



Doing Business in Madagascar: 2013 Country

Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Madagascar

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Market Overview

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An island in the Western Indian Ocean with a population of around 22 million, Madagascar ranks among the poorest countries in the world. Almost 80 percent of the population lives in poverty.

In March 2009, elected President Marc Ravalomanana was ousted by the former mayor of Antananarivo, Andry Rajoelina, in a coup supported by the army. The international community does not recognize the de facto transition regime that has been in power since that time. Most donors suspended their non-humanitarian aid programs, and the USG terminated the Millennium Challenge Account (MCA) program on May 19, 2009. On December 23, 2009, the country's eligibility under the African Growth and Opportunity Act (AGOA) was also suspended as the country no longer met the criteria regarding political pluralism and rule of law.

The Transitional Independent National Electoral Commission (CENI-T), in collaboration with the United Nations, the Southern African Development Community (SADC), and de facto Malagasy authorities, has made preparations to hold presidential and legislative elections in mid-2013. However, as of the completion of this report, it remains unclear whether these elections will take place as scheduled.

In October 2012, the World Bank noted that due to the three and half years of political crisis, the economy has severely stalled, poverty has sharply increased, and social outcomes have worsened. In its most recent projections, it estimated Madagascar's 2012 inflation rate at 8.5% and its growth rate of 2.5%

State divestiture from public enterprises has been a cornerstone of government policy for the two last decades, although the water and energy utility company, two large insurance companies, and the national airline still belong to the Malagasy state.

Combating corruption was a stated priority of the Ravalomanana administration. In 2003, the President created the Anti-Corruption Council; and in September 2004, the Independent Anti-Corruption Office (BIANCO), began operations. Official corruption has risen since the unconstitutional change of government in March 2009.

On July 19, 2008, the previous administration created the Malagasy Financial Intelligence Service (SAMIFIN), a financial intelligence unit in charge of combating

money laundering. In 2012, SAMIFIN received 61 suspicious transaction reports and referred 23 cases to public prosecutors.

Despite the political crisis, Rio Tinto continued to export ilmenite in 2012, and Ambatovy (a joint venture of Sherritt, SNC Lavalin, Kores, and Sumitomo) started exporting nickel on November 8, 2012.

Market Challenges

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In general, there are no specific barriers to market entry, but direct marketing for American-made products is difficult. The Malagasy consumer is unaccustomed to Western marketing styles. In addition, French language nuances may not be as evident to an American businessperson. The Embassy encourages U.S. operators to market to local distributors and agents.

Market Opportunities

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The best prospects for future U.S. sales and investments are in the energy, oil exploration, and mining sectors. There are under-exploited opportunities in consulting and engineering.

The country has commercially significant reserves of several minerals, including rare earths, uranium, coal, chromites, graphite, and mica. Gold and significant quantities of various precious and semi-precious stones—ruby, sapphire, and emerald—are also found in the country.

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

Despite Madagascar's poverty, the island's unique natural environment, its wide variety of resources, its competitive labor force, and its location on the crossroads between Asia and Africa offer potential long-term investment opportunities, following the resolution of the current political crisis. However, investors should note that periodic political instability, the lack of a level playing field in particular sectors, an unreliable legal system, rampant corruption at the highest levels, and a lack of transparency in contracting and regulatory decisions can make doing business in Madagascar challenging.

Market Entry Strategy

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The use of distributors, particularly with prior experience in distributing imported goods, is highly recommended. Local agents have contacts to develop a customer base and can easily communicate in Malagasy and/or in French. Partners can be found by obtaining a list of importers from the Embassy Commercial Section or by contacting business groups and market survey firms (see at Chapter 9).



COUNTRY FACT SHEET: MADAGASCAR

PROFILE

Population in 2011 (Millions): 22

Capital: Antananarivo

ECONOMY

	2009	2010	2011
Nominal GDP (Current Billions \$U.S.)	8.6	8.7	9.9
Nominal GDP Per Capita (Current \$US)	412	410	453
Real GDP Growth Rate (% change)	-4.1	0.42	1.8
Real GDP Growth Rate Per Capita (% change)	-6.6	-2.2	-0.75
Consumer Prices (% change)	9.0	9.3	10.0
Unemployment (% of labor force)			

Economic Mix in 2009: 16% All Industries; 14.1% Manufactures; 54.9% Services; 29.1% Agriculture

FOREIGN MERCHANDISE TRADE (\$US Millions)

	2009	2010	2011
Madagascar Exports to World	1,096	1,082	1,472
Madagascar Imports from World	3,159	2,546	2,957
U.S. Exports to Madagascar	106	116	56.2
U.S. Imports from Madagascar	253	108	87.1
U.S. Trade Balance with Madagascar	-148	7.6	-30.9
Position in U.S. Trade:			
Rank of Madagascar in U.S. Exports	141	139	167
Rank of Madagascar in U.S. Imports	99	121	129
Madagascar Share (%) of U.S. Exports	0.01	0.01	0
Madagascar Share (%) of U.S. Imports	0.02	0.01	0

Principal U.S. Exports to Madagascar in 2011:

1. Machinery, Except Electrical (25.5%)
2. Food & Kindred Products (16.9%)
3. Fabricated Metal Products, Nesoi (14%)
4. Transportation Equipment (13.5%)
5. Chemicals (6.9%)

Principal U.S. Imports from Madagascar in 2011:

1. Apparel & Accessories (46.3%)
2. Agricultural Products (32.1%)
3. Miscellaneous Manufactured Commodities (6.3%)
4. Chemicals (4.4%)
5. Food & Kindred Products (4%)

FOREIGN DIRECT INVESTMENT

	2009	2010	2011
U.S. FDI in Madagascar (US \$Millions)	-47	-53	-59
FDI in U.S. by Madagascar (US \$Millions)	0	0	-1.0

DOING BUSINESS/ECONOMIC FREEDOM RANKINGS

World Bank Doing Business in 2012 Rank: 142 of 185

Heritage/WSJ 2012 Index of Freedom Rank: 75 of 179

Source: Created by USDOC/ITA/OTII-TPIS from many sources: FDI from USDOC, Bureau of Economic Analysis. US Trade from USDOC, Census Bureau, Foreign Trade Division. Madagascar Trade with World from United Nations where available. National Macroeconomic data from IMF/World Bank databases including World Economic Outlook and World Development Indicators. .WORLD and other country aggregates are summaries of available UN COMTRADE, IMF and other data, and coverage varies over time and by source, but typically represents greater than 85 percent of world trade and production. Note: Principal U.S. Exports and Imports Are 3-digit NAICS Categories

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the links below to the U.S. Department of State Background Notes and to the U.S Embassy website.

<http://www.state.gov/r/pa/ei/bgn/5460.htm>

<http://www.antanarivo.usembassy.gov>

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Chapter 3: Selling U.S. Products and Services

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Using an Agent or Distributor

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

Establishing an Office

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In May 2006, the Government of Madagascar (GOM) established an investment promotion office: the Economic Development Board of Madagascar (EDBM). It is a one-stop shop for investment and business development to facilitate company registration procedures and to assist local and foreign investors. Now it takes as little as a week to register a company, whereas in the past it took at least one month.

Office space can be found through a handful of real estate agents, advertisements in local papers, or word of mouth. Landlords will rent to new companies even if they have not obtained all their operating permits. Office furniture can be obtained locally at reasonable prices and telephone services—fixed or mobile—are available in the main towns. There are increasing numbers of multilingual, qualified secretaries and administrative assistants interested in working with foreign businesses.

Franchising

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A number of Malagasy businesspersons have expressed interest in establishing franchises of U.S. businesses in Madagascar, particularly fast food chains such as McDonalds and Kentucky Fried Chicken. However they have been unsuccessful due to the high fees and the lack of local consumer purchasing power. A number of leading U.S. products and services are sold through distributorships, including automotive and machinery (Caterpillar, Ford, General Motors); communications and information technology (Apple, AT&T, Cisco, Compaq, Dell, HP, Motorola, NCR, Oracle, Packard Bell, and Sun Microsystems); Coca-Cola, and Kodak films.

Direct Marketing

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

Joint Ventures/Licensing

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

In the domain of oil exploration, companies must negotiate production sharing contracts with the government's Office of National Mines and Strategic Industries (OMNIS): <http://omnis.mg/>.

There are only a few licensing ventures, the most prominent being Coca-Cola with Star Brewery.

Selling to Government

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As part of its liberalization strategy, the de facto GOM frequently advertises calls for international bids to supply government-funded projects in official and local newspapers. These bids are opened publicly and tend not to be contested. The most frequent opportunities are in road construction, supply of computers, consulting, engineering, etc.

Distribution and Sales Channels

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Imported goods can enter Madagascar via air at Ivato international airport in Antananarivo or via sea at the ports of Tamatave, Majunga, Antsiranana, Tulear and Fort Dauphin. Some 90 percent of containerized imports and exports transit the country's largest port, at Tamatave. Products are then distributed by road, sea or rail throughout the country. Distribution is usually handled by the importing company or by wholesalers and retailers. Roads are poor in much of the country; some areas cannot be accessed by road during the rainy season (December-March).

Selling Factors/Techniques

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The purchasing power of the average Malagasy is very low, so most Malagasy can only afford immediate necessities. When selling, there is no requirement to translate labels into Malagasy. Retailers and sales clerks respond to customers' needs and process sales, but there is only a dawning awareness of service or sales techniques common in the United States or Europe.

Electronic Commerce

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E-Commerce is beginning to be used in the country. Payment by credit cards (Visa and, in limited circumstances, MasterCard) is accepted in large supermarkets and hotels.

Each gas distributor has its own payment card. Since 2010, a few department stores began accepting payment through mobile phones. Mobile banking, such as the payment of air ticket through mobile phone, is widely used, although no legal framework is in place to regulate it.

Trade Promotion and Advertising

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

Local fair authorities/organizations

Premiere Ligne

13, rue Ratsimilaho, Antaninarenina

Antananarivo 101 – Madagascar

Tel: (261 20) 22 212 40

Fax: (261 20) 22 212 41

Website: www.siiit-technopole.mg or www.foire-de-madagascar.mg

E-mail: siiit-technopole@moov.mg or f-i-m@moov.mg

Contact: Mr. Michel Raharimanana

Madavision

Lot VP pres 27 A Bis, Ambohimandra

Antananarivo 101 – Madagascar

Tel: (261 20) 22 564 41

E-mail: contact@grandebraderie.com

Contact: Mrs. Harilala Ramanantsoa

Synergie Communication

43 rue de Russie Isoraka

Antananarivo 101 – Madagascar

Tel: (261 20) 22 618 97

E-mail: synergy@moov.mg

Daily newspapers:

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

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

Madagascar Tribune
P.O. Box 659
Antananarivo 101 – Madagascar
Tel: (261 20) 22 226 35
Fax: (261 20) 22 2222 54
Website: www.madagascar-tribune.com
E-mail: tribune@moov.mg

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

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

Le Courrier
Immeuble SME, Ankorondrano
Antananarivo 101 – Madagascar
Tel: (261 20) 22 378 95
Website: www.courriermada.com
E-mail: dirpublic@blueline.mg

Madagascar Matin

P.O. Box 194
Antananarivo 101 – Madagascar
Tel: (261 20) 26 295 21
E-mail: madagascarmatin@gmail.com

L'Observateur
Lot II M 85 bis Antsakaviro
Antananarivo 101 – Madagascar
Tel: (261 20) 22 216 69
E-mail: observateur@gmail.com

Business Journals:

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

Television Stations:

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

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

TVPLUS
Anosizato
Antananarivo 101 – Madagascar
Tel/Fax: (261 20) 22 676 73

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

TELERECORD

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

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

Pricing

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Pricing of imported products depends on import duties, which generally range from 0 to 20 percent. Since 2008, a value added tax (VAT) of 20 percent has been added onto the retail price, and profit margins on products tend to be around 7 to 10 percent.

Sales Service/Customer Support

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The concept of sales service and customer support is relatively new to Madagascar and is limited primarily to distributors of vehicles, computers and electronic equipment. Retailers of most consumer goods rarely accept returns of defective products. To protect consumers' rights, two private consumer organizations were created, but their actions have reportedly so far been limited.

Protecting Your Intellectual Property

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See Chapter 6: Investment Climate

Contacts for local IPR registration and enforcement:

- OMAPI, *Office Malgache de la Propriété Industrielle* (Malagasy Office for Industrial Property); e-mail: omapi@moov.mg
- OMDA, *Office Malgache des Dorits d'Auteurs* (Malagasy Office for Copyrights); e-mail: omda@moov.mg

Protecting Your Intellectual Property in Madagascar:

Several general principles are important for effective management of intellectual property (“IP”) rights in Madagascar. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Madagascar than in the United States. Third, rights must be registered and enforced in Madagascar, under local laws. Your U.S. trademark and patent registrations will not protect you in Madagascar. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and

these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Madagascar market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. Government generally cannot enforce rights for private individuals in Madagascar. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Madagascar law. The U.S. Commercial Service (<http://www.trade.gov/cs/>) can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights' holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights' holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Madagascar require constant attention. Work with legal counsel familiar with Madagascar laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Madagascar or U.S.-based. These include:

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

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights' holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues—including enforcement issues in the US and other countries—call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the United States as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For U.S. small and medium-size companies, the Department of Commerce offers an "International Intellectual Property Rights (IPR) Advisory Program" available through the American Bar Association that provides a free, one-hour consultation with a volunteer attorney knowledgeable in both industry IPR issues and a particular country. Expertise is now available for Angola, Argentina, Brazil, China, Colombia, Egypt, Ghana, India, Indonesia, Kenya, Mexico, Mozambique, Nigeria, Russia, Saudi Arabia, Senegal, South Africa, Thailand, Turkey, and Vietnam. For details and to register, visit: <http://www.stopfakes.gov/business-tools/international-ip-advisory-program> or http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the United States as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products), and allows you to register for Webinars on protecting IP.
- The U.S. Department of Commerce has positioned IP attachés in key markets around the world.

Due Diligence

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Accountants commonly perform due diligence in Madagascar, usually in areas of investment, joint venture/partnership, and loans.

Local Professional Services

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- [Articles of iron and steel, HTS Chapters 72 and 73](#)
- [Plastics and articles thereof, HTS Chapter 39](#)

Agricultural Sectors

- [Vegetable Oil](#)

Articles of iron and steel

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Overview

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	n/a	n/a	n/a	n/a
Total Local Production	0	0	0	
Total Exports	0	0	0	
Total Imports	169,593,580	119,299,908	n/a	
Imports from the United States	1,387,900	721,000	33,000 (Jan-Feb)	
Exchange Rate: 1 USD	2,025	2,194	2,214 (Jan-Feb)	

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

Data Sources:

Total Local Production: N/A

Total Exports: N/A

Total Imports: National Data Bank

Imports from the United States: USITC

Products covered are within HTS Chapter 72 iron and steel products (such as stainless steel, bars, rods, wire of alloy steel) and HTS Chapter 73 articles of iron or steel (such as wires, ropes, cables, tubes and pipes).

Sub-Sector Best Prospects and opportunities

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Given Madagascar's total imports of USD 119 million in 2012 and considering the low U.S. market share, U.S. exporters can increase their sales in this area through the establishment of a sales agent or by negotiating with a well-known importer or distributor. The main sources of imports include India, China, Malaysia and South Africa.

Madagascar possesses several iron ore deposits: The Soalala deposit (the most significant), estimated at 360 million tons at a grade of 35% iron, has been granted to the China's Wuhan Iron and Steel Company (WISCO). However, there are still two important deposits that can be exploited: the Betioky deposit, with 30 million tons of ore at 24% iron and 130 million tons of ore at between 10% and 14% iron; and the Bekisopa deposit, which has around 10 million tons of ore at a grade of 60% iron and 140 million tons at a grade of 10% to 14% iron. Small iron deposits also exist throughout the country. After new elections, should the Ministry of Mines conduct a new international solicitation for licenses on these iron deposits, the Commercial Section would notify the Department of Commerce and potential U.S. investors.

Resources

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For additional information on investment opportunities in the mining sector, potential investors can contact the EDBM, the Ministry of Mining, or the Mining Chamber (see at Chapter 9).

Plastics and articles thereof

Overview

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	n/a	n/a	n/a	
Total Local Production	0	0	0	
Total Exports	0	0	0	
Total Imports	85,092,839	78,319,963	n/a	
Imports from the United States	404,600	1,032,300	98,800 (Jan-Feb)	
Exchange Rate: 1 USD	2,025	2,194	2,214 (Jan-Feb)	

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

Data Sources:

Total Local Production:

Total Exports:

Total Imports: National Data Bank

Imports from the United States: USITC

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

Madagascar has approximately 10 companies processing plastic products, such as tubes, pipes, plates, buckets and bags. The raw materials are mainly imported from South Africa, China, the Republic of Korea, France, and India.

Sub-Sector Best Prospects and opportunities

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Considering the significant needs of the Malagasy market in plastics products (USD 78 million, it is obvious that the U.S. plastics industry might still uncover a huge market in Madagascar. To enter the market, U.S. products must be very competitive, because Asian suppliers have good trade links and usually sell at a low price. The best way to enter the market would be through an agent distributor or a well-known importer who has a good distribution nationwide.

Web Resources

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Potential American producers or exporters can contact the Commercial Section of the Embassy for business opportunities in this product or contact the business associations listed at Chapter 9 directly.

Vegetable Oil

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	n/a	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	0	0	0	
Total Imports	42,320,000	45,250,000	n/a	n/a
Imports from the United States	5,992,800	3,610,800	0	n/a
Exchange Rate: 1 USD	2,025	2,194	2,214 (Jan-Feb)	

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

Data Sources:

Total Local Production: N/A

Total Exports: 0

Total Imports: National Data Bank (INSTAT)

Imports from the United States: USITC

Products covered are within HTS Chapter 15 – Animal or vegetable fats and oils. Madagascar imports nearly 100 percent of its vegetable oil. There are small artisanal units that process oil from peanuts, but they do not meet the regular standards. Data on market size and production are not available.

Sub-Sector Best Prospects and opportunities

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In 2012, Madagascar imported soybean oil (HTS 1507) and fixed vegetable fats and oils (HTS 1515) from the United States for a total value of USD 3,610,800. Since 1995, imports of soybean oil from the United States have been funded by the Food for Peace Program (Public Law 480) managed by the United States Agency for International Development (USAID) or by the U.S. Department of Agriculture. With total imports of USD 45 million in 2012, the United States still has a significant opportunity in the Malagasy market. Madagascar imports refined vegetable oil from various sources, such as Egypt, France, Italy, China, Indonesia, Malaysia and even Brazil and Argentina. The best way to enter the market would be through an agent distributor or by contacting business associations (see Chapter 9).

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See Chapter 9: contacts

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Chapter 5: Trade Regulations, Customs and Standards

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Import Tariffs

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Custom duties range from 5% to 20%. Based on the 2013 budget law, ovens, lamps and calculators using solar energy are exempt from customs duties. Likewise, prepared animal fodder and residues and waste from the food industries are exempt both from VAT and custom duties. Custom duties for plates, sheets, film, foil and strip have been reduced from 10 to 5 percent. Custom duties for paper, paperboard, and articles of paper have been reduced from 10 percent to 5 percent.

In compliance with the “UNESCO Florence Agreement on the Importation of Educational, Scientific and Cultural Materials,” printed books, brochures, newspapers, journals and periodicals are exempted from custom duties and VAT.

VAT is fixed at 20% for all goods except rice, agricultural equipment, agricultural inputs (seeds, fertilizers, animal food and vitamins), newspapers, magazines, and sports equipment, which are all exempt.

Trade Barriers

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Like many developing countries, Madagascar collects a significant share of government revenue through customs duties, import taxes and VAT on imports. Although they have been lowered recently, tax and customs duty rates are still relatively high. Madagascar does not have significant formal non-tariff barriers to trade.

Import Requirements and Documentation

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The following documents are required for imports:

- BSC (*Bordereau de Suivi des Cargaisons*, cargo follow-up document)
- Commercial invoice
- Bill of lading or Air Way Bill
- Packing list

Import declaration
Certificate of origin

Export Requirements and Documentation

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Most exports from Madagascar have been liberalized. However, since 2010, a special export permit is required for rice, due to the shortage of local production.

In addition, the Convention on International Trade in Endangered Species (CITES), of which Madagascar and the United States are members, prohibits or restricts international trade in some protected plant and animal species.

The CITES Appendix I lists species that are the most endangered among CITES-listed animals and plants. They are threatened with extinction, and CITES prohibits international trade in specimens of these species except when the purpose of the import is not commercial.

For Madagascar, Appendix I includes most types of lemurs, rosewood, the Malagasy tree boa, radiated tortoises, and the Madagascar Angulated Tortoise.

Appendix II lists species that are not necessarily now threatened with extinction but that may become so unless trade is closely controlled. It also includes so-called "look-alike species", i.e., species of which the specimens in trade look like those of species listed for conservation reasons. International trade in specimens of Appendix-II species may be authorized by the granting of an export permit or re-export certificate. No import permit is necessary for these species under CITES (although a permit is needed in some countries that have taken stricter measures than CITES requires).

For Madagascar, crocodiles, the Malagasy big-headed tortoise, and the Malagasy big-headed turtle are included in Appendix II.

Appendix III is a list of species included at the request of a Party that already regulates trade in the species and that needs the cooperation of other countries to prevent unsustainable or illegal exploitation (see Article II, paragraph 3, of the Convention). International trade in specimens of species listed in this Appendix is allowed only on presentation of the appropriate permits or certificates. (See Article V of the Convention)

The ploughshare tortoise, ebony, numerous chameleon species, and many orchids species are included Appendix III.

Exporters are obliged to repatriate their foreign exchange earnings within 180 days following shipment.

These lists are not intended to be inclusive of all species on the list of CITES protected animals and plants in Madagascar. To verify whether you need a permit according to the CITES accord to export a plant or animal from Madagascar, please first check the following website. <http://www.cites.org/eng/app/appendices.php>

Then, the following documents are required for exports:

- Commercial invoice
- Bill of lading or Air Way Bill
- Certificate of origin (under GSP regime, JADE Act)
- Phytosanitary certificate, if required
- Packing list
- Export declaration
- Customs declaration
- Quality certificate, if required

U.S. Export Controls

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

Temporary Entry

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Personal effects of diplomatic corps and international organizations are not subject to import taxes upon entry, but if personnel sell their effects before leaving the country, they must pay the import duties. Madagascar has a temporary admission regime under which certain items may enter duty free for up to 12 months. These items include imported goods that are expected to be re-exported (as is or after transformation); goods subject to experiment, repairs, and testing; goods exhibited during an international trade fair; and equipment used in public works.

Labeling and Marking Requirements

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

For further information, the point of contact is:

Bureau National des Normes (BNM)
P.O. Box 1316
Antananarivo 101 – Madagascar
Tel: (261 20) 22 279 70
E-mail: bnm@moov.mg

Prohibited and Restricted Imports

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Imports into Madagascar are liberalized and no longer require any import license, except for a few categories of items which are considered by the GOM as strategic and which are specially regulated. The importations of radioactive waste from nuclear power stations, pornographic materials, counterfeit branded products, pirated goods and goods

bearing false indications of origin are prohibited. The importation of products such as arms, explosives and narcotic drugs is subject to prior authorization. The same applies to imports of diamonds, gemstones, gold and platinum jewelry, and vanilla. Madagascar also maintains a special regime for imports of leaf tobacco. An import license is required for lubricants. In addition, Madagascar applies prohibitions and licenses under multilateral environmental agreements to which it is party.

Customs Regulations and Contact Information

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

Customs contact information:

Mr. Vola Razafindramiandra Ramiandrasoa
Director General of Customs
Ministry of Finance, Budget and Economy
Antaninarenina, Antananarivo 101
Madagascar
Tel: (261 20) 22 229 16
Fax: (261 20) 22 646 80

Standards

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Overview

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Madagascar's Standards Office (*Le Bureau de Normes de Madagascar*, BNM), is the official body in charge of standards and conformity assessment in Madagascar. BNM's objective is to draft and publish national standards, manage national trademark conformity and apply national standards. BNM also represents Madagascar at regional and international standards organizations such as the ISO (International Organization for Standardization), the CEI (Cycle Engineers' Institute), the OIML (International Organization of Legal Metrology), and the Codex Alimentarius. When developing standards, BNM follows international standards, mainly those established by ISO.

PRONABIO (*Produits Naturels et Biologiques*), a local organization, has developed its own standards, called "NATIORA" to certify its natural goods such as vegetables, spices, and essential oils.

Standards Organizations

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The main national testing laboratories are:

- The National Laboratory of Public Works and Building (*Laboratoire National des Travaux Publics et du Batiment*, LNTPB), which develops standards in construction and engineering materials.
- The National Institute and Laboratory of Nuclear Sciences and Technology (*Laboratoire de l'Institut National des Sciences et Techniques Nucléaires*, LINSTN). Other national laboratories test for conformity with international standards, as highlighted in the next section.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at: <http://www.nist.gov/notifyus/>

Conformity Assessment

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

- National Laboratory of Public Works and Building (*Laboratoire National des Travaux Publics et du Bâtiment*, LNTPB): certification of construction materials (cement, iron, etc); study of road materials; study of soil in view of construction stability assessment; control of construction; description of maintenance works;; training of engineers.
- Antananarivo Laboratory of Chemistry and Microbiology (*Laboratoire de Chimie et de Microbiologie d'Antananarivo*, LCMA): quality control of food and agricultural goods, classification and conformity assessment. Standards used are AFNOR, ISO, and the Codex Alimentarius.
- Chemistry Laboratory of Tamatave (*Laboratoire de Chimie de Tamatave*, LCT): quality control of agricultural goods such as coffee, vanilla, cloves, litchi, pepper, and essential oils; classification and conformity assessment. Standards used are AFNOR and ISO.
- Laboratory of Legal Metrology (*Laboratoire de Métrologie Légale*, LML): control and standardization of measuring equipment in the commercial and industrial sector. LML reports to the Ministry of Trade.
- Laboratory of the National Center of Research for the Environment (*Laboratoire du Centre National de Recherche pour l'Environnement*, LCNRE): analysis of environmental samples; monitoring of impacts of industrial activities of environment; scientific support to the industrial sector; control and analysis in the nutritional and food sector; scientific support to the private sector in product quality (shrimp, lobster, agricultural goods, etc).
- Laboratory of Biochemical Nutrition for the Department of Zootechnics and Veterinary Research (*Laboratoire de Biochimie Nutrition du Département de Recherche Zootechniques et Vétérinaires*, LBN): chemical and microbiological analysis of raw materials for animal food.
- Laboratory of the National Center of Industrial and Technological Research (*Laboratoire du Centre National de Recherches Industrielles et Technologiques*, CNRIT): conformity assessment in the following sectors: water, various chemical products, construction materials, civil engineering, and electronics. Technical support to enterprises.
- Laboratory for the Control of Pesticides (*Laboratoire de Contrôle des Pesticides*, LCP): control of agro-pharmaceutical products and pesticides (local or imported).
- Laboratory of Microbiology, Water, and Consumables (*Laboratoire de Microbiologie, des Eaux et des Denrées Alimentaires de l'Institut Pasteur de Madagascar*): bacteriological analysis of food, water, and medicines.

- National Laboratory of the Minister of Mines (*Laboratoire National des Mines du Ministère de Mines*, LNM): certification of jewelry and precious stones for exports; LNM belongs to the Ministry of Mines.
- National Laboratory of Research in Telecommunications (*Laboratoire National de Recherches en Télécommunications*, LNRT): verification, inspection and certification of telecommunications equipment.
- National Institute and Laboratory of Nuclear Sciences and Technogy (*Laboratoire de l'Institut National des Sciences et Techniques Nucléaires*, LINSTN): standardization of ionizing radiation detection apparatus; radioactivity control of food and metallic waste; analysis of geological samples; detection of heavy metal; control of heavy metal in seafood and meat; quantitative/qualitative analysis of atomic elements in powder, solid, and liquid samples.

Product Certification

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Vanilla, coffee, meat, seafood, and mining products should be certified before export. A few forestry products (under CITES regulations) should be certified before export (see Chapter 5 for further details). There are no mutual recognition agreements (MRAs) with U.S. organizations.

Accreditation

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Accreditation body and contact information:

BNM

P.O. Box 1316

Antananarivo 101 – Madagascar

Tel: (261 20) 22 279 70

E-mail: bnm@moov.mg

Accreditation is primarily required in the construction sector. American companies should work with Malagasy importers to accredit all imported materials in the construction sector (such as cement, iron, etc) in order to avoid potential penalties.

The National Laboratory of Public Works and Building (*Laboratoire National des Travaux Publics et du Batiment*, LNTPB) provides accreditation of these materials.

Publication of Technical Regulations

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

Labeling and Marking

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

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For any information about standards or certification, BNM is the key contact (see address above)

Trade Agreements

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Madagascar is a signatory to the following regional and international agreements:

- 1964: United Nations Convention on Trade and Development (UNCTAD)
- 1992: Indian Ocean Commission (COI). Since 1998, elimination of tariffs on goods originating from the COI countries.
- 1993: Common Market for East and Southern Africa (COMESA). Free Trade Area since 2000
- 1995: World Trade Organization (WTO)
- 2000: Cotonou Agreement
<http://ec.europa.eu/europeaid/where/acp/overview/cotonou-agreement/>
- 2005: Southern African Development Community (SADC). Free Trade Area since 2008
- 2009: Interim Economic Partnership Agreement with the European Union.

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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Officially, the de facto GOM welcomes foreign investment. However, political turmoil; weakness in the judicial system and the banking sector; the high cost and low quality of electric power; corruption; a lack of transparency in decision-making; limited road, rail and port infrastructure; and the high cost of air transport make investing in Madagascar a challenge. According to the Economic Development Board of Madagascar (EDBM), few foreign investors showed interest in investment during 2012, though there was no available data on the real flow of foreign direct investment (FDI).

Prior to a March 2009 coup d'état, the Bretton Woods institutions had generally endorsed the government's macro-economic regime, although they questioned certain non-transparent budget and tax decisions in late 2008. Effective March 17, 2009, the World Bank's operations in Madagascar have been guided by its Operation Policy (OP) 7.30 for dealing with de facto governments, and no fund withdrawal requests have been processed since that date, except those dealing with nutrition, HIV/AIDS, food security, and environmental protection.

As a result of the coup, the USG terminated the Millennium Challenge Account (MCA) program on May 19, 2009 and AGOA eligibility on December 23, 2009, as the country no longer met the criteria regarding rule of law, good governance, and political pluralism. On October 26, 2012, the Board of the Extractive Industries Transparency Initiative

(EITI) extended Madagascar's suspension from the EITI due to the African Union's continued non-recognition of the government.

Since April 2009, the African Union and SADC have engaged in mediation efforts with the regime, ousted President Ravalomanana, and other key opposition leaders. Since the September 2011 signing of SADC's Roadmap for Ending the Crisis in Madagascar, a consensus Prime Minister, an expanded Cabinet, a new parliament, and a transitional independent national electoral commission (CENI-T) have been appointed. Key provisions of the Roadmap remain unfulfilled, however, including those calling for the return of all political exiles and for respect for human rights and media freedom. The prospects for elections in 2013 look uncertain as of the drafting of this report.

There is no law or regulation authorizing private firms to adopt articles of incorporation or association that limit or prohibit foreign investment, participation or control. Furthermore, there is no official or private practice to restrict foreign investment, participation, or control of domestic enterprises. There is no mandatory screening of foreign investment, and there is no discrimination against foreign investors at the time of the initial investment or after the investment is made, such as through special tax treatment, access to licenses, approvals, or procurement.

A prohibition on land ownership by foreigners impedes access to real property. If foreign nationals own a company that is registered in Madagascar, they can obtain long-term leases (99-year expiration). The system of long-term leases was established in 2008 following the adoption of investment law 2007-036 to address the issue, but there have been long delays and few successes so far in the approval of land leases for foreigners. The new investment law grants land and properties to companies registered in Madagascar under certain conditions fixed by EDBM, which issues authorization documents.

In its October 2012 economic update, the World Bank noted that due to the three and half years of political crisis, the economy has severely stalled, poverty has sharply increased, and social outcomes have worsened. Most recent projections anticipated an inflation rate of 8.5% and a growth rate of 2.5% in 2012.

Increasing corruption by officials and direct supporters of de facto President Andry Rajoelina have progressively deterred major foreign investment in Madagascar and discouraged the companies already invested in the country.

The judicial system does not function independently of the de facto government. In some sectors, such as extractive industries, bureaucratic bodies intended to govern the sector have been dismantled by the de facto government.

Measure	Year	Index/Ranking
TI Corruption Index	2012	32/100
Heritage Economic Freedom	2012	62.4/81
World Bank Doing Business	2013	142 out of 185 countries

Conversion and Transfer Policies

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In 1998, the GOM lifted all restrictions on current payment and transfers and accepted the obligations of Article VIII of the IMF Articles of Agreement, which provides for the complete elimination of exchange controls. There are no restrictions on converting or transferring funds associated with foreign investment, including remittances of investment capital, earnings, loan repayments, lease payments into a freely usable currency and at a legal market clearing rate. There are no plans to change remittance policies that have tightened or relaxed access to foreign exchange for investment remittances. When delays occur in conversion or funds transfer, they are due to temporary shortages of foreign exchange. There is no limitation on the inflow or outflow of funds for remittances of profits, debt service, capital, and returns on intellectual property or imported inputs. There are no surrender requirements for profits earned overseas.

Exporters and foreign investors may maintain bank accounts in foreign currencies. Madagascar uses exchange rate policy to counter underlying currency market pressures and keep commodity prices stable.

Expropriation and Compensation

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There are no recent cases of expropriation actions by the GOM. However, local investors fear that the de facto government will return to monopoly policies or attempt to nationalize key sectors (particularly telecommunications and mining). There are no laws that force local ownership.

Dispute Settlement

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Madagascar's legal system is based on French civil law, and its provisions contain adequate protections for private property rights. Malagasy commercial law consists largely of the Code of Commerce and annexed laws, which are reportedly applied in a non-discriminatory manner. Madagascar has a written bankruptcy law, created in 1996 and currently included in the Code of Commerce. The Malagasy judicial system is slow and complex and has a reputation for opacity and corruption. In the past, U.S. assistance has supported the development of alternative dispute resolution systems to provide more rapid, more transparent, and less costly resolution of commercial disputes.

Under the privatization law, the GOM accepts binding international arbitration of investment disputes between foreign investors and the state. The courts in theory recognize and enforce foreign arbitral awards and international arbitration is accepted as a means for settling investment disputes between private parties. The Malagasy Arbitration and Mediation Center (known by its French acronym, CAMM) was created in 2000 as a private organization to promote and facilitate the use of arbitration to resolve commercial disputes and to lessen reliance on a court system that is, at a minimum, overburdened. As a result, many private contracts now include arbitration clauses.

Madagascar is a signatory to the International Center for the Settlement of Investment Disputes (ICSID) Convention, as well as the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Madagascar has been a member of the Multilateral Investment Guarantee Agency (MIGA) since 1989.

As a signatory of the WTO Agreement, Madagascar is bound by the WTO Trade Related Investment Measures (TRIMS). Performance requirements are not imposed as conditions for establishing or maintaining investments, except in the Export Processing Zones (EPZ) regime, under which firms must export 95 percent of output to qualify for EPZ investment incentives. Foreign or local investors can benefit from tax exemptions provided that their EPZ projects fall into the following categories: (1) investment in export-oriented manufacturing industries; (2) development or management of industrial free zones; or (3) provision of services to EPZ companies.

The EPZ law approved in December 2007 granted the following advantages and tax incentives to EPZ companies: (1) the EDBM is in charge of EPZ companies' approval and has to deliver an eligibility certificate within 20 days of deposit of file; (2) 15 years tax exemption for EPZ companies; (3) no VAT or customs duties on imports of raw materials; (4) no registration taxes; (5) no customs tax on exported goods; (6) income tax on expatriation not exceeding 30 percent of the taxable basis; and (7) free access to foreign currency deposited in the company's foreign currency bank account.

There is no requirement restricting the mobility of foreign investors. The regime for visas, residence, and work permits is neither discriminatory nor excessively onerous. Since the creation of the EDBM, processing of residence and work permits has been streamlined.

There is no requirement that investors purchase from local sources, or export a certain percentage of output (except for EPZ companies), or only have access to foreign exchange in relation to their exports. There is no requirement that nationals own shares of foreign companies, that the share of foreign equity is reduced over time, or that technology is transferred on certain terms. There are no government-imposed conditions on permission to invest (although investors must apply for such permission), including location in a specific geographical area, specific percentage of local content or local equity, substitution for imports, export requirements or targets, employment of host country nationals, or technology transfer. Investors are not required to disclose proprietary information to the government as part of the regulatory approval process. U.S. and other foreign firms are able to participate in government-financed and/or subsidized research and development programs on a national treatment basis. There are officially no discriminatory or preferential export or import policies that would affect foreign investors, nor discriminatory tariff or non-tariff barriers. In April 2011 and again in January 2013, the de facto regime rejected market-based economic principles by imposing a fixed retail price on fuel distributors.

Foreign and domestic private entities may establish and own business enterprises and engage in all forms of remunerative activity. They may freely establish, acquire, and dispose of interests in business enterprises. The government remains a minority shareholder in some privatized companies, such as in the Malagasy Telecommunications Company (Telma), and continues to own Air Madagascar, but competitive equality is the official standard applied to all private enterprises with respect

to access to markets, credit, and other business operations such as licenses and supplies.

Protection of Property Rights

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Secured interests in property are recognized, but not entirely enforced in the country. Banks and insurance companies use mortgages on commercial property to guarantee loans.

A prohibition on land ownership by foreigners impedes access to real property, and the entire issue remains highly controversial and problematic on a cultural level despite legal advances. A system of long-term leases—up to 99 years—was established in 2008 following the adoption of investment law 2007-036 to address the issue, but there have been long delays and few successes so far in the approval of land leases for foreigners. The new investment law grants land and properties to companies registered in Madagascar under certain conditions fixed by EDBM, which issues authorization documents. In addition, MCA's contribution to the land tenure issue improved the land rights process prior to early termination of the program in late 2009 due to the political crisis.

Madagascar is a member of the World Intellectual Property Organization (WIPO) and is a signatory to the WTO TRIPS agreement on trade related aspects of intellectual property. Two government offices share responsibility for the protection of intellectual property rights: the Malagasy Office for Industrial Property (OMAPI) and the Malagasy Copyright Office (OMDA). Protection of intellectual property rights is uneven. Officially, authorities protect against infringement, but in reality, enforcement capacity is quite limited due to resource constraints, absence of political will, and weakness of the judicial system. Major brands are generally respected, but pirated copies of movie DVDs, music CDs and tapes, electronic equipment and spare parts are sold openly. Some television stations regularly show pirated copies of first-run U.S. and European movies. Madagascar has not yet signed the WIPO Internet treaties.

Transparency of Regulatory System

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Excessive complexities and inconsistently applied regulations impede investment and can be a breeding ground for corrupt practices. The lack of transparency in government regulatory decisions has generated numerous complaints from investors. Although regulatory decisions can impede start-up in particular industries, the normal business registration process has been streamlined by EDBM and generally takes less than two weeks.

Some investors, especially in the mining sector, have encountered difficulty and/or delays in obtaining necessary operating permits as a result of irregularities in the regulatory system. Ambatovy, a USD 6 billion laterite nickel mining project that represents the largest foreign direct investment in Madagascar, faced significant obstacles and political interference before obtaining a temporary, six-month operating permit from the de facto regime.

Tax, labor, environment, health, and safety standards are generally not used to impede foreign investment. Bureaucratic procedures and red tape are often sources of

corruption. There are no informal regulatory processes managed by non-governmental organizations or private sector associations. Proposed laws and regulations are not published in draft form for public comment. The only opportunity for comment on proposed laws and regulations is at the parliamentary level.

Accounting systems are transparent and consistent with international norms, and there are no private sector and/or government/authority efforts to restrict foreign participation in industry standard-setting consortia or organizations.

Efficient Capital Markets and Portfolio Investment

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In spite of the general underdevelopment of the banking system, banks are free to support the flow of resources in the product and factors markets. The assets of the country's largest bank total an estimated USD 400 million. Credit is usually allocated on market terms, and the private sector/foreign investors can obtain credit on the local market. However, many of the EPZ companies use the services of banks in neighboring Mauritius, where the sector is more developed.

Within Malagasy law, there is an effective regulatory system established to encourage and facilitate portfolio investment. There are no cross-shareholding arrangements used by private firms to restrict foreign investment through mergers and acquisitions. There are no visible private sector and/or government efforts to restrict foreign participation in industry or control of domestic enterprises.

Competition from State Owned Enterprises

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Private enterprises are allowed to compete with public enterprises under the same terms and conditions with respect to access to markets, credit, and other business operations, such as licenses and supplies. The main SOEs are the National Malagasy Airline (Air Madagascar) and the Malagasy Water and Energy Company (*Jiro Sy Rano Malagasy*, or JIRAMA). SOEs have boards of directors for which seats are specifically allocated to senior government officials, private operators, or politically affiliated individuals.

A sovereign wealth fund (SWF) or asset management bureau (AMB) does not exist in the country.

SOEs are required by law to publish an annual report, and they are also required to submit their books to independent audit.

Corporate Social Responsibility

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There is a lack of general awareness of corporate social responsibility (CSR) among producers and consumers, but CSR principles are applied by several large, formal sector companies. Although those companies do not follow the OECD Guidelines for Multinational Enterprises, public opinion is favorable regarding those firms who pursue CSR.

Political Violence

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As in 2009 and 2010, Madagascar experienced political violence and civil unrest in 2012. The ongoing political crisis continues to create the conditions for possible future instability. At various times, small improvised explosive devices have been detonated in the capital, but have caused only superficial damage. A 2012 military operation against alleged cattle rustlers in the south led to numerous accusations of human rights violations against the de facto regime. The army put down an attempted mutiny at a military base near the capital in July 2012. Street demonstrations are forbidden by the de facto regime, but opposition political gatherings are permitted indoors.

Public safety remains fairly adequate, although petty crimes have increased as the economic and political crisis has worn on. Standard warnings to guard against street crime and theft from vehicles, and to minimize or avoid nighttime road travel, apply, particularly in rural areas.

Kidnappings targeting business leaders (usually, but not always, of Indo-Pakistani heritage) have recently increased in frequency and have begun demanding higher ransoms. Madagascar is not a xenophobic country in general, but anti-foreigner rhetoric sometimes surges as a consequence of political manipulation. In May 2013, demonstrations against international organizations occurred in the capital, and some foreign diplomats received threatening phone messages.

Madagascar, being an island, has no belligerent neighbors.

Corruption

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Corruption, including official solicitation at high levels of government, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U.S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in

furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at:
<http://www.justice.gov/criminal/fraud/>

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements

OECD Antibribery Convention: The OECD Antibribery Convention (<http://www.oecd.org/daf/anti-bribery/oecdantibriberyconvention.htm>) entered into force in February 1999. As of November 2012, there are 40 parties to the Convention including the United States (see <http://www.oecd.org/daf/anti-bribery/antibriberyconventionratification.pdf>). Major exporters China and India are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA.

Madagascar is not a party to the OECD Convention.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 167 parties to it as of May 2013 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery.

Madagascar is a party to the UN Convention, but the de facto government does not currently observe many of its provisions in practice.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of

provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of June 2013, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>)

Madagascar is not a party to the OAS Convention.

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of June 2013, the Criminal Law Convention has 47 parties (see <http://conventions.coe.int/Treaty/en/Treaties/Html/173-1.htm>) and the Civil Law Convention has 34 (see <http://conventions.coe.int/Treaty/Commun/ChercheSig.asp?NT=174&CM=&DF=&CL=EN&NG.>)

Madagascar is not a party to the Council of Europe Conventions.

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.

Madagascar does not have an FTA with the United States.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel.

While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the website of the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

In 2012, Transparency International ranked Madagascar 118th out of 175 countries surveyed, with a score of 32/100 on the Corruption Perception Index (CPI), indicating a severe corruption problem. While giving or accepting a bribe is a criminal act and is subject to trial by court, complicated administrative procedures introduce delays and uncertainties increasing possibilities for corruption. Corruption is most pervasive in the following areas: the de facto Presidency's office, judiciary, police, tax, customs, land, trade, mining, industry, environment, education, and health. BIANCO is the agency formally responsible for combating corruption, but its efforts have been limited by the de facto government. Transparency International has an office in the country. Corruption at high levels exists in nearly all sectors.

Smuggling of precious stones, hardwood, and animals increasingly drains Madagascar's natural resources and breeds criminality. In April 2010, the de facto regime adopted a decree to prohibit all exports of rosewood and precious timber. Despite this ban, containers of rosewood continue to be shipped. In September 2011, the de facto regime decided to include rosewood in Annex III of CITES. However, despite the fact that this provision was introduced by the de facto government, it has been regularly violated since that time by public officials and private entities.

Madagascar created a Financial Intelligence Unit (SAMIFIN) in mid-2008 to carry out research and financial analysis related to money laundering. In 2012, SAMIFIN received 61 suspicious transaction reports and referred 23 cases to public prosecutors.

Madagascar has signed and ratified the UN Anticorruption Convention and the African Union Convention against Corruption. It has not yet signed the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

There is no requirement for companies to establish internal codes of conduct that, inter alia, prohibit bribery of public officials. However, some foreign companies have begun to orient their internal controls and ethics and compliance programs to prevent bribery.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: <http://www.oecd.org/daf/anti-bribery/>. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The latest CPI is available at: <http://cpi.transparency.org/cpi2012/>. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/whatwedo/publications/doc/gcr/>
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.asp>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and

corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=global+enabling+trade+report>.

- Additional country information related to corruption can be found in the U.S. Department of State's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 31 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Bilateral Investment Agreements

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According to the International Center for the Settlement of Investment Disputes (ICSID) and the United Nations Conference on Trade and Development (UNCTAD), Madagascar has concluded bilateral investment agreements with Belgium, Canada, China, France, Germany, Mauritius, Norway, Sweden, and Thailand. Madagascar has also signed double taxation treaties with France and Mauritius. As the Malagasy government had expressed interest in negotiating a bilateral investment treaty with the United States, initial discussions began in late 2008, but stalled due to the unconstitutional change of government in March 2009.

OPIC and Other Investment Insurance Programs

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On March 31, 1998, the Overseas Private Investment Corporation (OPIC) and Madagascar signed a bilateral Investment Incentive Agreement, which updated the previous agreement of 1963. Madagascar is a member of the MIGA. The average daily exchange rate in 2012 was 2,188 Ariary per one U.S. dollar.

Labor

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Madagascar has a significant pool of available labor, due to the combined impacts of unemployment and underemployment. Private sector wages have been relatively stable and are below those in most competitor countries; indeed, this fact, combined with the high quality of much Malagasy labor, may constitute the country's strongest attraction for foreign investors. The minimum wage for the non-agricultural private sector in 2011 was approximately 45 USD per month (91,000 Ariary). The Constitution and Labor Code grant workers in the private and public sectors the right to establish and join labor unions and to bargain collectively. The National Labor Code and implementing legislation prescribe working conditions, wages, and standards for worksite safety. Madagascar is a member of the International Labor Organization (ILO) and adheres to the ILO convention protecting workers rights.

Foreign-Trade Zones/Free Ports

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The incentives available in the EPZ are described in "Performance Requirements/Incentives." There is no distinction between foreign and domestically

owned firms, in terms of eligibility for EPZ treatment, which has been granted by the EDBM since December 2007.

Foreign Direct Investment Statistics

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During 2012, QMM/Rio Tinto continued its mining and exportation of ilmenite and related products. Ambatovy concluded its construction of the nickel and cobalt mine and began exploitation/exportation. As the two companies are the largest contributors of foreign direct investment (FDI) in the country, and with the Ambatovy project's investment phase coming to an end, foreign exchange inflows fell in comparison to 2011.

According to the Central Bank of Madagascar, FDI inflows for 2011 amounted to USD 940.8 million, and during the first quarter of 2012, it amounted to USD 256.6 million.

FDI inflows and stocks during the past three years (in USD)

	2009	2010	2011	2012 (First quarter)
FDI inflows	1,294,699,549	807,984,845	940,799,278	256,581,621
FDI stock	3,944,971,013	4,499,344,642	n.a	n.a

Source: Central Bank of Madagascar

	2009	2010	2011 (First Semester)
Extractive activities	1,058,167,950	695,275,196	308,726,655
Agriculture	7,233,929	(429,435)	(622,203.79)
Fishing and fish farming	9,616,269	17,739,742	(17,757,498.54)
Manufacturing	50,934,020	21,216,118	8,103,463
Gas, electricity, water production and distribution	132,920	117,583	(9,876)
Construction and public works	16,318,518	27,402,022	33,821,220
Commerce	15,812,398	9,406,664	5,950,440
Hotels and restaurants	19,166,079	18,455,467	(444,431)
Transportation	5,567,314	1,457,011	(7,244,229)
Finance	30,510,312	29,344,703	53,470,020
Real estate and services to enterprises	3,864,912	5,367,933	1,491,313
Oil distribution	33,424,333	29,753,689	25,139,995.85
Telecommunication	43,868,797	8,435,324	(24,300,514.55)
Others	81,797	(35,786)	(24,690.63)
Total	1,294,699,549	863,506,232	386,299,665

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Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
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How Do I Get Paid (Methods of Payment)

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Methods of payment are usually through banks by open account, letter of credit, cash in advance, or by documentary collection. The banking system consists of eight commercial banks. European banking institutions hold a controlling interest in four banks: the Banque Malgache de l'Océan Indien (BMOI), BNI-Crédit Agricole (BNI-CA), BTM-BOA, and BFV-SG. The Union Commercial Bank (UCB) and State Bank of Mauritius (SBM) are branches of Mauritian parent companies of the same name. The Hong-Kong group Gahood Holding International, Ltd., owns 70 percent of the shares of BICM bank. The German group Access Holding owns the Access Bank Madagascar. For those banks, financial statements are in compliance with international standards, and audits are performed both by local and internationally recognized firms. A new bank, Banque Gabonaise et Française Internationale (BGFI) became operational in 2010.

Thanks to MCA's contribution in 2008, the central bank adopted a new automated payment and clearing system for the banking sector in October 2009. The new system is aimed at streamlining the payment and compensation procedures, reducing costs and improving confidence in the payment instruments.

How Does the Banking System Operate?

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Madagascar has relatively rudimentary financial markets and a very low rate of bank penetration. High interest rates, stringent requirements for collateral and guarantees, limited competition among banks, and reluctance to finance foreign trade or working capital even when secured by letters of credit make financing very expensive and difficult to access. The difficulty of increasing working capital through bank borrowing is a severe constraint on local firms' ability to expand. Banks maintain that many prospective borrowers lack reliable and transparent balance sheets and that long-term financing is difficult because they lack a long-term deposit policy. A substantial portion of domestic credit is effectively extended to the public sector because banks invest surplus funds in largely risk-free government treasury bills (*bons de trésor*). Only well-known and significant operators can get credit in Madagascar. The credit granted is mainly for the purchase of traditional agricultural products such as vanilla, coffee, and cloves. In case of pre-financing by foreign importers, local exporters still have to pay

high interest rates to their banks. Generally speaking, the financing possibilities that are available to local firms are quite limited.

Foreign-Exchange Controls

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Since May 1994, an inter-bank foreign exchange market (MID) has set daily the rate of the Malagasy currency (MGA). At the end of July 2005, the organization and the operation of the inter-bank foreign exchange market were improved by the adoption of a continuous system of quotation of the two main currencies of reference, the U.S. dollar and the Euro. Since 1996, the GOM has lifted all restrictions on current payment and transfers and has accepted the obligations of Article VII of the IMF Articles of Agreement to abolish exchange controls. However, on July 11, 2004, following a significant depreciation of the Malagasy currency, the GOM adopted a law stating that residents are not authorized to transfer foreign currency to another foreign currency bank account except within the MID. However, between EPZ companies, foreign currency transfers are allowed.

U.S. Banks and Local Correspondent Banks

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BMOI:

- BNP Paribas/New York

BNI-CA:

- Deutsche Bank Trust Company America/New York
- JPMorgan Chase/New York

BTM-BOA:

- Citibank/New York
- Deutsche Bank Trust Company America/New York

UCB: Citibank/New York

BFV-SG:

- Société Générale/New York

SBM:

- Citibank/New York

Project Financing

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The GOM supports the establishment of credit unions and other suitable credit facilities and encourages creditors and donors to harmonize their efforts in this field. The World Bank, the European Union, the U.S. Trade and Development Agency (USTDA), and the African Development Bank have funded many infrastructure and other development projects.

In March 1998, an agreement was signed between OPIC and the GOM to facilitate U.S. investment in the country.

In June 2004, the International Finance Corporation (IFC) of the World Bank created an SME (Small and Medium Enterprise) Solution Center to address credit access of local SMEs. Between 2005 and 2009, the GOM, with financing from an MCA compact, implemented banking sector reform and promoted access to microcredit.

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

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

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

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

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

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

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

Multilateral Development Banks web resources:

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

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

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

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

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Chapter 8: Business Travel

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Business Customs

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

Travel Advisory

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For further information about visa requirements and travel information, the following State Department web site is available: <http://travel.state.gov>

Visa Requirements

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A visa is required for entry into Madagascar and can be obtained at the airport for stays of less than 30 days. See U.S. Department of State and GOM's websites for visa information.

U.S. companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

Department of State Visa website: <http://travel.state.gov/visa/>

U.S. Embassy Antananarivo Visa website: http://www.antananarivo.usembassy.gov/non-immigrant_visas.html

Telecommunications

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Internet is accessible in hotels and at cyber cafes of major towns. There are three cellular phone companies: Airtel, Orange and Telma, which use the GSM system.

Transportation

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Air transportation is the best way to get to the country. Maritime transport is mainly used for local transportation around the island, and to the Indian Ocean Islands (Mauritius, Seychelles, Comoros, and Reunion). Visitors to the capital city of Antananarivo or other cities can easily find taxis. Taxi fares are relatively low, but taxis typically do not meet U.S. safety standards.

Railway transport is available, but with limited connections.

Rental cars are available but can be quite expensive depending on the vehicle type, and non-residents are usually required to hire a chauffeur.

Commercial air service is available to major cities and resorts in the country. Private air charters can be arranged to various destinations.

International express delivery is now available from FedEx, UPS, DHL, and TNT.

Language

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Malagasy is the official language, along with French and English. However, English is not widely spoken. French is the common language of business.

Health

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Visitors to Madagascar are advised to obtain vaccinations against polio, hepatitis A and B, tetanus, diphtheria, typhoid, and those who will be working in the rural areas, rabies. Malaria medication is not necessary in Antananarivo but should be taken if traveling to other (lower elevation) areas of the island. Visitors are strongly urged to purchase medevac insurance prior to arrival. Local hospitals do not conform to U.S. standards, especially for emergency care, and evacuation to South Africa or Mauritius is expensive. In the event of a medical emergency, visitors should ask to be taken to the Polyclinique Ilafy and should notify the Embassy Consular Section at: <http://www.antananarivo.usembassy.gov>.

Local Time, Business Hours, and Holidays

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The Malagasy Time Zone is Greenwich plus three. When it is noon EST in Washington, it is 8 p.m. in Madagascar. The typical hours of business are from 8:30 a.m. to 5 p.m., with a lunch break between noon and 1 p.m.

2013 Holiday schedule:

- | | |
|-------------------|---------------------------|
| - Friday March 29 | Day Commemorating Martyrs |
| - Monday April 1 | Easter Monday |
| - Wednesday May 1 | Labor Day |
| - Thursday May 9 | Ascension Day |
| - Monday May 20 | Pentecost Monday |

- Wednesday June 26 Independence Day
- Thursday August 15 Assumption Day
- Friday November 1 All Saints Day
- Wednesday December 25 Christmas Day

Note: The GOM sometimes declares an additional “bridge” holiday on the Friday following a Thursday holiday.

Temporary Entry of Materials and Personal Belongings

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When not imported for sale, goods may be admitted into the country without the payment of duty.

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Chapter 9: Contacts, Market Research and Trade Events

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Contacts

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Government Agencies

EDBM (Economic Development Board of Madagascar)
Immeuble EDBM, Antaninarenina
Antananarivo 101 – Madagascar
Tel: (261 20) 22 670 40
Fax: (261 20) 22 661 05
Website: www.edbm.gov.mg
E-mail: edbm@edbm.mg

Presidency's Office
P.O. Box 955, Ambohitsirohitra
Antananarivo 101 – Madagascar
Tel: (261 20) 22 547 03
Fax: (261 20) 22 562 52
Website: www.hat.gov.mg

Prime Minister's Office
P.O. Box 248
Antananarivo 101 – Madagascar
Tel: (261 20) 22 246 04
Fax: (261 20) 22 548 40
Website: www.madagascar.gov.mg or www.primature.gov.mg

Ministry of Finance and Budget
P.O. Box 61
Antananarivo 101 – Madagascar
Tel: (261 20) 22 336 30
Fax: (261 20) 22 345 30
Website: www.mefb.gov.mg

Ministry of Economy and Industry
P.O. Box 527
Antananarivo 101 – Madagascar
Tel: (261 20) 22 291 28
Website: www.mei.gov.mg

Ministry of Energy
P.O. Box 257
Antananarivo 101 – Madagascar
Tel: (261 20) 34 83 701 79
Websites: www.energy.gov.mg

Ministry of Mining
Ampandrianomby
Antananarivo 101 – Madagascar
Tel: (261 20) 32 03 110 20
Website: www.mines.gov.mg

Ministry of Hydrocarbons
Ampandrianomby
Antananarivo 101 – Madagascar
Tel: (261 20) 34 20 088 28

Ministry of Agriculture
P.O. Box 842
Antananarivo 101 – Madagascar
Tel: (261 20) 22 247 10
Fax: (261 20) 22 265 61
Website: www.maep.gov.mg

Ministry of Transportation
P.O. Box 4139
Antananarivo 101 – Madagascar
Tel: (261 20) 22 246 04
Fax: (261 20) 22 356 26
Website: www.mtpm.gov.mg; www.transport.gov.mg

Ministry of Public Works
P.O. Box 295
Antananarivo 101 – Madagascar
Tel: (261 20) 22 232 15
Fax: (261 20) 22 208 90
Website: www.mtpm.gov.mg

Ministry of Telecommunications and Post
Antaninarenina
Antananarivo 101 – Madagascar
Tel: (261 20) 22 232 67
Fax: (261 20) 358 94
Website: www.mtpc.gov.mg

Ministry of Environment and Forestry
Antsahavola
Antananarivo 101 – Madagascar
Tel: (261 20) 22 668 05
Fax: (261 20) 22 345 10
Website: www.meeft.mg

Ministry of Tourism
Tsimbazaza
Antananarivo 101 – Madagascar
Tel: (261 20) 22 668 05
Fax: (261 20) 22 354 10
Website: www.mtoura.gov.mg

Central Bank of Madagascar
P.O. Box 550
Antananarivo 101 – Madagascar
Tel: (261 20) 22 217 51
Fax: (261 20) 22 345 32
Website: www.banque-centrale.mg

Madagascar Embassy in the United States of America
2374 Massachusetts Avenue
Washington D.C 20008
USA
Tel: 202 265 55 25
Fax: 202 265 30 34
E-mail: Malagasy@embassy.org

COUNTRY BUSINESS ASSOCIATIONS

American Chamber of Commerce in Madagascar (AmCham)
Bâtiment C1
Village des Jeux, Ankorondrano
Antananarivo 101 – Madagascar
E-mail: executivesecretary@amcham-mada.mg
Website: <http://www.amcham-mada.mg>
Tel: (261 20) 32 02 814 39

Chambre de Commerce, d'Industrie d'Antananarivo
P.O. Box 166
Antananarivo 101 – Madagascar
Tel: (261 20) 22 202 11
Fax: (261 20) 22 202 13
Website: www.tana-cciaa.org

FIVMPAMA (Association of Malagasy Businessmen)
12, rue Rainizanabolona, Antanimena
Antananarivo 101 – Madagascar
Tel: (261 20) 22 690 78
Fax: (261 20) 22 320 56
E-mail: fivmpama@moov.mg

GEM (Group of Enterprises of Madagascar)
P.O. Box 1695
Antananarivo 101 – Madagascar
Tel: (261 20) 22 238 41

Fax: (261 20) 22 219 65
Website: www.gem-madagascar.com
E-mail: gem@iris.mg

SIM (Union of Industries of Madagascar)
Immeuble Holcim, Tsaralalana
Antananarivo 101 – Madagascar
Tel: (261 20) 240 07
Fax: (261 20) 22 225 18
Website: www.sindusmad.com
E-mail: syndusmad@sim.mg or de@sym.mg

GEFP (Group of Export Processing Zone companies)
Village E2 – Village des Jeux
Ankorondrano
Antananarivo 101 – Madagascar
Tel: (261 20) 22 380 50
Fax: (261 20) 22 403 73
Website: www.gefpmg.com
E-mail: gefpmg@blueline.mg

Chambre des Mines de Madagascar (Mining Chamber)
QMM Rio Tinto, Villa 3H, Lot IIJ 169, Ivandry, Antananarivo
Madagascar
Tel: (261 20) 32 07 632 21
Contact: Mr. Willy Ranjatoelina, Executive Secretary
E-mail: rwr@blueline.mg
<http://chambredesminesdemadagascar.com/en/content/home>

COUNTRY MARKET RESEARCH FIRMS

GAMA Consult
Immeuble ARO
Antsahavola
Antananarivo 101 – Madagascar
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Fax: (261 20) 22 238 88
Website: www.gamaconsult.com
E-mail: gamaconsult@moov.mg

FTHM Conseils
Immeuble ARO
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E-mail: fthm@moov.mg

ATW Consultants de Madagascar
Lot II Y 9F, Antanimora

Antananarivo 101 – Madagascar
Tel/Fax: (261 20) 22 345 98
E-mail: atw@moov.mg

R Conseil
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Antananarivo 101 – Madagascar
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Fax: (261 20) 289 97
E-mail: rconseil@moov.mg

Web Resources

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USEFUL WEBSITES

Presidency: www.presidency.gov.mg
Government: www.madagascar.gov.mg
Data bank: www.instat.mg
Tourism: www.tourisme-madagascar.com
Investment: www.edbm.gov.mg or www.bni.mg
General/Economy: www.madagascar-contacts.com
General information: www.sobika.com or www.madagate.com or www.moov.mg

OMNIS is a good source for potential investors in the oil, coal and uranium sectors:
www.omnis.mg

The Governance Project for Mineral Resources (PGRM) is a good source for potential investors in the mining sector: www.pgrm.mg

Market Research

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To view market research reports produced by the U.S. Commercial Service, please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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Please click on the link below for information on upcoming trade events.

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

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities and support them once they do have exporting opportunities.**

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: <http://www.buyusa.gov>

The Commercial Section of the U.S. Embassy of Antananarivo is working closely with Johannesburg Foreign Commercial Service (FCS) to conduct the following services:

- Gold Key
- IPS (International Partner Search)
- ICP (International Company Profile)
- Advocacy
- Market surveys

For additional information, please click on the links below:

<http://www.export.gov/africa/>

<http://www.buyusa.gov/southafrica/>

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center at (800) USA-TRAD(E).**

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct

their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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