



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

The Country Commercial Guide for Niger was prepared by U.S. Embassy Niamey and released by the Bureau of Economic and Business in July 2000 for Fiscal Year 2001.

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I. Commercial Overview: Executive Summary

This Country Commercial Guide (CCG) presents a comprehensive look at Niger's commercial environment, using economic, political, and market analysis. The CCG was established by recommendation of the trade promotion coordinating committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. embassies through the combined efforts of several U.S. government agencies.

Niger, a semi-arid, landlocked country in the heart of West Africa, has recently entered a period of political promise and economic opportunity. On the political front, a transition government turned over power to a democratically elected president and legislature in December 1999, after two rounds of the most transparent elections in the country's history. On the economic front, the country's policies, particularly the privatization of stagnant parastatals, have been widely praised by international financial institutions and donors. After several years of political instability, most observers are optimistic that the new government has the will to confront and address the many development challenges facing it.

Niger is committed to restructuring its economy to facilitate growth. In recent years the Government of Niger (GON) has encouraged foreign trade and investment by promulgating new investment, commercial, mining, and petroleum codes. The codes provide tax advantages for foreign investors, duty-free import of capital equipment, guarantees against expropriation, and the right to repatriate earnings and dividends.

Niger completed the third year of an IMF three-year enhanced structural adjustment facility program in June 1999 and has a World Bank program in place. Furthermore, the Minister of Finance entered into more extensive discussions with the IMF in July 2000. The imminent privatization of Sonitel, the state-owned telecommunications company, further demonstrates the GON's desire to put its economic house in order.

Over the past years, Niger has generally met major financial performance targets for revenue collection and has tried to hold the line on civil service salaries, a politically difficult task. The government attempted to limit expenditures to the level of receipts, which would have balanced the budget in the short run but left large arrears on debt payments and civil servant salaries. The 2000 budget was approved by the National Assembly in June 2000. Forty-five percent of the operating budget relies upon foreign assistance. Consequently, the suspension of foreign assistance after the April 1999 coup d'état created severe short-term financial difficulties for the government. However, since the successful fall 1999 elections, development assistance has begun to be restored to Niger. For example, the Belgian government has given budget support and the European Union has promised to repave large sections of the national highway system. All seven of Niger's regional capitals are accessible by paved roads.

The economy has only a small modern sector, which includes the public sector and some

light manufacturing, and a small class of consumers for most manufactured goods. Several partly or wholly government-owned companies account for most formal sector activity. Nevertheless, the economic system is completely open to foreign trade and foreign investment, including from the United States. The proximity and cultural links to Nigeria have resulted in a long history of lively trade across the 1400-kilometer common border.

The most important U.S. business opportunities will be in the privatization of public utilities, particularly telecommunications and electricity. If now-stalled donor assistance resumes, there will be opportunities in providing consulting and engineering services to development projects supported by the World Bank and African Development Bank, other multilateral banks, and bilateral donors. Recent exploration of gold deposits and ongoing petroleum exploration activity by American firms may lead to increased business for U.S. companies. Other investment opportunities may exist in vehicles (especially four-wheel drive), pharmaceuticals (particularly generic drugs), heavy construction and earth-moving equipment, food processing, and coal-fired electrical generating equipment.

The cessation of hostilities with Tuareg separatists since the 1995 peace accord has resulted in slow-but-steady increases in tourism to the country's rugged, scenic northern desert. In November 1998, a high-profile international fashion festival attracted thousands of international visitors to the Agadez region and a second event will take place in Niamey, the capital city, in November 2000. There are also opportunities to increase access to the lucrative consumer markets of northern Nigeria.

Major roadblocks to doing business include the small size of Niger's market and low per capita income. The economy mainly consists of subsistence agriculture and informal market activity. However, Niger is a part of the larger, French-speaking West African CFA franc zone, potentially a much greater market if regional integration activities progress. As a member state of the West African Economic and Monetary Union (WAEMU) Niger adopted the permanent preferential tariffs for internal trade. In practice, Niger has not yet made significant changes as a result of its WAEMU membership.

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II. Economic Trends and Outlook

Major trends and outlook: A successful agricultural season led to a GDP growth rate of eight percent in 1998, though most other sectors were not as successful. The April 1999 coup d'état and subsequent suspension of foreign assistance coupled with the already depressed

uranium market had a disruptive effect on the rest of the economy. However, President Tandja's reforms aimed at democratization and modernization have successfully put the economy back on track, although the government still relies on international donors to support its operating budget (45% this year is slated to come from international aid). The loss of foreign assistance following the 1996 coup constrained the government's ability to pay its civil service employees, which account for half of the formal sector work force and much of the purchasing power. Fortunately, the restoration of democracy has brought large-scale foreign aid that has permitted the payment of salaries and arrears and will significantly enhance Niger's potential for economic growth over the next few years.

The CFA franc is pegged to and fully convertible to the French franc and the Euro, making it more attractive to other European trading partners. Niger is also a member of the West African Economic Community that implemented a common external tariff in January 2000. The devaluation of the CFA franc in January 1994 increased the competitiveness of Niger's (and other CFA franc zone countries') products. It halved the cost of local inputs from the point of view of an outside purchaser or investor. Since the devaluation, 1994-1998 trade statistics show gains for Niger's agricultural products, especially cattle, in regional markets.

The GON's 2000 budget, passed in June 2000 by the National Assembly, was framed to satisfy international financial institutions by improving customs duties, tax collection, and income from public investments with the assistance of foreign partners. The government committed to raising the domestic revenue growth rate to 5.5% and to increasing the revenue per capita in 2000. The government also committed to maintaining an inflation rate of 2.9% (Le Sahel, June 7, 2000). Improved customs and tax collections are helping the government get on the right track. The present administration is also committed to holding the line on civil servant salaries, one of the most problematic conditions of its structural adjustment program, and the government now makes salary payments on a monthly basis.

These macroeconomic events play out against the backdrop of a small and fragile economy based largely on subsistence-level agriculture and animal husbandry. Hard hit by drought and desertification, Niger remains a very poor country. Uranium mining represents the one industry of international importance and Niger's top foreign exchange earner. Declining world demand, however, has reduced uranium revenues to half of what they were in the peak year of 1983.

Principal growth sectors:

There is growth potential in telecommunications as Sonitel, the para-statal provider, is seeking a strategic partner to modernize and expand its network. There will also be licenses issued to cellular service providers.

There is also potential in gold mining. Proven reserves have already attracted the attention of many international companies, some of which are now exploring concessions. A joint venture called the African Geomine Mining Development Corporation (AGMDC) between

Ansa Geomine (German) and Etruscan, Ltd. (Canadian) began mining operations in April 2000.

Niger has sizable coal reserves that suggest potential for further electrical generation. Further, Esso (Exxon) explored oil deposits in the southeastern part of the country and Hunt Oil explored and started drilling in the northeast.

There are also opportunities in the agribusiness sector in providing inputs such as fertilizers, hybrid seeds, and equipment. Food drying or other food processing is a mostly untapped market, particularly for onions, tomatoes, peppers, and fruits, as well as processing of peanuts and sesame for oil.

Light manufacturing has been made more competitive by devaluation of the CFA franc, which has halved the cost of local inputs, especially labor, from the point of view of foreign investors.

Government role in the economy: The government maintains and promotes an open economic system and has a free trade policy. Niger welcomes foreign investment. Several industrial enterprises are para-statal wholly or partially owned by the government. The government has made headway in restructuring and some companies have already been privatized with twelve more to go, including public utilities and the Hotel Gaweye Sofitel property. A priority of the government is to attract development projects funded by multilateral donors -- World Bank, African Development Bank, etc. -- which would have the potential to bring tens of millions of dollars into Niger's economy.

Balance of payments: Niger's balance of trade deficit for 1998 was an estimated \$153 million. Over the long term, small increases in the value of uranium and other exports, combined with a modest reduction in imports, especially from outside the CFA franc zone, will improve the trade balance. Increased foreign assistance or debt forgiveness will also help reduce Niger's large overall balance of payments deficit by 2001.

Infrastructure: The main urban centers of Niger have modern telephone and telecommunications systems capable of direct dial service worldwide. However, telecommunications costs are expensive and the number of private telephone lines is extremely limited, especially outside of Niamey. There are several weekly flights to and from Paris as well as cities in the region and limited charter internal air service. The postal system is reasonably efficient, but expensive. There is a national network of paved roads that stretches from Niamey in the west to the far east of the country with branches leading north to Tahoua, Agadez, and Arlit. As noted above, all major cities are accessible by paved roads. The system also links up with the roads in neighboring Nigeria, Benin, Togo, and Burkina Faso. Public utilities (electric, water) are available in several areas of Niamey and larger provincial towns, but are expensive.

III. Political Environment

Nature of political relationship with United States: Currently, bilateral relations are warm following the November 1999 democratic presidential election in which President Mamadou Tandja came to power. These elections set Niger back on the track toward democratization, a path that had been interrupted by General Bare's military coup d'etat of January 1996. The U.S. publicly denounced Bare's seizure of power, the fraudulent presidential elections he held in July of that year, the contested legislative elections, and the disruption of local elections in February 1999. Following Bare's assassination in April 1999, Major Daouda Malam Wanke set up a transition government, which successfully held two rounds of free, fair, and transparent elections in October and November 1999. President Tandja is working to keep Niger on the path of democratization and modernization. The U.S. has supported Niger's rapid return to democracy and strengthened respect for human rights by reinstating some development assistance, which was suspended in 1996.

Major political issues affecting business climate: The suspension of foreign assistance as a result of the 1996 and 1999 military takeovers remains an issue, though donors have begun to return. National budget problems were exacerbated by the aid reduction, but the situation is significantly improving following Niger's discussions regarding an enhanced program with the IMF.

Overview of political system: A new constitution was approved by referendum in July 1999 and the first round of presidential elections following Bare's assassination was held October 1999. Legislative elections and run-off presidential elections were held on November 24, 1999. Mamadou Tandja was elected in a reasonably free and fair election process. The political parties and civil society supported the efforts made to return to full democracy by 2000. In Niger, political parties are based on personality and ethnic and regional loyalties. There are generally not significant ideological differences among them.

The 1995 peace settlement, which ended a rebellion by Tuareg separatists, has generally been well observed. Sporadic attacks by Tuaregs had closed the north of the country to business and tourism for several years. The peace accord established a permanent cease-fire, provided a general amnesty, and set a time frame for demobilization of Tuareg fighters. It also called for government decentralization in the north and promised expanded social infrastructure development in the region. The government has made a good effort to live up to its agreement, and the situation in the north is stable.

IV. Marketing U.S. Products and Services

The key to marketing in Niger is taking the time to know the country and build important business contacts. The official language is French. Few local people speak English and French is not always well spoken in more remote villages, so engaging a local agent or hiring an interpreter may be essential.

Establishing a local office: There are no restrictions on foreign companies opening a local office in Niger, though they must obtain a business certificate from the Ministry of Commerce.

Joint ventures: Echo Bay Mines and Placer Dome are financial partners of a Canadian company (Etruscan, ltd.) and the GON, which are exploring for gold in southwest Niger.

Use of agents and distributors: Using a local agent is recommended, given language and cultural barriers. There are at least two local pharmaceutical distributors.

Need for a local attorney: The legal system inherited from France is sufficiently different from the U.S. system that retaining a local attorney is advisable.

Checking bona fides of banks, agents, business partners, contractors, and customers: The only official way to check credentials is to contact the Ministry of Commerce.

Franchising/direct marketing: Chrysler/Jeep opened a dealership to import, repair, and service vehicles in Niamey in 1994. Hunt Oil Co. explored promising oil deposits in the Djado Plateau area of northeastern Niger.

Pricing: Prices are set by market forces, not by the government.

Advertising and trade promotion: The government publishes the French language daily newspaper "*Le sahel*" and its weekend edition five times a week. In addition, there are several weekly and bi-weekly independent French language newspapers. All newspapers carry paid advertising.

Daily: *Le sahel*

Weekly: *Le démocrate, Le républicain, Le sahel dimanche, Le témoin, Le flic, Tribune du peuple, L'enquêteur, Anfani, l'alternative, Canard libéré*

Monthly: *Haske, Le paon, Le soleil, Le jamaa, Liberté, La trompette, Millenaire, Observateur, La hache*

Annual: Annual guide to businesses - *Annuaire économique*, published by the Chamber of Commerce of Niger

Sales service and customer support: An organization called the Association for the Defense of Consumer Rights provides limited support for consumers.

Government procurement practices: The government occasionally solicits international tenders of modest size for goods such as generic drugs, school supplies, and four-wheel drive vehicles. The bidding and bid award procedures are open, but some bidders have raised questions about the fairness of the process. For this reason and because the process moves slowly by U.S. standards, it would be useful to hire a local agent to facilitate one's

bid. Furthermore, it is advisable to require cash in advance of delivery of goods or services. If foreign economic assistance to Niger increases in the future, procurement opportunities for U.S. businesses might increase, including development projects requiring engineering consulting services, technical assistance, agricultural planning, and specialized equipment.

V. Leading Sectors for U.S. Exports and Investment

Best Prospects for Non-Agricultural Sectors

Part I. Ranking

Note: 1) Data for tables is in US Dollars at an exchange rate of CFA 700/US\$ unless otherwise indicated, 2) Data taken from the Direction de la Statistique, Direction du Commerce Extérieur, Ministry of Commerce, 3) The GON has not released 1999 or 2000 data and for many sectors, data is generally unavailable.

1. Mining (MIN)

	1998 (actual)	1999 (actual)	2000 (est.)
Total market size	25,990 tons	N/A	N/A
Total local production	3,157 tons	N/A	N/A
Total exports	112,135,715 tons	N/A	N/A
Total imports	N/A	N/A	N/A
Imports from U.S.	N/A	N/A	N/A

2. Telecommunications equipment (TEL)

	1998 (actual)	1999 (actual)	2000 (est.)
Total market size	N/A	N/A	N/A
Total local production	N/A	N/A	N/A
Total exports	N/A	N/A	N/A
Total imports	N/A	N/A	N/A
Imports from U.S.	N/A	N/A	N/A

3. Vehicles (AUT)

	1998 (actual)	1999 (est.)	2000 (est.)
Total market size	N/A	N/A	N/A
Total local production	N/A	N/A	N/A
Total exports	537,143	431,758	N/A
Total imports	19,817,143	28,571,459	N/A
Imports from U.S.	N/A	N/A	N/A

4. Pharmaceutical (DRG)

	1998 (actual)	1999 (est.)	2000 (est.)
Total market size	N/A	N/A	N/A
Total local production	N/A	N/A	N/A
Total exports	2,857	1,982	N/A
Total imports	9,807,143	4,105,715	N/A
Imports from U.S.	N/A	N/A	N/A

5. Consulting services (MCS, TES, AGS, WRE)

	1998 (actual)	1999 (actual)	2000 (est.)
Total market size	N/A	N/A	N/A
Total local production	N/A	N/A	N/A
Total exports	N/A	N/A	N/A
Total imports	N/A	N/A	N/A
Imports from U.S.	N/A	N/A	N/A

6. Construction equipment (ON)

	1998 (actual)	1999 (est.)	2000 (est.)
Total market size	N/A	N/A	N/A

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Total local production	N/A	N/A	N/A
Total exports	1,708,572	1,813,214	N/A
Total imports	34,065,714	34,905,715	N/A
Imports from U.S.	N/A	N/A	N/A

7. Oil production equipment and services (OGM)

	1998 (actual)	1999 (est.)	2000 (est.)
Total market size	N/A	N/A	N/A
Total local production	N/A	N/A	N/A
Total exports	N/A	N/A	N/A
Total imports	152,207,143	159,394,286	N/A
Imports from U.S.	N/A	N/A	N/A

8. Coal reserves (COL)

	1998 (actual)	1999 (actual)	2000 (est.)
Total market size	9,000,000 tons	N/A	N/A
Total local production	150,000 tons	N/A	N/A
Total exports	N/A	N/A	N/A
Total imports	N/A	N/A	N/A
Imports from U.S.	N/A	N/A	N/A

9. Computers and software

	1998 (actual)	1999 (actual)	2000 (est.)
Total market size	N/A	N/A	N/A
Total local production	N/A	N/A	N/A
Total exports	N/A	N/A	N/A

Total imports	N/A	N/A	N/A
Imports from U.S.	N/A	N/A	N/A

Part II. Narrative

-- Mining: Foreign companies are currently involved in exploration of gold deposits. Significant quantities of silver, platinum, phosphates, titanium, nickel and other minerals exist in the same western Niger region as the gold seams. The African Geomine Mining Development Corporation, a joint venture between the German company Ansa Geomine and the Canadian company Etruscan, Ltd., started its mining operation in April 2000 at a mine in Samira. Opportunities may exist to supply equipment, transportation, and other services. Niger also has large deposits of coal and is a major producer of uranium.

-- Telecommunications: U.S. equipment is likely to be competitive as the telecommunications system is privatized, restructured, modernized and extended. Future growth areas may include digital switching technology, satellite services, and cellular phones. (Also see "Significant Investment Opportunity" below)

-- Vehicles: The market for four-wheel drive vehicles, dominated by Japanese makers, is substantial. If yen exchange rates remain high, U.S. companies may have the opportunity to gain market share with competitive pricing. Chrysler/Jeep opened a dealership in Niamey in July 1994.

-- Pharmaceutical: U.S. products may be competitive with European imports purchased by the parastatal drug enterprise, ONPPC, and private pharmacies. U.S. companies may find it difficult to compete with Asian and Nigerian manufacturers in the cheaper end of the market. There is an undeveloped market for more complex, harder to manufacture generic drugs where high quality is important. Phyto-Riker, an American company, just started working with a local pharmaceutical distributor, Copharni, to sell its products on the local market.

-- Consulting services: Resources may become available for development and construction projects. Consulting opportunities may exist for engineering and other U.S. consulting firms.

-- Construction equipment: The uranium mining companies, Cominak and Somair, already purchase large Caterpillar dump trucks and loaders and other American made drilling and ore moving equipment, which have proven themselves in this market. There may be other sales opportunities for heavy earth moving equipment, particularly as other mining operations get underway.

-- Oil production equipment and services: A U.S. oil company has explored promising areas in Niger's northeast and has employed sub-contractors, including American ones, for some

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of the work. Now that oil has been found, there may be demand for oil field equipment of all kinds in the medium to longer term.

-- Coal reserves: Major coal reserves have been found in central Niger. A market may exist for coal-fired electrical generating equipment as the national need for energy increases.

-- Computers and software: Many imported U.S.-manufactured hardware and software products are retailed on the local market. There is room for further growth in this sector.

Best Prospects for the Agricultural Sector

Part I. Ranking

Note: 1) Data for tables are in U.S. dollars at an exchange rate of CFA 700/US\$ unless otherwise indicated, 2) Data taken from Direction de la Statistique, Direction du Commerce Extérieur, Ministry of Commerce.

1 - Food processing

	1998 (actual)	1999 (actual)	2000 (est.)
Total consumption	N/A	N/A	N/A
Total local production	N/A	N/A	N/A
Total exports	N/A	N/A	N/A
Total imports	N/A	N/A	N/A
Imports from U.S.	N/A	N/A	N/A

2 - Leather products

	1998 (actual)	1999 (est.)	2000 (est.)
Total consumption	N/A	N/A	N/A
Total local production	N/A	N/A	N/A
Total exports	682,857	864,367	N/A
Total imports	197,143	130,000	N/A
Imports from U.S.	N/A	N/A	N/A

Part II. Narrative

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-- Food processing: Equipment for drying and otherwise processing onions, garlic, tomatoes, and other produce could add value to Niger's present production and exports within the region or to Europe. Equipment for extracting and processing oils from sesame seeds and peanuts also offer opportunities. Similar potential may exist for meat drying or other processing.

-- Leather products: Opportunities exist for the production and export of partially finished leather. Large numbers of cattle are slaughtered annually. Their hides are available as a by-product, now used for production of leather and leather products on an artisanal scale. There was a high-quality tanning operation in Maradi that supplied the European fashion industry, but it was closed when the owner died. The local Chamber of Commerce is now trying to rejuvenate it.

Think regionally: Countries in West Africa are usually viewed as separate markets and as such present low population density, poor infrastructure, low per capita income, and only a small elite with purchasing power. That view obscures the broader business potential of West Africa as a region. The CFA franc zone with its common currency, use of French, similar legal systems, and partially harmonized customs, accounting and insurance practices, could be profitably regarded as one market.

Significant Investment Opportunity:

Sonitel is the monopoly telecommunications provider that also offers cellular service. The GON's privatization strategy for the telecommunications sector is to seek a "strategic partner" as majority (51 percent) shareholder of Sonitel. The GON will retain 35 percent of the shares; employees will own 3 percent, and 11 percent will be offered to institutional investors. There are currently two private cellular service providers for local service but Sonitel continues to be the only long distance provider. The private cellular services are obliged to use it for long distance calling. Sonitel had a net profit of US\$ 3.8 million in 1997 on revenues of US\$ 25 million. Niger has only 1.8 lines per 100 inhabitants compared to the Sub-Saharan African average of 11 lines per 100. Of the existing 17,714 lines, 65% are in Niamey, leaving much of the rest of the country without telecommunications services. (Information from the Nigerien Bureau of Statistics) The GON has just finished working on the finalized regulatory framework for the licensing, interconnection, and tariff regimes. The sale is scheduled to take place before the end of August 2000.

VI. Trade Regulations and Standards

Membership in free trade arrangements: Niger is a member of Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (WAEMU). Both organizations seek to increase cooperation in trade, investment, and financial flows among countries in the region. ECOWAS is working on harmonizing business practices and tariffs among member states. January 1, 2000, marked the beginning of the customs union for members of the WAEMU. No trade barriers will remain between

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all eight member states on authorized goods. A common external tariff of maximum 22 percent was established on all imported goods from non-member states of the union. Most Nigerien imports came from non-member states of the WAEMU and were taxed 34 to 57 percent.

Trade barriers: There are no legal obstacles to U.S. or foreign businesses. A significant informal barrier for U.S. companies is Niger's historical economic ties to France, the former colonial power. Local companies are used to French business customs and practice.

Tariffs and import taxes: There are duties on imported goods. Customs levies typically run from 5 percent up to 66 percent. Key agricultural inputs like fertilizers, motor pumps, and grain mills are exempt. Additional taxes may apply: statistical tax of 4.5 percent, a 19 percent value added tax, and a tax on profits of four percent. However, many investors could benefit from generous customs and tax exemption "regimes" offered to encourage new investment.

Export controls: Exporters require a license issued by the Ministry of Commerce.

Prohibited imports and activities: A foreign company may operate in nearly any sector. There are a few exceptions: it may not deal in arms or ammunition, run a private security force, operate as an immigration or emigration agent, or organize religious pilgrimages.

Licensing: Importing companies must have a business certificate issued by the Ministry of Commerce and a certificate of payment of dues from both the Chamber of Commerce and the Nigerien Counsel of Public Transportation (maximum cost approximately \$1300). All companies must be listed in the trade and employers registries and possess business and import licenses. Annual import licenses range from \$800 to \$4410. To import the following goods requires further special authorization from the Ministry of Commerce: petroleum products, metal containers, sheet metal, bottled carbonated drinks and lemonade, bottled beer, wax print cotton cloth, paint primer (lime), soap, and non-alcohol based perfume. (Note: This list likely reflects measures to protect the position of well-entrenched local importers and producers.)

Customs regulation and contact information: Customs duties, where applicable, are determined by the CIF (cost, insurance and freight charges) value for imports and the FOB (free on board) value for exports.

Temporary goods entry requirements: There are no free trade zones in Niger, therefore, no provision for temporary entry exists.

Special import and export requirements or certifications: Niger currently uses ECOWAS 10-digit product numbers, but hopes to convert to the international harmonized system of product codes.

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Labeling: There are labeling requirements for imported pharmaceutical products.

Free trade zones: No free trade zones exist. There have been proposals to create one in Maradi, a major city in the trade with Nigeria, but no action has been taken.

VII. Investment Climate

A. Niger's Investment Policies and Practices

A1. Openness to Foreign Investment

The government of Niger welcomes foreign private investment and considers it to be critical to restoring growth to Niger's economy. Under the investment code (revised in 1992) industrial investments enjoy tax and customs exemptions and even, in some cases, exemptions from the value added tax (VAT). All investors benefit from periods of special tax treatment and tariff protection, which vary with the level and location of investment. The investment code contains no provisions for screening and guarantees equal treatment to foreign investors regardless of nationality. Total foreign ownership is permitted in all sectors except those few restricted for national security purposes, such as arms and munitions and private security forces, which require special arrangements.

The investment code offers advantages to sectors that the government deems key to the country's economic development: energy production, mineral exploration and mining, agriculture, food processing, forestry, fishing, low-cost housing construction, handicrafts, hotels, schools, health centers, and transportation.

Barriers to investment include the small scale of the economy, limited buying power, and low rates of capital accumulation. In addition, transportation costs are high and the government bureaucracy can be cumbersome and slow. Given Niger's low literacy rate, a trained labor force and service providers are not widely available.

A2. Conversion and Transfer Policies

Niger maintains an exchange system that is free of restrictions on payments and transfers. Investment capital and returns to capital can be transferred to and from Niger through French banks. Niger is a member of the CFA (Communauté Financière Africaine) zone ("franc zone") and the West African Economic and Monetary Union (WAEMU). The CFA franc is fully convertible into French francs (fixed at CFA 100 per French franc) and Euros. There are no restrictions on foreign exchange and the international investor community has not complained of difficulty in the transfer of funds.

OPIC has no projects in Niger. The current exchange rate is approximately 700 CFA francs to the dollar. However, the rate changes in line with fluctuations in the French franc/U.S. dollar rate and has ranged from CFA 680 to 735 to the dollar in recent months.

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A3. Expropriation and Compensation

The investment code guarantees that no business will be subject to acts of nationalization or expropriation, except when deemed "in the public interest" as prescribed by the law. The code requires that the government compensate any expropriated business with just and equitable payment. No expropriations have taken place in recent years and, given the government policy of promoting private industry, none are expected.

A4. Dispute Settlement

There have been no investment disputes involving either U.S. or other investors in Niger. Niger has a court system to, inter alia, protect property and commercial rights. The investment code also provides for the settlement of disputes and indemnification either by arbitration or recourse to the international center for settlement of disputes on investment, which was created in 1965 by the World Bank.

A5. Performance Requirements/Incentives

Performance requirements are not imposed as a condition for establishing, maintaining, or expanding foreign direct investments. Incentives do, however, increase as the size of the investment and number of jobs created increase.

The investment code offers generous, VAT-inclusive tax exemptions, depending on the size of the business. Potential tax exemptions include: start-up costs; property, industrial and commercial profits; services and materials required for production; and energy use. Exemption periods range from 10-15 years and also include waivers of duties and license fees.

A6. Right to Private Ownership and Establishment

By law and in practice, foreign and domestic private entities have the right to establish and own business enterprises and engage in all forms of remunerative activity. Private entities can freely establish, acquire, and dispose of interests in business enterprises. Legally established private sector companies have the same access to markets, credit, and other business operations as do public enterprises (parastatals). The government is receptive to foreign interest in acquiring ownership in privatized parastatals.

A7. Protection of Property Rights

Niger is a member of the West African Intellectual Property Organization (OAPI), which establishes the legal framework for protecting intellectual property and approves requests for registration. Protection is initially granted for 10 years and is renewable for up to another 10 years.

As a signatory to the 1983 Paris Convention for the Protection of Industrial Property, Niger

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provides national treatment under Nigerien patent and trademark laws to foreign businesses. Niger is also a member of the World Intellectual Property Organization and a signatory to the Universal Copyright Convention. Trade secrets can be adequately protected within individual business agreements in Niger.

A8. Transparency of the Regulatory System

The current investment code, last revised in 1997, reduced bureaucratic obstacles to foreign investment and enlarged the scope of industries accorded special incentives to include air transportation and the construction and equipment of hotels. The government now promises to approve an investment three months from the date of application. Nevertheless, investors should be prepared for delays caused by the process of acquiring inter-ministerial approvals.

While efforts continue to make the tax laws more transparent, investors find it useful to specify financial obligations, such as tax liability, in individual business agreements.

An updated petroleum code, based on international standards, was adopted in 1992. In 1993 the government also revised the mining code. It offers specific incentives beyond those listed in the investment code: a five year income tax holiday for large mines (two years for small mines) and exemption from customs duties on imported equipment for use in mineral exploration or mining operations.

A9. Efficient Capital Markets and Portfolio Investment:

The GON's policies do not limit the free flow of financial resources. Credit is allocated on market terms and foreigners do not face discrimination in obtaining it. However, generally only well-established businesses obtain bank credit as the cost of credit is high. Banks offer only a limited array of financial instruments: letters of credit and short- and long-term loans.

A10. Political Violence

There have been no incidents in recent years of politically motivated damage to development projects or installations. The 1995 peace settlement between the government and Tuareg separatists ended an armed conflict that had been going on for four years in northern Niger. The government has pledged to commit resources to the north, which might help to open up the area to business investment and tourism. Agadez and Arlit (including the two uranium mines) are well-policed and safe. Occasional banditry can make travel dangerous in the easternmost areas of Niger along the border with Chad.

A11. Corruption

Though the government is trying to put a stop to corrupt practices, they do occasionally still occur. Foreigners are instructed not to pay bribes to any policemen, border guards, or other government officials. Bureaucratic processes are slower than American standards, but this is due more to inefficiency than to corruption.

B. Bilateral Investment Agreements

Niger's bilateral investment agreement with the United States dates from September 1962. Foreign investment in Niger, however, is predominantly French or has some French participation. The investment code makes no distinction between investors' countries of origin. Niger's government welcomes foreign direct investment, regardless of source. Niger is a member of the Economic Community of West African States (ECOWAS), the West African Economic and Monetary Union (WAEMU), and the Lome Convention.

C. OPIC and Other Investment Insurance Programs

While Niger is eligible for coverage under OPIC programs, OPIC has not been involved in any investment to date. Sectors for potential investment guarantees include: gold and other mineral mining and processing, petroleum production, fruit, vegetable and meat processing, semi-finished hide production, and small-scale manufacturing. Export-Import Bank approved a short-term export credit insurance of \$US 50,000 on used clothing and shoes from an American company, Network and Trade, Inc. of Wilmington, NC, to a Nigerien company, Ets. Elhadj Sani Gonkid.

D. Labor

The supply of skilled workers, technicians, and professionals is limited. There are no more than 65,000 salaried, formal sector workers, half of whom are employed in the public sector. 95 percent of the country's population makes a living from agriculture, herding, petty manufacturing or artisanal production, and informal trading. Wages are low.

Labor-management relations are generally good. However, the National Federation of Labor Unions (USTN) is well-organized and occasionally presses its salary, benefit and other demands (mostly for civil servants and parastatal workers) with limited strikes. However, high rates of unemployment and the threadbare state of public finances limits USTN's leverage. Labor law and practice conforms to International Labor Organization (ILO) principles.

E. Foreign Trade Zones

With no access to the sea, Niger's imports arrive via the ports of Cotonou (Benin), Abidjan (Cote d'Ivoire), Lome (Togo), and sometimes Lagos or Port Harcourt (Nigeria), or are sent airfreight, usually from Paris. Due to a transport agreement with Benin, the GON favors Cotonou. Niger has not established any free trade zones.

F. Foreign Direct Investment

Since the CFA devaluation made local inputs for import substitution or export much less expensive for foreign investors, Niger's investment potential has improved. U.S. companies have been active in petroleum exploration. Exxon maintains a concession in southeastern

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Niger near Lake Chad. Hunt Oil Company explored and did some drilling for petroleum in the Djado Plateau of extreme northeastern Niger. Other U.S. companies have shown interest in the gold mining and telecommunications sectors.

Although French businessmen have been reducing their presence in Niger since the uranium bust in the 1980's, France remains the major source of much equipment and other manufactured goods.

Official statistics show Niger's second largest trading partner, after France, to be Nigeria. Nigeria, however, is Niger's largest trading partner when informal trade is also counted. South and East Asian countries also provide foodstuffs (rice from Pakistan, etc.) And inexpensive manufactured goods (China, India, etc.). Niger also has trade relations with Germany, Saudi Arabia and the Gulf states, Holland, the United Kingdom and, in the region, with Ivory Coast, Ghana, and Benin.

Foreign capital investments:

Name	Product	Millions US\$	Country
Sonichar	Coal	5.8	France
Somair	Uranium	8.2	France, Germany
Cominak	Uranium	6.3	France, Japan, Spain
BraNiger	Brewing	2.7	France
STIN	Telecom	2.5	France/Niger
SPCN	Soap	0.4	Netherlands
SNDT	Steel	0.4	France
Nigeral	Aluminum	0.4	Pakistan, France

VIII. Trade and Project Financing

Banking system: The banking system is served by only one modest-sized local bank, BIA Niger, which has close connections with the French banking system. There are several small commercial banks: Sonibank (Societe Nigerienne de Banque), Bank of Africa, BCN (Banque Commerciale du Niger, a Libyan-Nigerien joint venture), Credit du Niger, Banque Islamique du Niger (with Saudi and Islamic Development Bank ownership) and Ecobank which opened in July 1999.

In 1995 there was a run on the Meridian-Biao Niger bank (predecessor of BIA Niger) precipitated by the liquidation of the Meridien International Bank in Paris. The Minister of

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Finance intervened to restore public confidence and other local banks offered cash loans to help Meridien-Biao Niger through the crisis. Since that incident, the banking system in Niger has functioned normally.

Foreign exchange controls affecting trade: The exchange system is free of restrictions on payments and transfers. Investment capital and earnings on invested capital -- dividends, interest, loan and lease payments, royalties, and fees -- can be transferred to and from Niger through France.

General availability of financing: While the government's financial policies do not limit the free flow of capital, the private banking sector is small and conservative. Generally only well-established businesses obtain bank credit and the cost of credit is high. Banks offer only a limited array of financial instruments: letters of credit and short- and long-term loans.

ExIm Bank has also provided financing for export sales to Niger.

Citibank of New York is the major correspondent bank for Ecobank of Niger.

IX. Business Travel

Business customs: Nigerien culture is largely traditional, and most potential business partners are practicing Muslims. Getting to know individuals is very important and taking time for visits and meals together is recommended. Rushing matters is unseemly and may only serve to destroy confidence in a foreigner's good intentions. Nigerien business people also like to be able to see and feel the merchandise before entering into any agreements, no matter how basic the product.

Travel advisory and visas: Visitors may travel freely in most parts of Niger. However, overland travel in along the Algerian border and in easternmost Niger, unless escorted, can be dangerous due to the remoteness and to occasional banditry.

A visitor must obtain a Niger visitor visa prior to arrival. A visa, initially valid for three months, may be obtained from the Embassy of the Republic of Niger in Washington, D.C., or from another Nigerien diplomatic mission. A residence permit valid for two years and renewable for further periods of two years can be obtained after arrival in Niger. A visitor must also have proof of yellow fever vaccination.

National holidays (including Muslim holidays with variable dates dependent on the lunar calendar) include: January 1, Ramadan (Muslim holiday in February), Easter Monday, April 24 (Concord Day), May 1 (Labor Day), Tabaski (Muslim celebration in April or May), Mouloud (Mohammed's birthday, in June or July), August 3 (Independence Day), December 18 (Republic Day), and Christmas.

Business infrastructure: The official language of Niger is French, and most potential business partners and government officials speak it. Niamey has a small, modern airport

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with several Air France, Air Afrique, Air Algerie, and Royal Air Maroc flights weekly. Most sizable towns within Niger have small airports, but domestic service is limited to spotty charter service. Niger is served by a network of modern paved roadways stretching across the populated southern region from Burkina Faso to Chad. Branch highways extend north to Tahoua, Agadez, and Arlit. Other good roads connect with Nigeria and Benin.

Niamey has one modern four star hotel (Sofitel Gaweye) and several other acceptable, though not lavish, hotels. Regional cities have modest accommodations that are below the standards that most Western business people are accustomed to. Niger's climate is generally very hot (100-120 degrees Fahrenheit) and dry for most of the year, although temperatures moderate during the summer rains (July–September) and in the winter (mid-November–mid-February). Water-borne and air-borne diseases are prevalent.

U.S. business travelers are encouraged to obtain a copy of the "Key Officers of Foreign Service Posts: Guide for Business Representatives" available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; tel. (202) 512-1800; fax (202) 512 2250. Business travelers to Niger seeking appointments with U.S. Embassy Niamey officials should contact the commercial section in advance. The commercial section can be reached by telephone at (227) 72-26-61, fax (227) 73-31-67, or email at usemb@intnet.ne or econn@intnet.ne.

X. Economic and Trade Statistics

Appendix A. Domestic Economy

Note: The CFA franc was devalued 50 percent in January 1994 to CFA 100 per French franc from the previous rate of 50 to one.

-- Gross Domestic Product:

1996 -- \$1.22 billion (CFA700/\$1)

1997 -- \$1.27 billion (CFA700/\$1)

1998 -- \$1.40 billion (CFA700/\$1)

-- GDP growth rate:

1998 -- 10.3 percent (estimate)

-- GDP per capita:

1996 -- \$157 (CFA700/\$1)

1997 -- \$161 (CFA700/\$1)

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1998 -- \$200 (CFA700/\$1)

-- Government spending as percent of GDP:

1996 -- 10%

-- Inflation: Niger has maintained the West African Economic and Monetary Union (WAEMU) and Bretton Woods institutions' target rate of a 3% annual rate since January 1998. The government consumer price index rose 42 percent in the first three months after the January 1994 devaluation of the CFA franc. There are substantial seasonal and local variations in prices, especially for food items. With the adoption by WAEMU of the price harmonized index, the inflation rate has been 5% for the member states.

-- Unemployment: Only a small percentage of the economically active population is employed in the formal sector. An estimated 85 percent depend on subsistence farming. Most other workers are petty traders active in unlicensed and untaxed informal activity. Formal sector employment totals only 65,000 jobs, half found in the public sector. Accurate unemployment statistics exist only for the fraction of unemployed recorded by the government employment service, about 25,000 job seekers in each of the last several years. (Note: The consistency of that figure suggests that it represents the capacity of the employment service to register job seekers, not the number of unemployed seeking work.)

-- Average exchange rate has varied between CFA 680 and 735 to the dollar in recent months, representing fluctuations in the exchange rate of the Euro and French franc, to which the CFA franc is pegged, against the U.S. dollar.

-- Foreign debt: Niger's foreign debt as of December 31, 1998, totaled CFA 858 billion (\$1.23 billion at an exchange rate of CFA700/\$1).

-- U.S. assistance to Niger: Before the coup of January 1996, USAID supported approximately \$20 million in programs. These activities were terminated, except for democracy and governance activities, a rural micro-project development fund, and other small projects managed by non-governmental organizations. However, the success of the current government's democratization efforts could lead to more significant aid in the near future.

Appendix B. Trade Statistics

Note: 1) Values are C.I.F. basis, 2) Imports include those brought into country duty-free under bilateral or multilateral assistance program agreements, 3) Source: Niger's Ministry of Commerce, 4) GON trade data are often incomplete.

-- Total Niger exports:

1996 -- \$187 million (700 CFA/\$)

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1997 -- \$187 million (700 CFA/\$)

1998 -- \$203 million (700 CFA/\$)

-- Total Niger imports:

1996 -- \$211 million (700 CFA/\$)

1997 -- \$245 million (700 CFA/\$)

1998 -- \$280 million (700 CFA/\$)

-- Niger imports from U.S. in 1998:

1. Wheat \$.96 million (700 CFA/\$)

2. Chemicals \$1.9 million (700 CFA/\$)

3. Cloth \$1.94 million (700 CFA/\$)

4. Computers and parts \$.63 million (700 CFA/\$)

5. Vehicle, engines and parts \$5.19 million (700 CFA/\$)

6. Telecommunications equipment \$.54 million (700 CFA/\$)

7. Others \$8.47 million (700 CFA/\$)

-- Total Niger imports from U.S. in 1998: \$19.64 million (700 CFA/\$)

-- Niger exports to U.S. in 1998:

1. Well drilling equipment (re-export) \$1.61 million (700 CFA/\$)

2. Other \$.31 million (700 CFA/\$)

-- Total Niger exports to U.S. in 1998: \$1.92 million (700 CFA/\$)

XI. U.S. and Country Contacts

1. U.S. Embassy Niamey

Matthew McKeever, Economic/Commercial/Consular Officer

Address: Department of State-Niamey, Washington, DC 20521-2420 or

BP 11201 Rue des ambassades, Niamey, Niger

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Phone: (227) 72-26-61

Fax: (227) 73-31-67

E-mail: usemb@intnet.ne / econn@intnet.ne

Web page: <http://www.gsi-niger.com/cca-usis/wwwwhcom.htm>

2. Chambre de Commerce, d'Agriculture, d'Industrie et d'Artisanat de la Republique du Niger

Mrs. Balla Mariama, Director, Nigerien Center for Foreign Trade

Address: BP 209, Niamey, Niger

Phone: (227) 73-22-88

Fax: (227) 73-46-68

Mrs. Aissata Sadou, Secretary General of the Chamber

Address: Place de la concertation

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Phone: (227) 73-22-10 / 73-35-63 / 73-51-55

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3. Cellule de Coordination du Programme de Privatisation

Aissa Miginyaoua, Coordinator

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4. Ministry of Commerce

Mrs. Souley Mariama Zada, Director of Foreign Trade

Phone: (227) 73-29-74

Fax: (227) 73-22-50

Haboubacar Maman, Secretary General of the Ministry

Address: P.O. Box: 480 Niamey

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5. Ministry of Planning

Mr. Yacouba Abou,

Director of Studies, Economics and Analysis

Address: P.O. Box 389, Niamey

Phone: (227) 72-36-00, ext. 3620

Mr. Chetima Moustapha, Deputy Director of Studies, Economics and Analysis

Address: P.O. Box. 389, Niamey

Phone. (227) 72-32-39

Mr. Morou Elhadj, Secretary General

Phone. (227) 72-22-33

Bouzou Adamou, Director of Statistics

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6. Ministry of Finance and Economic Reform

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Mr. Abdou Soumana, Secretary General

Address: Ministère des Finances et des Reformes Economiques, Niamey

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Fax: (227) 72-33-71

Lamine Zeine Ali, Director of Public Debt

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7. Ministry of Mines

Mr. Oumarou Hamadou, Secretary General

Address: Ministère des Mines et de l'Énergie

Phone: (227) 72-38-51

Fax: (227) 73-27-59

8. Meridien Biao Bank

Mr. Kone Alhassane, Deputy Director General

Address: P.O. Box 10350, Niamey

Phone: (227) 73-31-01

Fax: (227) 73-35-95

9. Sonibank

Mr. Moussa Haitou, Director General

Address: P.O. Box 891, Niamey

Phone: (227) 73-46-43/47-40

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Fax: (227) 73-46-93

10. U.S. Department of State Office of Business Affairs

Phone: (202) 746-1625

Fax: (202) 647-3953

11. U.S. Department of Commerce

Multilateral Development Bank Office

Janet Thomas, Acting Director

14th and Constitution, NW

Washington, DC 20007

Phone: (202) 482-3399

Fax: (202) 482-5179

12. TPCC Trade Information Center in Washington

Phone: 1-800-USA-TRADE

13. U.S. Department. of Agriculture

Foreign Agricultural Service

Trade Assistance and Promotion Office

Washington, DC

Phone: (202) 720-7420

14. Overseas Private Investment Corporation

Phone: (202) 336-8799

XII. Market Research

-- IMI, August 25, 1999: The Government of Niger opened bids for the privatization of Sonitel, the parastatal telecommunications company.

-- IMI, November 30, 1999: The Government of Niger opened bids for the privatization of the Hotel Sofitel Gaweye.

XIII. Trade Event Schedule

November 10-13, 2000: Festival International de la Mode Africaine (FIMA) in Niamey.

June 2001: Regional trade show in Abidjan, République de la Côte d'Ivoire.