



# MASTERING YOUR MARKET UNDER AFCFTA - BURKINA FASO

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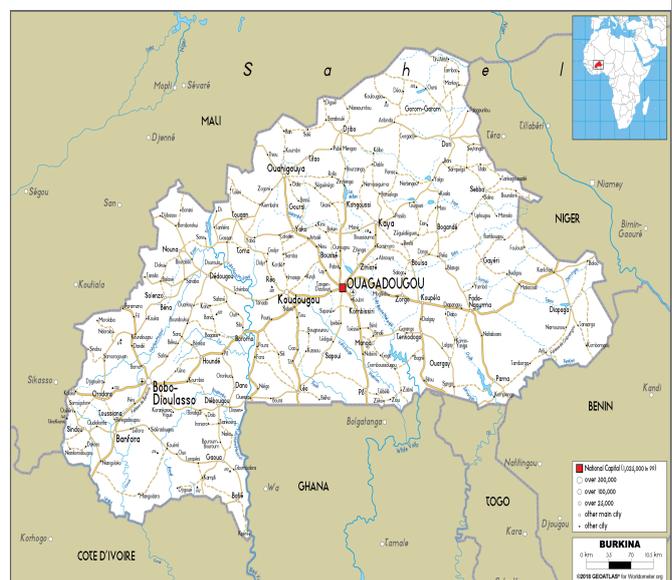


## OVERVIEW OF BURKINA FASO

Burkina Faso is a poor landlocked country and it is among the 15 landlocked countries in the continent. This country previously called Republic of Upper Volta is located in the western region of Africa. Burkina Faso is fairly large with a population of a little over 20 million residents as at 2019. It has boundaries with countries like Togo, Ghana, Mali, Niger, Ivory Coast and Benin. Doing business, Burkina Faso ranked 51 on the ease of doing business out of 180 countries. It was ranked 128 in the world in terms of GDP (in USD), and least developed country. It was also ranked 129 in most complexity index. The country is governed as a semi-presidential republic with executive, legislative and judicial powers.

## ECONOMIC SNAPSHOTS

Burkina Faso in 2018 exported \$5.68B and imported \$4.05B, resulting in a positive trade balance. 80% of the population engage in subsistence farming. The landlocked country also had an export per capita of \$288 and its import was \$205. The French speaking west African nation has significant reserves of gold with a population of over 20 million as at 2020. It has a low income with a GDP value of over 14 billion USD in which the 2019 GDP composition of agriculture, industry and services are 20.3%, 22.4% and 43.96% respectively. Literacy level is at



## ECONOMIC SNAPSHOTS

- 39.3%. Burkina Faso's population below 25 years are cumulatively over 60% and 25-54 is 29.36% and over 65 stands at 3.16%. The major products produced are; cotton, peanuts, shea nut, sesame seeds, sorghum, millets, corn, rice, livestock, beverages, agricultural processing, cotton lint and soap. Burkina Faso largest export trading partner is Switzerland, while its import partner is Cote D'Ivoire.



## MARKET CHALLENGES

Some of the key challenges plaguing the country of Burkina Faso can be traced to poverty. Poverty in Burkina Faso has a rural face with rural poverty of 51 pct. compared to 20 pct. in urban areas.

One of the biggest concerns will be the lack of infrastructure, like poor transportation, electricity etc. Also, because of its geographical location, Burkina Faso is forced to rely on its neighbours like Togo, Ghana and Ivory Coast for port access. There is also

a problem of high cost of energy, uneducated workforce and a weak judicial system

Regardless of relatively sound macroeconomic policies in Burkina Faso, the economy remains fragile due to the country's narrow export base (mainly cotton and gold) and the economy's vulnerability to external shocks, including climate change, trade, and other regional and global developments.



## IMPORT PRODUCTS

In 2019, the total import volume of the Burkina Faso amounts to about **\$3.92 billion**. Some of the items imported and the amount include the following:

1. Mineral products - \$3.92B
2. Machines - \$762M
3. Chemical product- \$489M
4. Transportation- \$433M
5. Foodstuff - \$304M
6. Metals- \$241M
7. Plastics & Rubber -\$207M
8. Vegetable Products \$202M
9. Textiles- \$138M
10. Animal Products- \$94.5M
11. Paper goods- \$79.8M
12. Animal & Veg.- \$56.6M
13. Instruments- \$50.2M
14. Stone & Glass- \$32.2M
15. Miscellaneous- \$30.1M
16. Footwear - \$16.1M
17. Wood products- \$15M
18. Weapons— \$6.06M
19. Animal Hides— \$2.88M
20. Precious Metals— \$714k
21. Art & Antiques- \$65.3K

The total service import volume of Burkina Faso in 2019 is about **\$1.42 billion** and some of the services imported include the following:

1. Transportation- \$704M
2. Other Business— \$143M
3. Insurance serv.- \$140M
4. Financial Service- \$111M
5. Computer & Info- \$100M
6. Const. Serv. \$73.7M
7. Personal Travel- \$72.3M
8. Business Travel— \$46.8M
9. Personal & Culture-\$25.5M
10. Govt. services— \$5.91M

## MARKET OPPORTUNITIES

Despite the challenges a business in Burkina Faso would face, opportunities abound for Nigerian businesses in the export market.

Burkina Faso is political stable and offers potential to exploit the larger West African francophone market. Burkina Faso is a member of the West African Monetary and Economic Union (WAEMU) and its currency is the CFA. The CFA Franc is backed the French treasury, trade at a fixed rate with the Euro and is fully convertible. Competitively priced products

Such as pharmaceuticals, medical supplies, packaging equipment and materials, mining and road building equipments, fertilizer and chemical products have a great advantage in entering into enter the market.

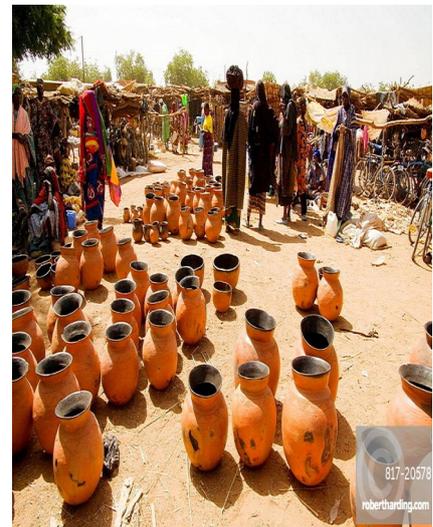
Also, as Burkina Faso is an emerging market, there are still few private Burkinabe companies with the level of experience and expertise often sought after by export companies.

## MARKET ENTRY

Burkina Faso has a unique economic landscape, hence, there are not many pathways of gaining entrance into the market. Getting a physical presence in the country is advised, also, a business should consider carefully selecting a local agent who speaks French and is familiar with local customs and cultures. Having a skilled and dedicated local agent on the ground

who can follow up on business proposals and seek out business opportunities is imperative for doing business in Burkina Faso.

A hard-sell approach to promoting products or services, without taking the time to build relationships with potential customers or partner will likely be seen as aggressive and could backfire.



## IMPORT DOCUMENTATIONS

Import documentation and customs clearance procedures are essential. State service under the Ministry of Economy and Finance, the Directorate General of Customs (DGC) is responsible for implementing and enforcing laws and regulations applicable to the movement of people, goods,

transportation and capital at the entrance and exit. The law are in line with the policy of the Economic and Monetary Union of West Africa (UEMOA). By regulation, transport documents, certified original invoice and packing list is needed for custom processes. Also, Phytosanitary certificate or certificate

certificate of exception from DGC is required. Customs and other import duties in Burkina Faso was reported at 13.02 % in 2019. Although specific products have their import tariff VAT stands at 18%. CIF method, which means imported goods as well as shipping costs is used in duties.



## SELLING FACTORS

Burkina Faso level of literacy is extremely low and French is their lingua franca while much of the population in the suburbs speak their local dialects. It is important to as an importer who is choosing the market to target the larger population will also be knowledgeable about the product and help the people

understanding the products in their local language. With its links to other West African countries, the market for selling imported good has widen significantly. Burkina Faso is political stable and offers potential to exploit the larger West African francophone market. Also,

Burkina Faso is an emerging market with a lot of potentials for growth. In addition to this, the use of radio, television and newspaper are also more effective in reaching consumers.

## PAYMENT & EXCHANGE

Business investing in Burkina Faso should aware that the preferred method of doing business for day-to-day purchases is in cash. More and more companies are accepting electronic funds transfer and mobile cash payment

-cent times. Suppliers may expect 50%-75% advance before any transaction. Foreign investors have the right, subject to foreign exchange regulations, to transfer dividends, returns on the capital invested in th same currency used in the initial investment.

## BUSINESS CULTURE

The business culture in Burkina Faso is a formal. Greetings and titles are part of the formalities. Proper attire is suit and tie regardless of the weather. Business cards are normally exchanged in initial meetings. Establishing a personal relationship with business partners is a critical factor in the successful negotiation of major projects, government procurement or in developing long terms busi-

-ness relationships. Most business transaction are still conducted face-to-face. Meetings may involve a large number of people who speak formally and at length on a given subject.

Organization hierarchies are widely respected, and accomplishing a task or getting information quickly requires knowing the appropriate person to approach.



*“the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed un-equally”*



## IN CONCLUSION

Burkina Faso market offer a good opportunity for importer and African businesses under AfCFTA.

Any business looking to enter the Burkina Faso market must be ready to learn the French language so as to communicate product value to

its people. There is a need for collaboration with agents and partners or setting up physically in the country.

Price competitiveness is an important factor because of their sensitivity to price. The Government through the Inspection Generale de Affaires

Economique (IGAE) regulate prices of essential products like rice and cooking oil.

The ECOWAS common external tariff which is effective in 2015, further result in liberalization of goods and services in the region.

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