



MASTERING YOUR MARKET UNDER AFCFTA - BENIN

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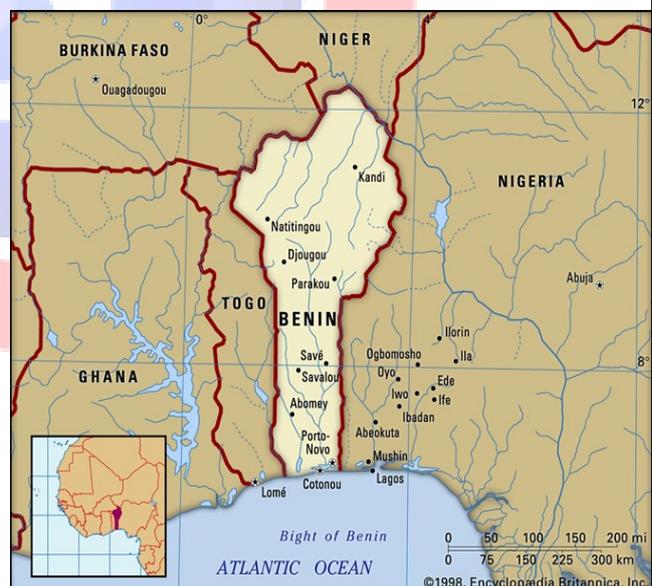


OVERVIEW OF BENIN

Republic of Benin has a population of about 11.5 million people and it is the 39th largest country in Africa in terms of land mass. It is the 23rd largest economy in Africa, and it is classified as a lower-income country. It is located in the West African region, surrounded by countries like Togo, Burkina Faso, Nigeria and Niger Republic. The sales of Raw Cotton (28.6%), Petroleum (23.5%) and its derivatives accounts for over 50% of its export revenues of the revenue. Republic of Benin is among the Southern African Development Community (SADC) countries. The market opportunities and the demographics of the country has made this African market to become a place to explore by African exporters under AfCFTA.

ECONOMIC SNAPSHOTS

Benin has a coastline of 124km and a predominantly Christians (52.2%) nation, 24.6% practice the Islamic Faith and 17.9% practice Vodun (voodoo). French is the official language, Fon and Yoruba are other languages spoken in the country. It is a low-income country with a per capita income of about \$1,207 (2019 est.). The GDP was about \$15.65 billion in the year 2020. 26.88% was attributed to Agriculture, Services contributed 48.03% of the GDP while the level of urbanization is 47.86% as at 2019. The major products produced are Cotton, Corn, Cassava, Yam, Bean, Palm Oil,



ECONOMIC SNAPSHOTS

Peanuts, Cashew, livestock, Textiles, Food Processing, Construction material, Cement. Industries contributed 16.31% (2019 est). The inflation rate is 5% (2020 est.), the literacy rate is 42.4%, while 65.92% of the country's population is between 1-24years of age.

The major agricultural products produced in Benin include Banana, Sugacane, Coffee, corn, cotton, Cassava, tobacco and Livestock while the industries in the country produce petroleum, cement, metal Products, brewing, Tobacco products, sugar, and textiles.



MARKET CHALLENGES

Just like most developing nations, one of the major challenges of running a business in Benin is the unfavourable or strict policies on the part of the government.

The world bank's "Ease of doing business" index ranks Benin republic at 149 out of about 180 countries. This therefore means that Benin republic is a difficult place to do business.

Language barrier is another challenge that a company from an English speaking country would have to contend with, as an interpreter would be needed for communication. Corruption and protracted delays in resolving trade disputes are other issues, but the government have so far taken steps to remedy this.



IMPORT PRODUCTS

In 2019, the total import volume of the Republic of Benin amounts to about \$5 billion. Some of the items imported and the amount include the following:

1. Rice - \$761M
2. Cars - \$315M
3. Palm Oil - \$225M
4. Electricity - \$197M
5. Woven Cotton - \$178M
6. Poultry Meat - \$138M
7. Raw sugar - \$111M
8. Refined Petroleum \$110M
9. Non fillet Fish - \$107M
10. Batteries - \$94.6M
11. Batteries - \$88.1M
12. Mixed Fertilizer - \$87.5M
13. Rubber Footwear \$81.6M
14. Medicament- \$78.4M
15. Pasta - \$63.8M
16. Hot Rolled Iron- \$56.7M
17. Aluminium Bars - \$49.5M
18. Coated Iron- \$38.5M
19. Tomatoes- \$428K

The total service import volume of The Republic of Benin in 2015 is about \$607 million and some of the services imported include the following:

1. Sea Transport- \$279M
2. Air Transport- \$140M
3. Professional - \$92M
4. Computer & — \$20.4M
5. Insurance serv.-\$19.6M
6. Business Travels \$18.1M
7. Other Transport- \$18M
8. Comm. Serv \$10.1M

MARKET OPPORTUNITIES

There are no doubts that there are myriads of challenges that confronts a business operating in Benin, such as erratic power supply and internet connectivity, in addition to issues mentioned earlier, there are a lot of opportunities that can be explored by Foreign businesses in this export market. These include the huge demand for services in the Sea and Air transportation, Professional and Technical services, Computer and Information services, and insurance services.

There is also a huge opportunity in Benin for Foreign Businesses who are interested in selling different manufactured goods in this market. Some processed Agro and manufactured products with huge demands that is worth billions and millions of dollars in the Benin market include Raw Sugar, Electric Batteries, Woven Cotton, Pasta, rubber and leather footwear, Processed Tomatoes, Palm oil, Poultry meat etc.

MARKET ENTRY

Going by the ease of doing business index ranking, it is highly recommended that a businesses looking to enter this market will need to invest time and capital and find a very strong and reliable local partner in the country. The local partner chosen must be one who has sound knowledge of the industry and business culture.

Having a physical presence is encouraged. For investors who wish to establish a business in Benin, the government has established a one-stop-shop to facilitate registration of new businesses (<https://monentreprise.bj/>).

It would be wise for foreign investors and exporters to hire local notaries well in advance to assist with the documentation required

when starting a business in Benin. This would aid such firm to avoid contravening the commercial laws of the Republic of Benin.

IMPORT DOCUMENTATIONS

Documents on to import requirements vary depending on the type of goods imported. In general, importers must submit invoice, bill of lading (B/L), inspection certificate (<https://www.bureauveritas.africa/our-locations>), the importer's import license, attestation of origin of the goods, and an animal or

plant health inspection certificate before clearing goods. Importer is to engage customs registered clearing agents to clear goods. All required documents are handled by such agents. More information on Benin Customs may be obtained at (<https://douanes.gouv.bj/>). The Ministry of Economy and

finance aided by other government agencies like the SEGUB and BFU have established an import clearance process that would fast track the clearance of goods out of the port within 24hours.

SELLING FACTORS

Most consumers have low disposable income, hence they are very price sensitive, both for groceries and durable consumer goods. In this market, availability and proximity are two important purchasing factors, as retailers and consumers typically cluster in established markets. Due to an under-

developed telecoms, postal and IT infrastructure, direct marketing may be ineffective. TV shows, radio, newspaper remains the main form of advert, promotional materials and technical documents should be printed in French. Sales and distribution channels should be targeted at public markets, es-

pecially around the Cotonou axis. This is due to the fact that the population of the country is concentrated there and retailers and consumers coexist and actively transact business.

PAYMENT & EXCHANGE

Transactions requiring foreign exchange must be duly documented and approved by exchange control authorizations. Foreign travel, foreign education, or medical expenses are exempted but within prescribed limits. Expatriates can remit their salaries outside Benin. Transfers within the UEMOA

zone are not subject to foreign exchange controls. Letters of credit, bank drafts, bills of exchange, money wiring, checks, credit cards, and cash are commonly used to make payment for imports.

BUSINESS CULTURE

Business relations are often conducted in person in Benin. Proper attire is a suit or clothing of a similar formality regardless of the weather. Business cards are normally exchanged in initial meetings. Greeting style would include handshake between men, kiss on either side of the cheeks or handshakes between women. It is polite to arrive on time for business appointments but usually people are always running late. Eye contacts are very important when discussing with business part-

ners or prospective partners. Communication tends to be very direct, as there are not too many taboos when it comes to speaking your mind.





IN CONCLUSION

The Republic of Benin market offer a huge opportunity for Foreign (African businesses) under AfCFTA.

Any business looking to enter the Benin market must be ready to put structure in place for a successful venture.

Collaboration with local agents and partners or set-

ting up physically is strongly advised, especially one with a good grasp of the business culture in the country. A lot of sectors in the country holds lots of opportunities as many of them are still green.

Finally, Benin market also gives businesses the opportunity to trade with

other countries in the ECOWAS region.

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