-Madagascar-

last updated on 2002-02-13

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GENERAL FEATURES OF TRADE POLICY

Madagascar is one of the least developed countries. Agriculture accounts for some 30% of GDP.
Because Madagascar is dependent on commodities for its export earnings, its terms of trade have deteriorated as commodity prices have generally declined. Madagascar's manufacturing sector (12% of GDP) is underdeveloped.
The services sector, approximately 52% of GDP, is predominately characterized by commodity transport, construction and public works, telecommunications, and tourism. A large informal sector exists to the detriment of the formal sector. Madagascar's GDP growth increased markedly over the period 1995-99.

Madagascar became a member of the WTO on 17 November 1995, having signed the Final Act of the Uruguay Round and the Marrakech Agreement on 15 April 1994. Madagascar grants at least MFN treatment to all its trading partners. As with other WTO Members, Madagascar has adopted in their entirety the results of the Uruguay Round. As a least developed country, Madagascar benefits from the special and differential treatment afforded developing countries in the form of exemptions or delayed implementation of certain provisions. Madagascar is not currently involved in any dispute settlement proceeding under the WTO.

Under the Cotonou Agreement (successor to the Lomé Convention), many Malagasy exports to the EU enjoy non-reciprocal preferential treatment in the form of exemption from import duties.
Madagascar's main trading partners are the European Union, the United States, and Japan. Madagascar's exports are primarily agricultural commodities, mainly shrimps, coffee, vanilla, cloves and clove essence. Machinery, transport equipment, food, fuel, and chemicals are the major imported products. Due to the decline in agricultural production during the past few years, largely attributable to climatic conditions, food and foodstuffs imports have increased.

The implementation of the privatization program has contributed to significant liberalization of the services sector; the national carrier (Air Madagascar), the airport authority (ADEMA), and Telma (the incumbent supplier of basic telecommunications services, currently owned at 66% by the State), were among the companies earmarked for privatization before the end of 2001. Madagascar's commitments under the GATS, limited to certain business activities, do not reflect its liberalization efforts in the services sector.
Once completed, the ongoing implementation of the privatization programme will further liberalize the economy, including the services sector, and contribute to a better allocation of resources
and improvement of international competitiveness of Malagasy products. The competition policy may need to be adapted to the new economic environment through the enactment of the two bills that have been awaiting adoption for some years. This will ensure that privatization does not result in the transfer of monopolies originally held by state-owned companies to private enterprises
Improvement of the low level of Madagascar's multilateral commitments, mainly under the GATS, would

create confidence in the irreversibility of the reforms, render them more credible, and enhance Madagascar's adherence to the WTO principles.

The following table is an overview of the tradeflow between the European Union and Madagascar

Section	Year	Import(Euro)	Export(Euro)
Animals & animal products	1996	46,484,750	11,815,640
	1997	56,278,280	14,410,890
	1998	68,068,350	17,296,760
	1999	69,452,000	11,614,920
	2000	95,465,690	10,078,040
	2001	103,995,870	9,637,980
	2002	120,006,940	14,834,090
	2003	129,280,940	17,320,120
Vegetable products	1996	104,416,840	10,905,170
	1997	90,979,470	12,992,790
	1998	102,454,840	16,686,560
	1999	99,659,860	15,284,950
	2000	117,590,950	14,458,770
	2001	118,209,700	14,978,960
	2002	124,929,380	8,877,590
	2003	118,410,370	8,094,390
Animal or vegetable fats	1996	148,590	1,266,510
	1997	154,660	1,021,800
	1998	335,900	1,249,350
	1999	253,250	836,320
	2000	203,210	843,260
	2001	118,630	2,105,860
	2002	99,570	1,969,580
	2003	44,930	2,512,620
Prepared foodstuffs	1996	50,085,370	3,429,720
	1997	41,806,530	5,671,260
	1998	47,622,040	10,176,290
	1999	43,908,310	9,649,930
	2000	40,594,410	10,966,370
	2001	40,664,330	14,066,140
	2002	51,296,460	13,222,850
	2003	72,741,410	14,095,970
Mineral products	1996	7,746,760	3,921,100
	1997	8,118,030	2,362,480
	1998	7,776,700	2,796,070
	1999	9,950,710	2,374,660
	2000	5,874,180	5,477,550
	2001	5,259,340	4,867,480
	2002	4,610,770	2,280,500
	2003	6,846,750	3,832,410
Chemical products	1996	5,103,260	26,475,390
	1997	7,661,720	33,489,010
	1998	6,028,890	39,324,430
	1999	5,396,130	34,621,460
	2000	7,429,370	40,161,260
	2001	8,031,480	43,291,400
	2002	9,589,020	35,898,740
	2003	5,214,140	42,720,140
Plastics & rubber	1996	43,920	9,930,230
	1997	77,300	13,686,340
	1998	59,730	14,081,310
	1999	304,680	11,416,920
	2000	633,770	15,556,400
	2001	1,001,860	17,150,160
	2002	667,010	10,518,140

	2003	452,410	14,674,340
Hides & skins	1996	2,084,090	485,970
	1997	2,061,480	574,170
	1998	1,379,700	666,360
	1999	809,380	851,840
	2000	1,103,130	920,500
	2001	1,270,350	1,075,320
	2002	1,743,720	1,015,090
	2003	1,738,710	1,298,560
Wood & wood products	1996	3,188,420	149,470
	1997	8,189,410	254,170
	1998	12,129,550	337,290
	1999	10,934,920	470,280
	2000	11,025,610	667,840
	2001	12,497,180	946,480
	2002	9,879,030	484,260
	2003	10,114,810	1,017,100
Wood pulp products	1996	213,800	9,374,590
	1997	266,350	11,215,700
	1998	348,940	13,020,280
	1999	230,110	10,605,690
	2000	445,710	15,488,370
	2001	274,510	16,615,420
	2002	465,510	12,944,180
	2003	281,790	19,555,610
Textiles & textile articles	1996	106,978,980	22,116,450
	1997	157,081,190	33,848,250
	1998	188,211,650	51,914,220
	1999	230,827,030	50,173,860
	2000	269,474,610	58,234,840
	2001	274,841,950	59,360,220
	2002	137,174,740	26,588,990
	2003	122,089,260	42,727,190
Footwear, headgear	1996	182,380	494,780
	1997	620,400	837,230
	1998	961,680	1,284,440
	1999	732,290	1,312,470
	2000	560,280	1,280,890
	2001	501,300	1,688,890
	2002	401,280	1,378,200
	2003	218,880	1,754,730
Articles of stone, plaster, cement, asbestos	1996	240,110	4,207,850
	1997	255,670	4,307,310
	1998	184,250	6,208,890
	1999	273,660	7,059,840
	2000	277,200	6,770,890
	2001	448,760	7,703,060
	2002	150,190	4,313,770
	2003	183,610	7,463,640
Pearls, (semi-)precious stones, metals	1996	1,471,660	450,410
	1997	2,377,200	929,810
	1998	2,107,060	1,983,140
	1999	1,811,120	2,095,350
	2000	2,567,620	2,407,590
	2001	3,912,870	3,053,900
	2002	2,259,290	771,630
	2003	2,063,630	931,190
Base metals & articles	1996	241,790	19,692,860
	1997	346,100	25,751,800
	1998	870,790	22,556,920
	1999	467,430	20,233,620

thereof	2000	658,640	25,309,190
	2001	2,100,270	30,720,090
	2002	687,600	16,600,510
	2003	1,364,390	29,380,830
Machinery & mechanical applicances	1996	401,350	66,897,270
	1997	998,280	70,454,160
	1998	3,756,210	88,923,750
	1999	5,247,740	85,936,200
	2000	4,090,920	101,156,800
	2001	4,856,130	117,209,620
	2002	2,321,730	55,599,990
	2003	1,778,470	96,060,120
Transportation equipment	1996	265,520	24,801,220
	1997	79,730	39,951,220
	1998	931,680	37,025,220
	1999	295,640	32,831,440
	2000	267,160	35,943,400
	2001	907,970	48,144,580
	2002	1,273,340	25,806,990
	2003	2,389,950	41,841,840
Instruments - measuring, musical	1996	1,433,980	5,561,190
	1997	1,786,350	6,415,900
	1998	2,269,240	9,202,610
	1999	1,980,320	8,161,040
	2000	3,163,630	8,242,460
	2001	2,521,350	11,296,970
	2002	3,141,450	5,132,880
	2003	2,809,310	10,195,900
Arms & ammunition	1996	0	42,510
	1997	0	76,060
	1998	0	156,540
	1999	0	151,210
	2000	0	133,430
	2001	0	189,830
	2002	1,580	134,350
	2003	0	138,110
Miscellaneous	1996	3,170,840	4,254,520
	1997	3,689,490	6,919,760
	1998	4,824,140	8,020,590
	1999	4,441,650	7,788,790
	2000	5,456,450	9,995,750
	2001	4,127,930	10,187,350
	2002	4,593,130	5,006,810
	2003	3,928,170	8,609,350
Works of art	1996	42,790	0
	1997	58,470	9,550
	1998	76,030	9,970
	1999	87,940	10,230
	2000	86,700	4,300
	2001	137,940	1,240
	2002	169,730	35,030
	2003	270,000	10,300
Other	1996	127,950	714,110
	1997	37,480	431,390
	1998	828,030	160,960
	1999	406,010	289,480
	2000	101,510	2,388,930
	2001	190,070	1,811,500
	2002	590,750	439,340
	2003	187,240	1,333,090

Agriculture and Fisheries
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The agriculture sector, including fishery and forestry, accounts for some 30% of GDP and generates around 40% of merchandise export earnings. According to various estimates, between 75-80% of the population is involved in agricultural activities. Rice is the main staple crop. The main agricultural exports are coffee, vanilla, cloves, cotton, sisal, sugar, pepper, cocoa, and shellfish.

Since the mid 1990s, the Malagasy economy has undergone an ongoing process of transformation that has seen the gradual withdrawal of the Government from direct involvement in production, processing, and marketing activities that can be performed by the private sector. The Government has liberalized the marketing of agricultural products, and input prices have been decontrolled. Subsidies to the agriculture community have been removed, and the monopolies of cooperatives and marketing boards have been eliminated.

Traditional agricultural exports include shrimp, coffee, vanilla, cloves and clove extracts, pepper, sugar, meat, and cocoa.
Tariff protection in agriculture (including fishing, livestock, and forestry) averages 17.7%.

Mining
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Madagascar has substantial reserves of high quality chrome ore, graphite, mica, bauxite, and iron ore. In addition, it has small deposits of a wide variety of valuable minerals, including uranium, quartz, monazite, garnet, amethyst, ilmenite, zircon, and titanium, which are being prospected for and produced on a limited scale. The most important mining activities in Madagascar include chromite, graphite, and auriferous production.

Chrome ore is Madagascar's major mineral (by volume) export; Madagascar is the 10th largest chrome producer in the world. Minerals contribute about 5% of export earnings.

Plans have been developed for bauxite production in the south-east, and for iron ore mining; there has also been prospecting for coal, ilmenite, zircon, phosphates, titanium, lead, and zinc. Since the late 1970s, oil prospecting has been in progress with the involvement of U.S. and EU companies. Small deposits of oil and gas have been found, but it is unclear whether production will commence.

A new mining law was approved by the Government in 1999, and sent to the National Assembly for approval. In addition, the Government is preparing another mining law to promote mining projects of more than US$200 million. The Government's vision for the mineral sector for the next 10-30 years is to have a strong, vibrant, well-organized, private-led sector. Encouragement is being given both to small and large-scale mining projects with emphasis on safety and environmental concerns. The Government target is for the mining sector to contribute at least 10% to GDP; the current level is approximately 1.5%, up slightly since 1994 when its contribution was less than 1%.

Pursuant to Law No. 99-022 of 30 July 1999, a 2% licensing fee is collected on the value of mineral products at first sale.
To ensure that expansion of the mining sector is in conformity with its environmental conservation policies, the Government requires that investors bear the cost of producing an environmental impact statement, and that all operations are carried out in accordance with the Mise en Compatibilité de l'Investissement et de l'Environnement (MECIE).

Services - Communications & Audiovisual
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Madagascar's telephone density is three main telephone lines per 100 people.
Madagascar's telecommunications subsector is undergoing significant change as the Government increasingly recognizes its vital role in economic development. In 1993, the public company in charge of telecommunications and postal services was split; Telecom Malagasy (Telma), is responsible for telecommunications services.

In 1996, the Government began the liberalization process in telecommunications, seeking to improve services by restructuring the subsector and favoring development of private initiatives. Telma was partially privatized: 66% of its capital is still held by the State; and France Cable et Radio (FCR) holds the remainder. Telma is the only supplier of basic telecommunications services; it also manages the network. Further privatization of Telma is under preparation, following which the State will no longer be a majority shareholder. Moreover, four mobile telephone services suppliers (Telecel Madagascar, Sacel Madagascar, Société Malgache de Mobiles, and Madacom) are also operating in Madagascar.

With the assistance of the Office Malagasy d'Études et de Régulation des Télécommunications (OMERT), the Ministry of Post and Telecommunications is responsible for the formulation of national telecommunication policies, as well as network planning. OMERT, inter alia, grants licences, sets and approves standards for radio and telephone equipment, manages frequency resources, and settles disputes in the telecommunications subsector. OMERT is financed with revenue from fees and taxes it collects (e.g. licence and frequency allocation fees).

Prior to providing any telecommunication services, or supplying any equipment, the provider or supplier must obtain either a network licence, an authorization to provide services, or an agreement to supply equipment. The procedures vary depending on the activities of the operator. In principle, in areas where the number of licences is limited for technical reasons, public tendering is required for their allocation. With the exception of tariffs of mobile telephone services (freely set by the suppliers), prices of all the other telecommunications services are subject to approval by OMERT. Interconnection prices are negotiated between the suppliers concerned, subject to approval by OMERT.

Madagascar has not made any specific services commitments under the GATS with respect to telecommunications.

Services - Energy
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The Government's policy in the energy subsector is aimed at: liberalization in order to introduce competition, to the extent possible; improving the transparency of existing regulations, with particular emphasis on pricing policy to promote efficiency and quality of service; protection of the environment and public health in all energy-related activities; promoting public access to electricity and petroleum products throughout the country; promoting the use of local sources of energy, particularly renewable sources; decentralizing policy formulation to promote local infrastructure development and private-sector participation; and promoting the efficient use of energy resources in all economic activities.

Electricity
Only 8% of Madagascar's population has access to electricity. In rural areas, the level of access is less than 1%. Estimates suggest that growth in demand for electricity will be about 7% per year for the next ten years.
Hydroelectric power currently constitutes only 106 MW of electricity generation although there is a potential for about 7,800 MW. About 80% of all electricity demand is met by production from seven hydroelectric power plants; the remaining 20% is met by thermal stations or other hydroelectric power. Madagascar introduced new legislation to open up the electricity generation market to private sector competition. The Government is proceeding with the privatization of JIRAMA, which is the state-owned electricity producer and distributor in Madagascar. In preparation for this privatization, the Government has been formulating sectoral policy and instituting a regulatory structure, which will allow for competition. It was the Government's intention to complete this privatization by 2001.

Services - Financial
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Banks and other financial institutions

Until the early 1990s, virtually all financial institutions in Madagascar were wholly owned by the Government. Banks' operations were under the direction of the Government and competition was non-existent.

In keeping with the Government's reform efforts and the new appreciation of the critical role of financial institutions in the economic reform process, the subsector has been fully privatized. The reform was initiated with the passage of two statutes. These laws and subsequent decrees and regulations created the new structure for the subsector. The Government of Madagascar has recently notified to the WTO a number of regulations governing the activities of banks and financial institutions.

There are seven banks operating in Madagascar, six of which are subsidiaries of foreign banks. There are also two non-bank financial institutions.

The Government still maintains minority shares in three of the banks.

The Banking and Financial Supervision Commission (Commission de Supervision Bancaire et Financière, CSBF) is responsible for supervision of banks and other financial institutions.

The CSBF grants licences for "territorial" banks, which may provide all banking services; "offshore" banks, which may only provide services to non-residents; and other financial institutions. No specific limits are set on the ownership of financial institutions. However, prior authorization by the CSBF is required for a corporation to hold more than 33%, an individual to hold more than 50% and a group of individuals to hold more than 66%.

In order to ensure the safety and soundness of the financial sector, the regulatory and supervisory environment is being modernized consistent with the Basle Committee's Core Principles for effective banking supervision. Financial institutions – in particular, credit unions and institutions in the emerging micro-finance sector – will also be governed by prudential regulations and effective supervision, similar to those applicable to banks.

Insurance services

The insurance market in Madagascar is regulated by Law No. 99/013. The Act brought to an end the Government monopoly in insurance services, which had existed since 1975. The National Insurance Company (NIC), a parastatal organization, is scheduled to be privatized.

The Ministry of Finance is responsible for licensing providers of insurance services. Before an insurance provider may commence operations in Madagascar, it is required to obtain approval from the Ministry of Finance, which, in consultation with the Insurance Council (Conseil des Assurances), assesses the proposed operations of the provider. The licence may be issued for one or more types of insurance policies. The premium rates are set by the Council, subject to approval by the Minister of Finance.

Subsidiaries of foreign insurance companies established in Madagascar are subject to the same regulations as Malagasy companies. Cross-border supply of insurance services is permitted for companies established in Madagascar. However, a Malagasy resident may not take out insurance abroad.

The Government is currently developing regulations on the minimum required capitalization of insurance providers. Insurance providers are required to maintain sufficient assets in Madagascar to cover their obligations and to notify the Ministry of Finance of any changes in assets and ownership of the company.

As at November 2000, no subsidiary of a foreign insurance company has been established in Madagascar.

Services - Tourism and Travel
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The Government of Madagascar places heavy emphasis on the potential of an expanding tourism subsector in economic development and as a source of foreign currency earnings. In 1995, a separate Ministry of Tourism was created to set policy for the development of the subsector. Tourism constitutes around 16.5% of Madagascar's GDP.

Services - Transport last updated on 2002-02-13

Improvement of the transportation system is among the objectives of the economic reform programme of the Malagasy Government. Madagascar's Ministry of Transport is moving ahead with privatization of transport services. Indeed, it is removing itself from the operation of any transportation services, and is focusing its efforts on the planning, policy setting, and monitoring of transportation services. The private sector is expected to provide transport services and to participate in provision and management of infrastructure. New legislation and regulatory structures are being implemented to assure standards of performance, safety, protection of infrastructure, environment, and protection of consumers against monopolistic practices.

Air transport

Liberalization of the air transport subsector has been under way since 1994. In 1997, international services were liberalized. A new regulatory framework was established in 1999, and a new civil aviation regulatory body, Aviation civile de Madagascar, came into existence in January 2000 as well as a new civil aviation law.

Madagascar is pursuing an open-skies policy in parallel with the privatization of Air Madagascar. Charter companies have been permitted into the local market in order to improve competition in domestic air transport. Air Madagascar will continue operating eight national routes for a period of five years, although other carriers will be allowed entry if they meet internationally recognized technical standards.

Madagascar's major airport is Antananarivo/Ivato. The country technically contains 211 airfields, but only around half are usable, and only thirty maintain permanent-surface runways. Madagascar's airports are currently owned and operated by the Government. The Government is planning to privatize airport operations through the granting of long-term concessions to private operators. In addition, SOFITRANS, which operates airport duty-free shops, catering, and aircraft handling services is also scheduled to be privatized.

Madagascar is a signatory to the Chicago Convention, and abides by the standards and practices of the International Civil Aviation Organization.

Maritime transport

Madagascar has 15 ports along its 4,828 km. coastline. The major ports are at Antsiranana, Antsohimbondrona, Mahajanga, Toamasina, and Toliara.

Consistent with reforms under way in other areas, the Government's policy is to promote private-sector enterprises (including harbour services such as pilotage) and to improve the operation and efficiency of Madagascar's ports. Importers and exporters are free to use the service of any freight company. Port facilities are in the hands of the State, and capital improvements are the responsibility of the Government. Port operations have been privatized through a system of long-term concessions.

There are approximately 20 maritime transport companies.

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TARIFFS AND DUTIES

Nature and level of MFN tariffs

Madagascar grants at least most-favoured-nation (MFN) treatment to all its trading partners. It does not apply any seasonal duties, tariff quotas, or variable levies. Customs tariffs are ad valorem. In addition to the customs tariff, Madagascar also levies an import tax on over 80% of tariff lines (4,876 lines) at rates ranging from zero to 30%; the most frequent rates are 5% and 10%. The import tax was established in 1960. Other duties and taxes, including internal taxes (e.g. VAT and excise duties) are also levied on imports (section (ii) above). No distinction is made between domestic and imported products in levying internal taxes.

The simple average of import duties, calculated on Madagascar's tariff schedule of 6,015 lines (HS eight-digit level) is 6%. Rates range from zero to 30%. When the import tax is included, the average rises to

16.2%.
Of Madagascar's 6,015 tariff lines, 27 bear the zero rate. Madagascar has undertaken a comprehensive import duty reform. The most recent tariff schedule was adopted on 26 February 2000; the most frequent tariff rates are 5% (around 45% of tariff lines) and 30%. The Government intends to eliminate the maximum rate of 30% in the future.

The applied tariff structure is somewhat escalatory, in particular for products such as textiles and leather; wood and wooden furniture; paper, printing and publishing; and basic metals. As a result, many processed products face a higher effective rate of protection (ERP) along the processing chain, providing protection for higher-level processing activities. Overall, the average tariff for finished goods is 19%, while the rate for primary products is 15%, and that for semi-processed goods is 11.9%.

Tariff bindings
Madagascar bound duties at a ceiling rate of 30%, and other taxes at 250%, on imports of agricultural products (as defined in Annex I of the WTO Agreement on Agriculture) and of chemical products (HS Chapters 28 and 29). Bindings cover 23.7% of total tariff lines.

Other duties and taxes
An excise duty is levied on a variety of domestic goods and equivalent imported products under the Excise Tariff Ordinance. Products affected are primarily petroleum, alcoholic and non-alcoholic beverages, and tobacco products.
(d) Tariff preferences
Madagascar grants preferential tariff treatment to imports originating from members of the Common Market for Eastern and Southern Africa (COMESA). As at 31 October 2000, Madagascar and eight other COMESA members have completely eliminated customs tariffs (on a reciprocal basis) on intra-regional trade. Likewise, Madagascar and Mauritius have phased out customs tariffs on their bilateral trade; other members of the Indian Ocean Commission are expected to follow suit.

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TRADE DEFENCE INSTRUMENTS

Madagascar does not have legislation on anti-dumping, countervailing or safeguard measures.

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NON TARIFF BARRIERS

Registration and documentation:

Prior to importation, importers must submit to their commercial bank an import data file (Fiche Statistique d'Importation) and a proforma invoice. Copies of these documents must also be provided to the Ministry of Trade for information purposes. The following documents are required for commercial shipments to Madagascar: commercial invoice; bill of lading or airway bill; insurance certificate; packing list; certificate of origin; and certificate of Bureau Veritas inspection.

Inspection, customs valuation, and customs clearance
The Malagasy authorities have had preshipment inspection contracts.
Services provided include quality and quantity inspections; import eligibility; origin and price verification; customs codification and verification; customs valuation; and assessment of import duties.
Preshipment inspection (PSI) is carried out at the point of embarkation. The value, origin, quantity, and quality of the goods are verified prior to shipment. Upon successful completion of the inspection procedures, a Certificate of Inspection (Certificat d'inspection, CDI) is issued. The importer is required to complete an information statement concerning the goods imported (Fiche de Renseignement à

l'Importation, FRI).
PSI is compulsory on all imports equal to or exceeding the value of US$1,000.
Prohibitions, quantitative restrictions, and licensing
Madagascar maintains a limited number of import restrictions. Restrictions currently in force are retained for reasons of health, security or morals, and concern products such as arms, explosives, and radioactive products. Import restrictions also apply to products considered by the Government to be strategic (e.g. vanillin and precious stones). Importation of all these products is either prohibited or requires prior authorization by the relevant Ministry (e.g. Ministry of Defence for arms and explosives; Ministry of Energy and Mines for precious stones).
A prior authorization is also required for imports of telecommunication items and equipment in order to ensure compatibility with established standards.

Standards and other technical requirements

(a) Standards, testing, and certification
Law No. 97-024 of 14 August 1997 governs standards and product
certifications. The Malagasy Bureau of Standards (Bureau de Normes de Madagascar, MBS) is responsible for standards issues.

There are some 63 published product standards. Each published standard is supported by a legal text. Standards are typically adopted from either European or international norms. Standards have been promulgated for, inter alia, essential oils, soap and detergents, batteries, fruit and vegetables, groundnuts, wines, salt, natural textile fibres, and wood products.
A certification office has been established in the Ministry of Trade since 1972. The office checks the conformity of goods and services to national standards, and issues the relevant certificate. Both domestic and foreign producers may use the services of the office.
Madagascar standards requirements do not distinguish between imported and domestically produced goods.

(b) Sanitary and phytosanitary regulations
The Ministry of Agriculture is responsible for the enforcement of Madagascar's phytosanitary regulations. Phytosanitary inspection, and certification of plant and plant products are the responsibility of the Plant Quarantine Office under the Plant Protection Directorate (Ministry of Agriculture). Importers of plants and plant products are required to obtain an import permit prior to importation; present a phytosanitary certificate issued by the exporting country and/or a certificate of re-shipment; submit imported products to phytosanitary control upon arrival; and abide by all phytosanitary regulations of the Plant Protection Directorate.

Law No. 91-008 of 25 July 1991 codifies health and sanitary regulations pertaining to animal health, as found in applicable ordinances and decrees. Veterinary Service agents are responsible for enforcement of the regulations.

Government procurement

Madagascar is neither a signatory nor an observer to the WTO Plurilateral Agreement on Government Procurement. The Ministry of Finance and the Economy, and the Ministry of Public Works set out regulations related to government procurement.
The Ministry of Public Works is responsible for government procurement related primarily to road and building construction. Most ministries are responsible for their own procurement according to guidelines established by the Ministry of Finance and the Economy.
Accounting officers are responsible for direct purchases of office stationery and materials in their respective ministries. Public purchases of other goods and services are made by tender. Open tenders are more common for public procurement of over FMG 1 billion; single tenders are confined to emergency situations. All other public purchases are made through selective tenders (with pre-qualification in certain cases).

Subsidies and other forms of production assistance
Provisions of Malagasy legislation pertaining to investment offer incentives, including reduced tax on

profits, accelerated depreciation on goods related to the investment, reduced customs duties, and exemption from import taxes and excise taxes during the start-up of an investment.
The export-pocessing zones (EPZs) also provide incentives to qualified enterprises. Incentives under the EPZs include exemption from customs duties on imported equipment, exemption from the VAT and excise duties, and other tax benefits.

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INVESTMENT RELATED BARRIERS

Madagascar has made considerable efforts to create an environment conducive to private investment, both domestic and foreign. Foreign direct investment has been liberalized since 1995. With a few exceptions (including in real estate and areas still under State control), 100% foreign ownership is permitted in most economic activities. Incentive schemes are available for investment, mainly in export-oriented activities.

Investment in Madagascar is governed by a variety of laws. Law No. 96-015 of 13 September 1996 provides for general guarantees for investment in Madagascar.
An entity needs to be legally established in Madagascar in order to benefit from investment incentives. The incentives include reduced tax on profits, accelerated depreciation on goods related to the investment, reduced customs duties of 5% on imported equipment, and exemption from import and excise taxes during the start-up of an investment.

Special benefits are directed toward investment in agriculture, fisheries, crafts, manufacturing, mining, energy, tourism (hotels), and transportation. For example, taxes related to the acquisition of buildings is reduced from 12% to 10% for these activities.

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IPR

Intellectual property rights protection in Madagascar is overseen by two government agencies: L'Office Malagasy du Droit d'Auteur (OMDA) is responsible for copyrights; and the Office Malgache de la Propriété Industrielle (OMAPI) is responsible for industrial property rights (patents, trade marks, service marks and industrial designs). OMDA's activities are regulated by Law No. 94-036 of 18 September 1995, and OMAPI's by Ordinance 89-019 of 31 July 1989 and its implementation decree.
Madagascar is a member of the World Intellectual Property Organization (WIPO). It is also a member of the Paris Convention for the Protection of Industrial Property, the Berne Convention for the Protection of Literary and Artistic Works, the Rome Convention, and the Patent Cooperation Treaty (PCT). Madagascar is not yet a signatory of the Washington Treaty on Integrated Circuits.

Madagascar's intellectual property legislation grants protection for the following periods of time: patents, 15 years, renewable for five years; trade and service marks, ten years, renewable for ten-year periods; industrial designs, 15 years; and copyrights, during the life of the author and 70 years after his death. In the case of joint authorship, protection is during the life of the surviving author and 70 years after his death. Anonymously published works and audio-visual works are protected for 70 years from the date of publication. Applied art works are protected for a period of 50 years from the creation of the work.

Madagascar is currently limited in its ability to enforce its intellectual property legislation. Nonetheless, OMAPI is working closely with customs authorities to implement active enforcement at the border. Suspected goods may be seized on the order of court.

Infringers of intellectual property rights are liable to administrative and/or criminal sanctions:

compensation, imprisonment for between six months and three years, and fines of up to FMG 10 million. In case of repetition of the infringement, the sanctions are doubled. Infringements have generally been amicably settled; they have mostly related to trade marks.