (GOB) MANAGES THE PORT

OF COTONOU, ONE OF THE LARGEST REVENUE EARNERS (ALONG WITH THE COTTON SECTOR) FOR THE GOB. THE PORT, HOWEVER, IS CHARACTERIZED BY WIDESPREAD CORRUPTION. SHIPPERS ALSO COMPLAIN OF PILFERAGE AND INADEQUATE PORT SECURITY. THE GOB HAS TAKEN MEASURES TO COMBAT PORT CORRUPTION AND OTHER CRIME, INCLUDING COMPUTERIZATION OF CLEARANCE PROCEDURES AND ESTABLISHMENT OF A POLICE FORCE AT THE PORT, BUT EFFORTS HAVE BEEN DWARFED BY THE DIMENSIONS OF THE PROBLEM. THESE HANDICAPS NOTWITHSTANDING, THE PORT IS FUNCTIONAL, BY REGIONAL STANDARDS, WITH NEIGHBORING LAGOS AND LOME HAVING PROBLEMS OF THEIR OWN. ELIMINATION OF CORRUPTION AND MODERNIZATION OF FACILITIES COULD BECOME BENIN'S MOST IMPORTANT ENGINES FOR ECONOMIC GROWTH. PLANS TO COMPUTERIZE CUSTOMS AS WELL AS DISCUSSIONS ABOUT BRINGING IN AN OUTSIDE PORT MANAGEMENT COMPANY ARE STEPS IN THE RIGHT DIRECTION.

OTHER POTENTIAL GROWTH SECTORS OVER THE SHORT AND MEDIUM TERM ARE AGRICULTURE AND SERVICES, INCLUDING TRADE AND TOURISM. DESPITE A HOST OF PROBLEMS, HEADED BY CORRUPTION AND MISMANAGEMENT, FACING THE GIANT GOVERNMENT-CONTROLLED COTTON PARASTATAL, SONAPRA, THE COTTON SECTOR REMAINS A MAJOR REVENUE EARNER AND CAN BE EXPECTED TO CONTINUE BEING SO. THE INFORMAL SECTOR REMAINS STRONG AND WIDESPREAD BUT ALSO ELUSIVE FOR GOVERNMENT REGULATION OF BUSINESS AND REVENUE CONTROL. WAGES ARE NOT CONTROLLED AND CIVIL SERVICE PAYROLL IS GENERALLY MET ON SCHEDULE. THE BANKING SECTOR HAS BEEN REORGANIZED AND A COMPREHENSIVE TAX SYSTEM INTRODUCED. NEVERTHELESS IT REMAINS VULNERABLE TO DEVELOPMENTS IN THE COTTON AND PORT SECTORS. BANKS WILL LIKELY CONTINUE TO CHARGE HIGH INTEREST RATES, WHICH, IN TURN, WILL MAKE IT DIFFICULT FOR SMALL AND MEDIUM-SIZED LOCAL ENTREPRENEURS TO RAISE CAPITAL. CONCERNS ABOUT A FURTHER DEVALUATION OF THE FRANC CFA, WHICH IS TIED TO THE FRENCH FRANC AND WAS LAST DEVALUED IN 1994, UNDERMINE DOMESTIC INVESTOR CONFIDENCE.

DESPITE GOB EFFORTS TO COMBAT CORRUPTION, IT IS LIKELY THAT CORRUPTION WILL REMAIN PERVASIVE AT ALL LEVELS OF THE ECONOMY AND SOCIETY OVER THE SHORT AND MEDIUM TERM.

THE GOB REMAINS COMMITTED TO STRUCTURAL ADJUSTMENT AND THE IFI'S NEW POVERTY REDUCTION AND GROWTH APPROACHES, DEVELOPED IN COORDINATION WITH THE WORLD BANK AND THE INTERNATIONAL MONETARY FUND. THE 2000 GOB BUDGET EMPHASIZES THE EDUCATION AND HEALTH SECTORS. MILITARY SPENDING IS PEGGED AT 11.76 PERCENT OF THE BUDGET.

1999 GDP WAS ESTIMATED AT CFAF 740.6 BILLION (ALTHOUGH SOME ESTIMATES ARE HIGHER). BENIN'S OVERALL TRADE DEFICIT IN 1999 WAS ESTIMATED BY GOB SOURCES TO STAND AT CFAF 106.1 BILLION. FOREIGN AID ACCOUNTS FOR ABOUT TEN PERCENT OF THE BUDGET. IN 2000, DEBT SERVICE IS ESTIMATED TO AMOUNT TO ABOUT 21 PERCENT OF THE BUDGET.

BENIN'S MOST IMPORTANT PARASTATAL (SONAPRA), WHICH IS RESPONSIBLE FOR THE KEY COTTON SECTOR, HAS YET TO MOVE AHEAD WITH PLANS TO PRIVATIZE. A 1998 AUDIT REVEALED SERIOUS FRAUD AND MISMANAGEMENT OF SONAPRA. THESE FACTORS, COUPLED WITH THE RECENT DEPRESSED STATE OF WORLD COTTON PRICES, HAVE SADDLED THE SECTOR WITH SERIOUS DEBT. OVER THE NEXT FIVE YEARS, THE TELEPHONE AND ELECTRIC UTILITIES ARE SLATED FOR PRIVATIZATION. AS YET, HOWEVER, THERE ARE NO DETAILS REGARDING STEPS TOWARD PRIVATIZATION. THE PRIVATIZATION OF THE STATE OIL COMPANY, SONACOP, IN 1999 WAS HANDLED IN A NON-TRANSPARENT FASHION AND THIS INDUSTRY IS CURRENTLY FACING FINANCIAL DIFFICULTIES.

THE RECENT ACCESSION BY BENIN TO THE EXTERNAL COMMON TARIFF (TEC) WILL LIKELY IN THE SHORT TERM RESULT IN RISING PRICES ALTHOUGH PRODUCTION SHOULD RISE IN THE MEDIUM TERM. PETROLEUM PRODUCT PRICES RECENTLY INCREASED, AS DID THE MINIMUM WAGE. THE PRICE OF PHARMACEUTICALS WILL ALSO PROBABLY RISE DUE TO THE TEC. BENIN RECENTLY REPEALED A LAW PROHIBITING THE EXPORT OF STAPLE FOODSTUFFS.

INFRASTRUCTURE IS REASONABLY GOOD BY DEVELOPING COUNTRY STANDARDS. PAVED ROADS RUNNING EAST TO WEST AND NORTH TO SOUTH LINK BENIN TO ITS NEIGHBORS. OUTSIDE THIS BASIC GRID, HOWEVER, ROAD CONDITIONS RANGE FROM MEDIOCRE TO VERY POOR. TELEPHONE SERVICE OUTSIDE OF THE CAPITAL REMAINS VERY POOR. HOWEVER, THE RECENT ESTABLISHMENT OF THREE CELLULAR TELEPHONE VENTURES (ONE AMERICAN) IS A GOOD HARBINGER FOR AN IMPROVED TELECOMMUNICATIONS INFRASTRUCTURE. BY THE END OF CALENDAR YEAR 2000, TELEPHONE COMMUNICATIONS SHOULD HAVE IMPROVED SIGNIFICANTLY. CELLULAR PHONE USE WITHIN COTONOU IS ALREADY VASTLY IMPROVED. WATER AND ELECTRICAL SERVICES ARE GENERALLY UNRELIABLE NATIONWIDE. BENIN STILL RELIES ON HYDROELECTRICITY FROM GHANA, WHICH MEANS THAT A DROUGHT IN GHANA COULD CAUSE AN ELECTRICITY SHORTAGE IN BENIN, WHICH OCCURRED IN 1998.

CHAPTER III: POLITICAL ENVIRONMENT

4. BENIN AND THE UNITED STATES ENJOY EXCELLENT DIPLOMATIC RELATIONS. ALL MAJOR POLITICAL PARTIES SUPPORT ECONOMIC LIBERALISM. ONLY A HANDFUL OF TINY PARTIES (NONE WITH ANY PARLIAMENTARY REPRESENTATION OR OTHER SIGNIFICANT ELECTORAL SUPPORT) ESPOUSE ANTI-CAPITALIST OR OTHER RADICAL VIEWPOINTS. THE CURRENT ADMINISTRATION AND ALL LEADING OPPOSITION PARTIES SUPPORT INCREASED TRADE AND INVESTMENT TIES WITH THE UNITED STATES.

PRESIDENTIAL ELECTIONS ARE SCHEDULED FOR FEBRUARY/MARCH 2001. BENIN'S PRESIDENTIAL AND LEGISLATIVE ELECTIONS SINCE THE RESTORATION OF DEMOCRACY MORE THAN A DECADE AGO HAVE BEEN JUDGED BY INTERNATIONAL AND BENINESE OBSERVERS TO BE LARGELY

FREE AND TRANSPARENT. THEY HAVE NOT BEEN MARRED BY VIOLENCE. FURTHER, AND DESPITE PROBLEMS IN THE WEST AFRICAN REGION, THERE IS NO INDICATION THAT THE 2001 PRESIDENTIAL ELECTIONS WILL DEVIATE FROM THIS SALUTARY TREND. BENIN HAS ABOUT 115 POLITICAL PARTIES. ONLY ABOUT A DOZEN PARTIES AND COALITIONS, HOWEVER, COMMAND ANY SIGNIFICANT ELECTORAL SUPPORT.

CHAPTER IV: MARKETING U.S. PRODUCTS AND SERVICES

5. A NUMBER OF AMERICAN PRODUCTS ARE SOLD IN BENIN BY LICENSED DISTRIBUTORS. THESE PRODUCTS INCLUDE CLOTHING (MOSTLY USED) AND COSMETICS. BENINESE BUSINESSMEN HAVE SHOWN INCREASED INTEREST RECENTLY IN FRANCHISING OPPORTUNITIES AND JOINT VENTURES WITH U.S. COMPANIES. A MEDIUM-SIZED U.S. FIRM RECENTLY ENTERED INTO A BUILD, OPERATE AND TRANSFER AGREEMENT WITH AN AGENCY OF THE GOB AND A MAJOR FRENCH FIRM.

ANY AMERICAN FIRM CONSIDERING ESTABLISHING AN OFFICE IN BENIN SHOULD CONSULT A COMPETENT BENINESE ATTORNEY AND WORK WITH AN ESTABLISHED LOCAL PARTNER OF SOLID REPUTATION. A SAVVY, HONEST LOCAL ATTORNEY IS ESSENTIAL FOR THE ESTABLISHMENT OF A BUSINESS IN BENIN BY A FOREIGN COMPANY. A LIST OF (GENERALLY ENGLISH SPEAKING) LAWYERS IS AVAILABLE FOR GUIDANCE FROM THE EMBASSY'S CONSULAR SECTION. THE EMBASSY, HOWEVER, CANNOT BE RESPONSIBLE FOR THE CHOICE OF ANY LAW FIRM OR LEGAL COUNSEL DERIVED FROM IT. THE U.S. EMBASSY IN ABIDJAN, COTE D'IVOIRE, HAS A FOREIGN COMMERCIAL SERVICE (FCS) REGIONAL HUB OFFICE. A FOREIGN COMMERCIAL OFFICER (FCO) IS ASSIGNED TO COVER BENIN, INTER ALIA. THE EMBASSY IN COTONOU HAS A PART-TIME COMMERCIAL SERVICE, RUN OUT OF ITS CONSULAR SECTION BY THE CONSUL. THE PUBLIC AFFAIRS SECTION AT THE CULTURAL CENTER ALSO HAS A SMALL COMMERCIAL LIBRARY. IT OFFERS INTERNET ACCESS TO THOSE WISHING TO CONTACT U.S. FIRMS.

ALTHOUGH THE CHAMBER OF COMMERCE AND THE MINISTRY OF COMMERCE CAN PROVIDE SOME INFORMATION ON COMPANIES DOING BUSINESS IN BENIN, NO FORMAL SYSTEM EXISTS TO VERIFY THE BONA FIDES OF COMPANIES. BENIN'S PROXIMITY TO NIGERIA MEANS THAT A NUMBER OF MALA FIDE NIGERIAN OPERATORS HAVE ESTABLISHED COMPANIES WHICH ARE LITTLE MORE THAN A POST OFFICE BOX AND FAX MACHINE AND WHOSE PURPOSE IS TO DEFRAUD FOREIGN WOULD BE INVESTORS. IN 2000, THE GOB RETAINED THE SERVICES OF THE LAW FIRM, PATTON BOGGS, BASED IN WASHINGTON, D.C., TO PROMOTE BUSINESS CONTACTS FOR THEM IN THE UNITED STATES.

MAJOR NEWSPAPERS INCLUDE:

LA NATION (OFFICIAL GOVERNMENT DAILY)
LE MATIN
LE MATINAL
LES ECHOS DU JOUR
LE PROGRES

LE JOURNAL
LE POINT AU QUOTIDIEN
L'AURORE
LA GAZETTE DU GOLFE

ALL THESE JOURNALS ACCEPT PAID ADVERTISING.

THERE ARE SEVERAL PRIVATE RADIO STATIONS AND ONE PRIVATE TELEVISION STATION WHICH ALSO ACCEPT PAID ADVERTISING.

THE CHAMBER OF COMMERCE ALSO PUBLISHES A JOURNAL WHICH PUBLISHES INFORMATION ABOUT BUSINESS OPPORTUNITIES (L'OPERATEUR ECONOMIQUE).

-----CHAPTER V: LEADING SECTORS
FOR U.S. EXPORTS AND INVESTMENT

6. A LIST OF BEST PROSPECTS FOR NON-AGRICULTURAL SECTORS WOULD INCLUDE:

TELECOMMUNICATIONS
ELECTRONICS
COMPUTER SOFTWARE
COSMETICS INCLUDING HAIR CARE PRODUCTS
COSTUME JEWELRY
NEW CLOTHING INCLUDING SHOES
USED CLOTHING INCLUDING SHOES
TOURISM
PRINTING PRESS SUPPLIES EQUIPMENT & MATERIALS
FROZEN FOODS
PALM OIL EXTRACTION
FINANCIAL SERVICES (INCLUDING MONEY TRANSFER)
USED CARS
USED TIRES
USED AND NEW MOTOR VEHICLE PARTS
GENERIC PHARMACEUTICALS

PRINCIPAL AGRICULTURAL SECTORS FOR POTENTIAL U.S. EXPORTS ARE BEEF, POULTRY, PALM OIL AND CASHEW NUTS.

SMALL AND MEDIUM SIZED FRANCHISES OF AMERICAN COMPANIES PRESENT A GROWTH OPPORTUNITY.

CHAPTER VI: TRADE REGULATIONS, CUSTOMS

7. BENIN'S ENACTMENT OF THE COMMON EXTERNAL TARIFF HAS ELIMINATED MANY TARIFF BARRIERS. HOWEVER, AN INEFFICIENT, CORRUPT CUSTOMS PROCESS STILL MAKES THE IMPORTATION OF GOODS BY SEA, AIR OR LAND COSTLY AND TIME CONSUMING. THEFT OF GOODS FROM THE PORT OF COTONOU REMAINS A SIZEABLE PROBLEM. BENIN DOES NOT HAVE A FREE TRADE ZONE. ALTHOUGH THE POSSIBILITY OF

OBTAINING A BONDED WAREHOUSE FOR ONWARD SHIPMENT EXISTS IN THEORY, IN PRACTICE IT IS VERY DIFFICULT TO OBTAIN SUCH A STATUS. PLANS TO COMPUTERIZE THE PORT'S CUSTOMS OPERATIONS HAVE NOT YET MATERIALIZED. IN 1999, HOWEVER, A PORT POLICE FORCE WAS ESTABLISHED. ITS IMPACT ON REDUCING THEFT AT THE PORT IS STILL HARD TO MEASURE, BUT IMPORTERS STILL REPORT THAT PILFERING OF GOODS IS AN ONGOING PROBLEM.

CHAPTER VII: INVESTMENT CLIMATE

INTRODUCTION:

8. THIS SECTION PROVIDES AN OVERVIEW OF BENIN'S INVESTMENT CLIMATE (REF B). BENINESE LAW GUARANTEES THE RIGHT TO OWN AND TRANSFER PRIVATE PROPERTY. EMBASSY IS UNAWARE OF ANY PENDING CLAIMS OF EXPROPRIATED U.S. REAL OR PERSONAL PROPERTY. THE GOVERNMENT OF BENIN OFFICIALLY FAVORS AND ENCOURAGES FOREIGN INVESTMENT.

A.1. OPENNESS TO FOREIGN INVESTMENT

MANY OPPORTUNITIES FOR FOREIGN INVESTMENT ARE LINKED TO THE PRIVATIZATION PROCESS IN WHICH BENIN HAS BEEN ENGAGED FOR THE PAST SEVERAL YEARS. THE NUMBER OF PARASTATALS WAS REDUCED FROM 130 IN 1980 TO 27 IN 1999. AS A RESULT OF PRIVATIZATION AND CIVIL SERVICE REFORM, PUBLIC PAYROLL JOBS WERE REDUCED TO 31,503 IN 1998. RECENT PRIVATIZATIONS HAVE INCLUDED THE OIL PARASTATAL (SONACOP), A CEMENT COMPANY (SCO) AND A BREWERY (SOBEBRA). HOWEVER, THE PRIVATIZATION PROCESS HAS NOT BEEN ENTIRELY TRANSPARENT, PARTICULARLY IN THE CASE OF SONACOP. PLANS TO PRIVATIZE OTHER PARASTATALS, NOTABLY THE GOVERNMENT-RUN AGRICULTURAL PARASTATAL AND COTTON PURCHASING MONOPOLY (SONAPRA) AND THE ELECTRICITY AND WATER COMPANY (SBEE), HAVE STALLED, ALTHOUGH IN JUNE 2000, THE GOB PLEDGED THAT THE SONAPRA PRIVATIZATION WOULD PROCEED, WITHOUT, HOWEVER, PROVIDING DETAILS OF A SCHEDULE FOR SAME. THE GOVERNMENT REQUIRES THAT BENINESE NATIONALS PARTLY OWN PRIVATIZED COMPANIES.

MANY INFRASTRUCTURE RENOVATION CONTRACTS ARE FUNDED BY GRANTS OR LOANS FROM THE WORLD BANK OR OTHER INTERNATIONAL DEVELOPMENT BANKS. SOME MAJOR CONTRACTS HAVE BEEN SIGNED ALREADY WHILE SEVERAL PROJECTS ARE STILL ON THE HORIZON. THE CURRENT INVESTMENT CODE ESTABLISHES THE CONDITIONS REQUIRED TO OBTAIN BENEFITS UNDER DIFFERENT INVESTMENT REGIMES AND GRANTS THE INVESTMENT CONTROL COMMISSION AT THE MINISTRY OF

INDUSTRY EXTENSIVE DISCRETIONARY POWER. A MAJOR GOVERNMENT CONSTRUCTION PROJECT, FOR EXAMPLE, WAS RECENTLY AWARDED TO A FRENCH COMPANY AND ONE COMPANY WHICH LOST THE BID COMPLAINED THAT THE FRENCH COMPANY PAID BRIBES TO GET THE PROJECT.

THE TAX REFORMS INTRODUCED IN RECENT YEARS LARGELY REMOVE THE NEED FOR SPECIAL INCENTIVES TO POTENTIAL INVESTORS. THE 1990 INVESTMENT CODE WAS PROMULGATED IN ORDER TO ESTABLISH A SIMPLIFIED SYSTEM READILY ACCESSIBLE TO ALL INVESTORS. IN RECENT YEARS, THE GOVERNMENT ESTABLISHED A "PROCESSING OFFICE" ("GUICHET UNIQUE" OR ONE-STOP-SHOP) AT THE TRADE MINISTRY TO HELP DISPENSE WITH UNNECESSARY AND TIME CONSUMING FORMALITIES FACING INVESTORS. AS A PRACTICAL MATTER, MANY INVESTORS COMPLAIN THAT THE INVESTMENT CODE IS DIFFICULT TO IMPLEMENT IN PRACTICE BECAUSE OF AN INEFFICIENT, UNMOTIVATED, CORRUPT BUREAUCRACY.

A.2 CONVERSION AND TRANSFER POLICIES

BENIN IS A MEMBER OF THE WEST AFRICAN ECONOMIC AND MONETARY UNION (UEMOA/WAEMU). ITS CURRENCY IS THE CFA FRANC WHICH IS ISSUED BY THE CENTRAL BANK OF WEST AFRICAN STATES (BCEAO). IN ORDER TO STIMULATE ECONOMIC RECOVERY, AN ADJUSTMENT OF THE EXCHANGE RATE WAS IMPLEMENTED AND THE CFA FRANC WAS DEVALUED BY 50 PERCENT ON JANUARY 11, 1994. AS OF THAT DATE, 100 FCFA EQUAL ONE FRENCH FRANC. ONE USD DOLLAR PRESENTLY EQUALS ABOUT F CFA 700 (JUNE 2000). THE CONVERSION SYSTEM DOES NOT SET RESTRICTIONS ON INTERNATIONAL TRANSFERS. THE EXISTING COMMISSIONS TAKEN ON TRANSFERS WERE ELIMINATED IN 1990. AS OF AUGUST 2, 1993, IT IS FORBIDDEN TO BUY CFA BANK NOTES OUTSIDE OF THE FRANC ZONE. THE CENTRAL BANK MADE THIS DECISION TO STEM CAPITAL OUTFLOWS FROM THE WEST AFRICAN MONETARY UNION. THE CIRCULAR NO. 629/MF/DC/DGTCP/DAMF IS RELATED TO THE DELIVERY OF CURRENCIES AND CUSTOMS CONTROL OF TRAVELERS' MONEY. ONE UNANSWERED CONCERN FOR INVESTORS IS THE LONG-TERM EFFECT OF THE EUROPEAN UNION'S EURO ON THE FCFA. SOME INVESTORS ARE ALSO CONCERNED THAT ANOTHER DEVALUATION OF THE FCFA COULD OCCUR.

A.3. EXPROPRIATION AND COMPENSATION

AS STIPULATED BY LAW, ANY ENTERPRISE OPERATING IN BENIN IS GUARANTEED THAT THE STATE WILL MAKE NO ATTEMPT TO

NATIONALIZE IT. THE GOVERNMENT AT THIS TIME IS FOCUSED ON CONTINUING TO PRIVATIZE ITS STATE-OWNED INDUSTRIES AND HAS SHOWN NO INDICATION OF RETURNING TO THE POLICY OF EXPROPRIATION CARRIED OUT PRIOR TO THE ESTABLISHMENT OF DEMOCRACY IN 1990. THE PRESIDENT HAS SPOKEN PUBLICLY AND OFTEN ABOUT THE IMPORTANCE OF ATTRACTING FOREIGN INVESTMENT. WE ARE AWARE OF NO PENDING EXPROPRIATION DISPUTES INVOLVING U.S. COMPANIES.

A.4. DISPUTE SETTLEMENT

THE SETTLEMENT OF DISPUTES PERTAINING TO BREACH OF CONTRACT, CONTRACT ENFORCEMENT, CLAIMS, LAND TITLE, AND RELATED ISSUES MUST BE ADJUDICATED IN THE CIVIL COURTS. THERE IS NO SEPARATE COMMERCIAL COURT SYSTEM. MOREOVER, THERE IS NO SYSTEM WHICH CONSISTENTLY PUBLISHES DECISIONS RENDERED BY THE COURTS. THE BACKLOG OF CIVIL CASES OFTEN RESULTS IN A WAIT OF TWO OR MORE YEARS BEFORE MATTERS PROCEED TO TRIAL. IN RECENT YEARS, JUDGES HAVE SHOWN INCREASING INDEPENDENCE AND HAVE RULED AGAINST GOVERNMENT INTERESTS. JUDICIAL CORRUPTION REMAINS AN IMPEDIMENT TO ADMINISTRATION OF JUSTICE. CORRUPTION IS LESS OF A PROBLEM AT HIGHER LEVELS, BUT BUSINESSES AND OTHER LITIGANTS ROUTINELY COMPLAIN THAT CORRUPTION IS WIDESPREAD AT THE TRIAL COURT LEVEL AS WELL AS AT ADMINISTRATIVE HEARINGS.

A.5. PERFORMANCE REQUIREMENT AND INCENTIVES

ALTHOUGH THE GOVERNMENT MAINTAINS A WELCOMING POSTURE TO FOREIGN INVESTORS, POST IS UNAWARE OF PERFORMANCE INCENTIVES PER SE TARGETING FOREIGN INVESTORS. BY THE SAME TOKEN, PERFORMANCE REQUIREMENTS ARE ABSENT. FOREIGN INVESTORS HAVE GENERALLY NOT COMPLAINED OF DISCRIMINATORY OR PREFERENTIAL EXPORT OR IMPORT POLICIES, ALTHOUGH FOREIGN BUSINESSES COMPLAIN THAT THEY ARE HELD TO HIGHER STANDARDS THAN BENINESE BUSINESSES. FOR EXAMPLE, FOREIGN COMPANIES ARE REQUIRED TO ADHERE TO SOCIAL SECURITY AND LABOR REGULATIONS, WHICH ARE ROUTINELY IGNORED OR MINIMALLY FOLLOWED BY BENINESE COMPANIES. ONE LONG ESTABLISHED AMERICAN COMPANY HAS COMPLAINED OF DISCRIMINATORY TREATMENT IN BEING REFUSED PERMISSION TO ESTABLISH A BONDED WAREHOUSE FOR GOODS IN TRANSIT. FOREIGN INVESTORS AND WORKERS ARE NOT SUBJECTED TO ONEROUS VISA OR RESIDENCY PERMIT REQUIREMENTS. HOWEVER,

DELAYS IN OBTAINING VISAS AND RESIDENCE PERMITS ARE OFTEN LENGTHY.

A.6. RIGHT TO PRIVATE OWNERSHIP AND INVESTMENT

THE RIGHT TO PRIVATE OWNERSHIP AND INVESTMENT EXISTS IN THEORY AND PRACTICE. BENINESE LAW GUARANTEES FREEDOM OF TRADE; CHOICE OF CUSTOMERS AND SUPPLIERS; THE RIGHT TO MOVE FREELY IN ALL PARTS OF THE COUNTRY; THE RIGHT OF FOREIGN EMPLOYEES AND THEIR FAMILY MEMBERS TO LEAVE THE COUNTRY; AND, FREEDOM FROM GOVERNMENT INTERFERENCE IN THE MANAGEMENT OF PRIVATE ENTERPRISES.

A.7. PROTECTION OF PROPERTY RIGHTS

SECURED INTERESTS IN REAL AND PERSONAL PROPERTY ARE RECOGNIZED AND ENFORCED. BENIN'S LEGAL SYSTEM PROTECTS AND FACILITATES ACQUISITION AND DISPOSITION OF ALL PROPERTY RIGHTS, INCLUDING LAND, BUILDINGS AND MORTGAGES. THE GOVERNMENT RESPECTS INTELLECTUAL PROPERTY RIGHTS. IN PRACTICE, HOWEVER, BOOTLEGGED MUSICAL CASSETTES AND CD'S ARE WIDELY AVAILABLE DESPITE GOVERNMENT INTERDICTION EFFORTS. LAND TENURE REMAINS A COMPLICATED QUESTION IN MANY AREAS AND IT IS SOMETIMES DIFFICULT TO TRANSFER CLEAR TITLE TO REAL PROPERTY.

A.8. TRANSPARENCY OF THE REGULATORY SYSTEM

ALTHOUGH THE GOVERNMENT HAS ADOPTED A TRANSPARENT POLICY TO FOSTER FREE ENTERPRISE, BUREAUCRATIC RED TAPE IS A PROBLEM. BUREAUCRATIC PROCEDURES ARE INSUFFICIENTLY STREAMLINED AND ARE RARELY TRANSPARENT IN PRACTICE. TRADE REGULATIONS DERIVE FROM THE FRENCH "CODE DE COMMERCE." ALTHOUGH SOME TRADE REGULATIONS ARE UNIQUE TO BENIN, MOST TRADE REGULATIONS ARE RESIDUAL FRENCH COLONIAL-PERIOD LAWS ADOPTED IN FRANCE BETWEEN 1807 AND 1960 (THE DATE OF BENINESE INDEPENDENCE). THESE ACCOUNT FOR AN EXCESS OF PAPERWORK AND COUNTERSIGNINGS BY VARIOUS MINISTRIES. THEY ALSO MILITATE AGAINST THE MOVE TOWARDS THE ONE-STOP-SHOP APPROACH WHILE FOSTERING OPPORTUNITIES FOR CORRUPTION. IN THE EARLY 1990'S THE GOVERNMENT ENACTED A SERIES OF REFORMS AIMED AT MODERNIZING TRADE REGULATIONS. MANY LABOR LAWS, HOWEVER, REMAIN HOLDOVERS FROM THE MARXIST ERA AND SERVE AS IMPEDIMENTS TO PRIVATE ENTERPRISE, DESPITE REVAMPING OF THE LABOR CODE IN 1998.

A.9. EFFICIENT CAPITAL MARKETS AND PORTFOLIO INVESTMENT

POLICIES FACILITATE THE FREE FLOW OF FINANCIAL RESOURCES TO SUPPORT THE FLOW OF RESOURCES IN THE PRODUCT AND FACTOR MARKETS. CREDIT IS ALLOCATED ON MARKET TERMS AND FOREIGN INVESTORS CAN GET CREDIT ON THE LOCAL MARKET. LEGAL, REGULATORY AND ACCOUNTING SYSTEMS ARE OFTEN UNWIELDY. THE BANKING SYSTEM IS NOT SUBJECTED TO EXCESSIVE REGULATION. BY THE SAME TOKEN, IN THE VIEW OF SOME OBSERVERS, THE BANKING INDUSTRY IS NOT SUBJECT TO EFFECTIVE MANDATORY REGULATION OF ANY KIND AND MOST BANKS ARE NOT MANAGED IN A TRANSPARENT FASHION.

A.10. POLITICAL VIOLENCE

BENIN IS A DEMOCRACY BY ANY MEASURE. ITS THIRD LEGISLATIVE ELECTIONS WERE CONDUCTED PEACEFULLY ON MARCH 30, 1999 WITH WIDESPREAD VOTER PARTICIPATION. POLITICAL VIOLENCE IS EXTREMELY RARE, ALTHOUGH THERE WERE ISOLATED INCIDENTS OF CLASHES BETWEEN POLITICAL PARTISANS IN THE MONTHS PRECEDING THE LEGISLATIVE ELECTIONS. THERE ARE NO NASCENT INSURRECTIONS OR OTHER POLITICALLY MOTIVATED VIOLENT ACTIVITIES. BENINESE FROM ALL WALKS OF LIFE AND IN ALL REGIONS FEEL FREE TO EXPRESS POLITICAL VIEWS WITHOUT FEAR OF REPRISAL FROM THE GOVERNMENT. MORE THAN ONE HUNDRED POLITICAL PARTIES ARE REGISTERED. BENIN ENJOYS FRIENDLY RELATIONS WITH ITS NEIGHBORS. ORDINARY CRIME IS LOW, EVEN IN URBAN AREAS, ALTHOUGH RISING CRIME, ESPECIALLY PROPERTY CRIME, IS A NATIONAL PREOCCUPATION.

A.11. CORRUPTION

BENIN HAS LAWS, REGULATIONS AND PENALTIES AIMED AT COMBATING CORRUPTION. THE PRESIDENT AND THE REFORMIST FINANCE MINISTER HAVE TARGETED CORRUPTION WITHIN AND WITHOUT GOVERNMENT. CONCRETE RESULTS IN BRINGING CULPRITS TO BOOK, HOWEVER, REMAIN MODEST TO DATE. THE PRESIDENT HAS ESTABLISHED SPECIAL TASK FORCES TO TACKLE GOVERNMENT CORRUPTION AND THE FINANCE MINISTER HAS LAUNCHED EFFORTS TO DISSUADE AND PUNISH CIVIL SERVICE CORRUPTION. ALTHOUGH LAWS ON THE BOOK SANCTION CORRUPTION, INCLUDING BRIBERY, ACTUAL PROSECUTION AND PUNISHMENT IS EXTREMELY RARE. NONETHELESS, HIGH LEVEL GOVERNMENT WILLINGNESS TO COMBAT CORRUPTION APPEARS

SINCERE, AS EXEMPLIFIED BY THE ACTIONS OF THE CURRENT MINISTER OF FINANCE, BIO TCHANE. THESE ARE EXPECTED TO YIELD RESULTS IN COMING YEARS. EFFORTS TO BATTLE CORRUPTION BY THE CIVIL SOCIETY, NOTABLY THE CATHOLIC CHURCH, HAVE ALSO HAD SOME POSITIVE EFFECT IN INFLUENCING PUBLIC ATTITUDES. THE CREATION OF A TRANSPARENCY INTERNATIONAL (TI) BRANCH IN BENIN WITH U.S. SEED MONEY, HAS A HAD A POSITIVE EFFECT IN ELEVATING THE PROFILE OF THIS CRITICAL PROBLEM IN THE PUBLIC EYE.

SOME U.S. FIRMS OPERATING IN BENIN HAVE IDENTIFIED CORRUPTION AS A MAJOR OBSTACLE TO DIRECT INVESTMENT. BUSINESSES NOTE THAT CORRUPTION IS ENDEMIC AND AN UNAVOIDABLE ASPECT OF DOING BUSINESS IN BENIN. CORRUPTION AT THE PORT OF COTONOU IS AN IMPEDIMENT TO EXPORTERS AND IMPORTERS ALIKE. FOREIGN BUSINESSMEN COMPLAIN THAT ESTABLISHING A BUSINESS REQUIRES NUMEROUS BRIBES; EXAMPLES INCLUDE CIVIL SERVANTS AT THE STATE-OWNED TELECOMMUNICATIONS PARASTATAL (OPT) WHO DEMAND A BRIBE BEFORE GRANTING A PHONE LINE. LABOR MINISTRY INSPECTORS REPORTEDLY DEMAND A BRIBE TO MONITOR UNION ELECTIONS.

B. BILATERAL INVESTMENT AGREEMENTS

BENIN HAS A BILATERAL INVESTMENT AGREEMENT WITH FRANCE BUT NONE WITH THE UNITED STATES. WITH RESPECT TO INVESTMENT PROTECTION, BENIN HAS CONCLUDED AGREEMENTS WITH SEVERAL EUROPEAN COUNTRIES INCLUDING:

- GERMANY; OCTOBER 10, 1993 AGREEMENT PERTAINING TO THE MUTUAL ENCOURAGEMENT AND PROTECTION OF INVESTMENT CAPITAL.

- GREAT BRITAIN; NOVEMBER 27, 1987 AGREEMENT FOR THE PROTECTION OF BRITISH INVESTMENTS IN BENIN.

BENIN IS ALSO A SIGNATORY OF VARIOUS MULTILATERAL AGREEMENTS FOR INVESTMENT PROTECTION, INCLUDING THE MULTILATERAL SECURITY AGENCY AGREEMENT AND CONVENTION FOR THE INTERNATIONAL SETTLEMENT OF INVESTMENT DISPUTES. MOREOVER, THE REPATRIATION OF ASSETS AND PROFITS IS FREE IN BENIN.

C. OPIC AND OTHER INVESTMENT INSURANCE PROGRAMS:

THE OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC) OFFERS FINANCING PROGRAMS TO ASSIST COMPANIES WISHING TO INVEST IN DEVELOPING COUNTRIES, INCLUDING BENIN. OPIC INSURANCE COULD BE AVAILABLE TO COMPANIES WISHING TO INVEST IN BENIN DEPENDING ON

THE NATURE AND EXTENT OF THE INVESTMENT. POTENTIAL INVESTORS SHOULD CONTACT OPIC DIRECTLY FOR FURTHER INFORMATION.

D. LABOR

UNSKILLED LABOR IS WIDELY AVAILABLE BUT ADEQUATELY TRAINED, SKILLED LABOR IS IN SHORT SUPPLY IN MANY AREAS, INCLUDING ENGINEERING AND ACCOUNTING.

THE GOVERNMENT ADHERES TO INTERNATIONAL LABOR STANDARDS AND FULLY RECOGNIZES THE RIGHT TO FORM UNIONS AND ENGAGE IN COLLECTIVE BARGAINING. THE LABOR MOVEMENT, ESPECIALLY CIVIL SERVICE UNIONS, HAS ACTIVELY OPPOSED PRIVATIZATION. THE GOVERNMENT ADOPTED A NEW LABOR CODE IN 1998 AIMED AT INCREASING FLEXIBILITY REGARDING HIRING DECISIONS, ELIMINATING THE NEED FOR PRIOR AUTHORIZATION FROM THE LABOR DIRECTORATE FOR EMPLOYEE DISMISSAL, AND CONSOLIDATING LABOR REGULATIONS CURRENTLY DISPERSED IN VARIOUS TEXTS. AS A PRACTICAL MATTER, HOWEVER, BENIN'S LABOR PRACTICES CONTAIN MANY INEFFICIENT PRACTICES HEARKENING BACK TO THE MARXIST ERA. FOREIGN COMPANIES WHO DISMISS EMPLOYEES FOR UNSATISFACTORY PERFORMANCE ARE ROUTINELY SUED. FOREIGN COMPANIES ALSO CLAIM THAT LABOR INSPECTORS HOLD THEM TO A HIGHER STANDARD THAN BENINESE FIRMS. CHILD LABOR IS WIDESPREAD AND THE GOB, ALTHOUGH NOT FORMALLY PERMITTING THE PRACTICE, MAKES LITTLE EFFORT TO SUPPRESS IT.

E. FOREIGN TRADE ZONES/FREE PORTS

THERE IS A FREE TRADE ZONE IN THE PORT OF COTONOU FOR BENIN'S LANDLOCKED NEIGHBORS (BURKINA FASO AND NIGER). FOREIGN IMPORTERS HAVE COMPLAINED, HOWEVER, THAT PORT CORRUPTION MAKES IT DIFFICULT TO BENEFIT FROM THIS ENTITY.

F. FOREIGN DIRECT INVESTMENT STATISTICS

MOST OF THE FOREIGN INVESTMENT THAT HAS ENTERED BENIN SINCE 1990 HAS BEEN THROUGH ACQUISITION OF INTERESTS IN PRIVATIZED COMPANIES. FOLLOWING ARE EXAMPLES OF COMPANIES SOLD IN PART TO FOREIGN INVESTORS, LISTED BY NAME, ACTIVITY, PRICE AND BUYER:

- SOBETEX (TEXTILE) – 282 MILLION CFA – BY SCHAEFFER (FRENCH GROUP);

- MANUCIA (TOBACCO) – 1.3 BILLION CFA – BY ROTHMANS INTERNATIONAL;
SONACI (CEMENT COMPANY) – 4.2 BILLION CFA – BY SCANCEM (SCANDINAVIAN GROUP);
SCB (CEMENT) – 1.1 BILLION CFA – BY AMIDA (FRENCH GROUP);
LA BENINOISE (BREWERY) 7.8 BILLION CFA – BY CASTEL-BGI (FRENCH GROUP);
SOTRAZ (PUBLIC TRANSPORTATION) 42 MILLION CFA – BY SEG (FRENCH GROUP).

PRINCIPAL FOREIGN INVESTORS IN BENIN HAIL FROM FRANCE, OTHER EUROPEAN COUNTRIES AND CANADA.

CHAPTER VIII: TRADE AND PROJECT FINANCING

9. THE FOLLOWING BANKS ARE ESTABLISHED IN BENIN:

ECOBANK:

ATTN: FOGAN SOSSAH (TOGOLESE)
RUE DU GOUVERNEUR BAYOL
TEL: 229 31 40 23
FAX: 229 31 33 85
TELEX: 5394 ECO-BANK
P.O. BOX 1280
COTONOU, BENIN.

FINANCIAL BANK:

ATTN: REMY BAYSSET (FRENCH)
TEL: 229 31 31 00 / 03 / 04
FAX: 229 31 31 02
TELEX: 5280
01 B.P. 2700
COTONOU, BENIN.

BANK OF AFRICA (BOA):

ATTN: MR. RENÉ DE SAINT-LOUVENT (FRENCH)
TEL: 229 31 32 28
FAX: 229 31 31 17
TELEX: 5079
P.O. BOX 08-0879
COTONOU, BENIN.

BANQUE INTERNATIONALE DU BENIN (B.I.B.E.):

ATTN: MR. SANDA BISI A. (NIGERIAN)
TEL: 229 31 55 49/ 31 56 21/ 31 04 62

FAX: 229 31 23 65
TELEX: 5074/5075 BI.BE
P.O.BOX 03-2098
COTONOU, BENIN.

CONTINENTAL BANK:
ATTN: MR. MICHEL D'ALMEIDA
CARREFOUR DES TROIS BANQUES
TEL: 229 31 24 24/ 31 33 93/ 31 38 97
FAX: 229 31 51 77
TELEX: 5151
COTONOU, BENIN.

BANQUE CENTRALE DES ETATS DE L'AFRIQUE DE L'OUEST (BCEAO):
ATTN: LE GOUVERNEUR OR LE DIRECTEUR NATIONAL ADJOINT
B.P. 325
TEL: 229 31 49 67/ 31 36 66
FAX: 229 31 24 65
COTONOU, BENIN

THIS LATTER BANK IS A REGIONAL, PUBLICLY FUNDED INSTITUTION WITH OFFICES IN THE WEST AFRICAN ECONOMIC AND MONETARY UNION MEMBER STATES.

OPIC AND EXIMBANK FINANCING AS WELL AS LENDING FROM MULTILATERAL INSTITUTIONS IS AVAILABLE.

CHAPTER IX: BUSINESS TRAVEL

10. VISAS ARE REQUIRED FOR AMERICANS TRAVELING TO BENIN. SO-CALLED AIRPORT VISAS ARE GENERALLY NOT AVAILABLE.

VISITORS SHOULD CONSULT WITH A PHYSICIAN EXPERT IN TROPICAL DISEASES REGARDING THE ADVISABILITY OF A MALARIA SUPPRESSANT. TRAVELERS SHOULD OBTAIN AND READ THE MOST RECENT CONSULAR INFORMATION SHEET ON BENIN PRIOR TO ARRIVAL. TRAVELERS SHOULD AVOID DRIVING OUTSIDE OF URBAN AREAS AFTER DUSK.

ALL VISITORS MUST HAVE A VALID INTERNATIONAL HEALTH CERTIFICATE ("WHO YELLOW CARD/CARTE JAUNE DE L'OMS") WITH PROOF THAT THEY HAVE BEEN VACCINATED FOR YELLOW FEVER WITHIN THE PAST 10 YEARS. NEW VACCINATIONS MUST BE AT LEAST 10 DAYS OLD TO TAKE EFFECT; VISITORS WHO ARE VACCINATED LESS THAN 10

DAYS PRIOR TO ARRIVAL IN BENIN MAY BE PREVENTED FROM ENTERING THE COUNTRY.

VISITORS HAVE EXPERIENCED PROBLEMS WITH CREDIT CARD TRANSACTIONS. IN SEVERAL RECENT INSTANCES, SERVICE PROVIDERS HAVE REFUSED TO ACCEPT CREDIT CARDS, SUCH AS VISA, BECAUSE THE CARDS DID NOT CLEAR THE PARIS-BASED OFFICE THAT ACTS AS A CLEARINGHOUSE FOR TRANSACTIONS IN BENIN. WE RECOMMEND VISITORS TO ARRIVE IN BENIN WITH AN ADEQUATE SUPPLY OF TRAVELERS CHECKS.

FRENCH IS THE OFFICIAL LANGUAGE. THE OFFICIAL WORKWEEK IS MONDAY TO FRIDAY. MOST OFFICES CLOSE FOR TWO TO THREE HOURS AT MIDDAY BUT REMAIN OPEN AT LEAST UNTIL 1800.

U.S. BUSINESS TRAVELERS ARE ENCOURAGED TO OBTAIN A COPY OF THE "KEY OFFICERS OF FOREIGN SERVICE POSTS: GUIDE FOR BUSINESS REPRESENTATIVES" AVAILABLE FOR SALE BY THE SUPERINTENDENT OF DOCUMENTS, U.S. GOVERNMENT PRINTING OFFICE, WASHINGTON, D.C. 20402; TEL. (202) 512-1800; FAX: (202) 512-2250. BUSINESS TRAVELERS ARRIVING IN BENIN SEEKING APPOINTMENTS WITH U.S. EMBASSY COTONOU SHOULD CONTACT THE PART-TIME COMMERCIAL SECTION IN ADVANCE. THIS COMMERCIAL REPRESENTATION, RUN OUT OF THE CONSULAR SECTION, CAN BE REACHED BY TELEPHONE AT (229) 30-06-50 OR FAX AT (229) 30-14-39. THERE ARE ALSO INTERNET ACCESS OPPORTUNITIES MADE AVAILABLE AT THE PUBLIC AFFAIRS SECTION OF THE EMBASSY, LOCATED IN THE CULTURAL CENTER, NEAR THE NOVOTEL HOTEL ALONG THE SEAFRONT. IT CAN BE REACHED BY TELEPHONE AT (229)-30-14-77.

CHAPTER X: ECONOMIC AND TRADE STATISTICS

THE FOLLOWING INFORMATION HAS BEEN OBTAINED FROM GOVERNMENT OF BENIN SOURCES AND, IN MOST CASES, REPRESENTS ESTIMATES:

APPENDIX A: COUNTRY DATA

THE POPULATION IN BENIN IS 6.1 MILLION. BETWEEN 1997 AND 1999 THE POPULATION GROWTH RATE WAS 3.2 PERCENT; THERE ARE THREE MAJOR RELIGIONS: ANIMISM (PRINCIPALLY VOODOO), CHRISTIANITY AND ISLAM.

THE GOVERNMENTAL SYSTEM IS A CONSTITUTIONALLY-BASED REPUBLIC WITH AN EXECUTIVE BRANCH (ELECTED PRESIDENT), UNICAMERAL, ELECTED NATIONAL ASSEMBLY AND A JUDICIARY WHICH INCLUDES A SUPREME COURT, A CONSTITUTIONAL COURT AND SEVERAL INTERMEDIATE AND APPELLATE JURISDICTIONS. THE CONSTITUTION WAS ADOPTED IN 1990.

THE OFFICIAL LANGUAGE IS FRENCH AND PRINCIPAL LOCAL LANGUAGES ARE FON, YORUBA, MINA, BARIBA AND DENDI. MOST BUSINESSMAN SPEAK FRENCH. A WORKING KNOWLEDGE OF FRENCH, OR A FRENCH TRANSLATOR, IS INDISPENSABLE FOR DOING BUSINESS.

APPENDIX B: DOMESTIC ECONOMY

GROWTH RATE IN 1999: ESTIMATED AT 4.5 PERCENT;
PER CAPITA INCOME IS ESTIMATED TO BE LESS THAN USD 400;
INFLATION: 3 PERCENT;
UNEMPLOYMENT: ABOUT 20 PERCENT. MANY "EMPLOYED" PERSONS WORK IN THE INFORMAL SECTOR OR IN EXCHANGE FOR ROOM, BOARD AND A PITTANCE;
AVERAGE EXCHANGE RATE FOR USD IS ABOUT 700 CFA (JUNE 2000).

APPENDIX C: TRADE

TOTAL COUNTRY EXPORTS 1998:
FREE ON BOARD (FOB) CFAF 125.5 BILLION

TOTAL COUNTRY IMPORTS 1998 (ALL PRODUCTS):
COST, INSURANCE, FREIGHT (CIF) CFAF 377.3 BILLION

TOTAL EXPORTS TO US 1998:
FOB CFAF 1.5 BILLION

TOTAL IMPORTS FROM US 1998:
CIF CFAF 25 BILLION (ALL PRODUCTS)

SOURCE OF STATISTICAL INFORMATION FOR APPENDIXES B AND C IS INSTITUT NATIONAL DES STATISTIQUES ET D'ANALYSE ECONOMIQUE (INSAE), A GOVERNMENT OF BENIN INSTITUTION WHICH MONITORS ECONOMIC TRENDS. EMBASSY CANNOT INDEPENDENTLY CONFIRM THESE FIGURES.

U.S. EXPORTS TO SUB-SAHARAN AFRICA WERE FLAT IN THE FIRST QUARTER OF 2000, AFTER A 17% DROP IN 1999 DUE TO UTHE ADVERSE EFFECT OF THE ASIAN FINANCIAL CRISIS ON AFRICA'S TERMS OF TRADE.

EXPORTS IN THE FIRST QUARTER OF 2000 WERE \$1.4 BILLION, JUST \$3 MILLION AHEAD OF THE SAME PERIOD LAST YEAR. SALES OF OIL FIELD EQUIPMENT TO NIGERIA LED A STRONG ADVANCE, BUT EXPORTS TO SOUTH AFRICA SHOWED VIRTUALLY NO GROWTH. U.S. IMPORTS FROM SUB-SAHARAN AFRICA SPIKED 73% IN THE FIRST QUARTER TO \$4.9 BILLION, DUE TO HIGHER CRUDE OIL PRICES.

CHAPTER XI: U.S. AND COUNTRY CONTACTS

CENTRE BENINOIS DU COMMERCE EXTERIEUR (CBCE)
ATTN: DIRECTEUR GENERAL
B.P. 1254
COTONOU, BENIN
TEL: 229 30 13 20/ 30 13 97
FAX: 229 30 04 36
E-MAIL: CBCE@BOW.INTNET.BJ

CHAMBRE DE COMMERCE ET D'INDUSTRIE DU BENIN (CCIB)
ATTN: SECRETAIRE GENERAL
B.P.31
COTONOU, BENIN
TEL: 229 31 20 81/ 31 43 86
FAX: 229 31 32 99
E-MAIL: CCIB@BOW.INTNET.BJ
[HTTP://WWW.CCIBENIN.COM](http://WWW.CCIBENIN.COM)

OBSERVATOIRE DES OPPORTUNITE D'AFFAIRES DU BENIN (OBOPAF)
ATTN: LE DIRECTEUR
06 B.P. 2247
PK3, ROUTE DE PORTO-NOVO
COTONOU, BENIN
TEL: 229 33 69 84
FAX: 229 30 70 31
E-MAIL: OBOPAF@BENINONLINE.NET
[HTTP://WWW.BENINONLINE/OBOPAF](http://WWW.BENINONLINE/OBOPAF)

AMERICAN BENINESE BUSINESS COUNCIL (ABBC)
ATTN: LE PRESIDENT
08 B.P.582
COTONOU, BENIN
[HTTP://WWW.AMERICABENIN.ORG](http://WWW.AMERICABENIN.ORG)

HUMPHREYS##

