

# U.S. Country Commercial Guides



**Madagascar**

**2020**

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## Doing Business In Madagascar

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### Market Overview

Madagascar has made strides over the last five years in improving its growth trajectory and taking steps to open the country up to foreign investment. But fears of political turmoil, as well as private sector concerns about government policy, corruption, and the impact of COVID-19, make it a challenging environment for business.

The country's economy grew 4 percent in 2016, 4.5 percent in 2017, 5 percent in 2018, and 4.8 percent in 2019. A return to constitutional norms in 2013 unlocked many external restrictions imposed after the 2009 coup, including access to key export markets like the United States, the reinstatement of the African Growth and Opportunity Act (AGOA) benefits, and the return of development funding. Much of the growth story is export-led, with mining, textiles, and agribusiness leading the way. With investor confidence returning, the service sector also expanded – particularly in business process outsourcing, call centers, and tourism.

President Rajoelina's blueprint for economic success – the four-year Plan d'Emergence – envisages major infrastructure spending and private sector engagement as the twin pillars of his strategy for economic development. Rajoelina's administration spent much of 2019 drawing up the implementation strategy for the Plan d'Emergence and pursuing foreign investment into Madagascar. Prior to the COVID-19 global crisis, the World Bank had projected a 5.2 percent growth rate for Madagascar in 2020.

COVID-19, however, has stalled economic momentum and Madagascar will likely experience its first recession since 2009, with growth shrinking to -1.2 to -3.2 percent in 2020, depending on how long the pandemic impacts economic activity. This puts at risk the country's five-year trend of steady improvement in economic growth, as well as recent modest gains in poverty reduction and employment. The tourism industry is at a standstill, after seeing a 32 percent increase in visitor arrivals in 2019. The apparel sector, which contributed 5 percent to GDP in 2019, called 2020 "a lost year." This sector, the country's largest source of formal employment, has struggled with supply chain disruptions, order cancellations from Europe and the United States, and interrupted production.

Despite these extraordinary setbacks, there have been some notable positive developments. The government's stimulus plan – called the Multi-Sectoral Emergency Plan – doubles down on President Rajoelina's vision of repairing and expanding the country's decaying infrastructure to promote development. International development organizations have supported the plan with additional funding.

The U.S. market is key to Madagascar's economic success. The United States became Madagascar's biggest single national export market in 2018. Madagascar's exports to the United States totaled \$624.4 million in 2018 (an increase of 18.5 percent over 2017) and \$533.6 million in 2019. Vanilla, cloves, essential oils, textiles, nickel, and cobalt comprise the bulk of Madagascar's exports to the United States and represent about 20 percent of Madagascar's total exports. Prior to the reinstatement of AGOA benefits in late 2014, only 8.6 percent of Malagasy exports went to the United States. U.S. FDI in Madagascar amounted to \$450.0 million in 2015, the last year for which figures are available. While Madagascar's exports to the United States have improved significantly in the last five years, imports from the United States have lagged, dropping to 2.6 percent of total imports (\$105.4 million) in 2018 and 2.1 percent (\$82 million) in 2019. The United States is the fourteenth largest exporter to Madagascar, notably behind countries like China, France, UAE, and India.

### Market Challenges

Madagascar is one of the poorest countries in the world. The World Bank reports that the percentage of the country's population living below the international poverty line of US\$1.90 (2011 purchasing power parity) per day had fallen for three consecutive years to 74.5 percent in 2019, but it remains significantly higher than the regional average of 41

percent that will likely increase to 76.8 percent in 2020. More than 80 percent of the population depends on subsistence agriculture to meet basic needs. Endemic poverty and low purchasing power make Madagascar a challenging market for American imports, particularly for mass consumption products.

The country's limited and dilapidated infrastructure poses significant obstacles to market entry. Road and rail transport infrastructure covers only a small fraction of the country; it is poorly maintained and susceptible to damage from recurrent cyclones and floods. A lack of reliable electricity and water supply has hamstrung the expansion plans of major private sector players. These infrastructure constraints limit production and job creation, impose additional costs on traded goods, and inhibit potential investors.

Madagascar's legal system is based on French jurisprudence. The backlogs in the judicial system, uneven enforcement of existing laws, and lack of transparency in regulatory decision-making make it difficult to do business in Madagascar. Widespread corruption, impunity of elites who use influence and connections to shut out fair competition, and complicity of some government officials further complicate the landscape.

### **Market Opportunities**

Madagascar is a relatively untapped market for U.S. capital and goods and services. As the government pursues its plans for large-scale infrastructure projects, U.S. firms can explore establishing local subsidiaries or partnering with local companies, bringing capital and technical expertise to a market hungry for both.

Over the last five years, the top product categories for U.S. exports to Madagascar were hardware and machinery, aircraft parts, liquefied gas, foodstuff, and apparel. The volume of exports in these categories has room to grow. The government has set up a public procurement agency that will be responsible for the acquisition of a wide range of necessary goods – from petroleum products to staple products. The call for tenders will offer an opportunity for U.S. companies to identify procurement needs and priorities and to compete in a market traditionally dominated by Chinese, European, and Asian companies. As the government and international donors prioritize repair and extension of roads, ports, and airports, American infrastructure companies and suppliers of construction equipment can pursue these opportunities as well.

Madagascar's poor energy infrastructure and desire to embrace clean energy sources present a significant opportunity for U.S. companies, particularly in solar, wind, thermal energy, and hydroelectricity. At present, less than 15 percent of the population has access to electricity, most of which is generated by high-cost, environmentally-unfriendly, heavy-fuel technology; the grid where it exists is limited to urban areas and their outskirts. U.S. companies could export technical know-how and equipment to help national utility JIRAMA build grid capacity, extending its reach and reliability. Unreliable electricity production also presents opportunities for U.S. suppliers. In rural areas outside the grid – where over seventy percent of the population lives -- the access rate is only 4 percent, presenting a market for suppliers of off-grid solutions.

Madagascar's relies heavily on imports of consumer goods from France, China, India and South Africa, including a high-end market of roughly \$750 million. Exports in this arena could target the country's upper middle class and wealthy who, according to the World Bank, comprise 10 percent of the population and are responsible for one-third of consumption.

Madagascar is also eager to tap into the global eco-tourism market, taking advantage of its rich biodiversity and high proportion of endemic plants and animals to attract foreign investors and tourists. Its tourist infrastructure remains limited, offering opportunities for hotel chains, airlines, tour operators, transportation solution providers, and other service providers.

COVID-19 may also offer an unsought opportunity for providers of e-wallets and other methods of cash disbursements and payments to penetrate these much-underserved markets in Madagascar. The pandemic has revealed significant weaknesses in the Madagascar Government's method of disbursing financial aid, and there have been charges of corruption and favoritism at the local level. A third of the population, or 9 million individuals, own mobile phones, another market opportunity for developers of innovative solutions.

## **Market Entry Strategy**

Banks, financial institutions, insurance companies, and telecommunication companies have to comply with specific regulations prior to entry. However, other businesses can enter the Malagasy market freely as long as they comply with local laws. We recommend investors and traders visit Madagascar to better understand the local business environment and market conditions. It is common practice for foreign business interests to work with a local agent or partner, though it is not required. With fraud increasing in recent years, however, it is advisable that companies conduct due diligence through third parties such as law firms or auditors prior to finalizing agreements. Entities that can bring their own capital – equity or credit facilities – are warmly received, as both government and private sector entities are keen to attract foreign direct investment into Madagascar. Financing options within Madagascar are limited as most banks in Madagascar are controlled by foreign parent companies; capital costs are higher, and terms and conditions are more complex than in the United States.

## Leading Sectors For U.S. Exports and Investments

### Power Sector

Under the Rajoelina government’s Plan d’Emergence, access to energy is a cornerstone of efforts to lift Madagascar out of poverty. The objective is to double energy production within 5 years, increase access to electricity for at least 70 percent of the population by 2030, improve reliability of supply, and reduce energy prices. In order to increase access to electricity for 70 percent of households, the World Bank estimates the government would have to increase production five-fold.

### Leading sub-sectors

- Electricity infrastructure
  - Smart grid: smart meters, smart appliances, energy-efficient devices
  - Off-grid and hybrid system (flexible fueling: diesel/heavy fuel oil/solar/wind) required during the energy transition stage
  - Grid transmission distribution
  - Electricity powerhouse and apparatus
  - Transformers

(Figures in thousands of USD)

TRANSFORMERS	2017	2018	2019	2020 (Jan – June)
Total local production	N/A	N/A	N/A	N/A
Total exports	537.8	140.3	61.0	0
Total imports	506.6	187.7	773.7	112.9
Imports from the U.S.	0.1	0	0	0
Total market size	N/A	N/A	N/A	N/A

(Total market size = (total local production + imports) – exports)

Data sources: Madagascar Customs

The HTS code used to produce the tables are the 8-digit code 85042200, representing transformers with power between 650KVA and 10,000 KVA

- Electrical cable High Voltage, Medium Voltage, Low Voltage

(Figures in thousands of USD)

ELECTRICAL CABLE	2017	2018	2019	2020 (Jan – June)
Total local production	N/A	N/A	N/A	N/A
Total exports	40.2	3.1	216.9	0.8
Total imports	3,384.2	3,040.1	1,703.4	926.1
Imports from the U.S.	51.0	22.7	15.9	4.5
Total Market size	N/A	N/A	N/A	N/A

(Total market size = (total local production + imports) – exports)

Data sources: Madagascar Customs

The HTS code used to produce the tables are the 8-digit code 85446000 and 85444200 which are respectively the HTS code of electric cables for voltage greater than 1000v and those less than 1000v

- Renewable energy
  - Hydropower technology, consulting, material and machinery, and controlling expertise
  - Renewable energy equipment: solar and wind energy equipment

### Opportunities

- Investment into hydroelectric and other renewable energy projects
- Set up as an Independent Power Producer (IPP) through concessions or Build/Operate/Own/Transfer (BOOT) mechanisms
- Equipment – hardware and software
- Participation in planned government procurement projects including those funded by development banks

### Resources

- Click [here](#) for the website of the national utility company JIRAMA
- Click [here](#) for the website of the regulator
- Click [here](#) for the website of the Agency for the Development of Renewable Energy
- Click [here](#) for the website of Madagascar Office of Hydrocarbons
- Power Africa is a market-driven, U.S. Government-led public-private partnership aiming to double access to electricity in Africa. It offers private sector entities tools and resources to facilitate doing business in Africa’s power sector. In 2016, the Electrify Africa Act institutionalized Power Africa. Learn more about the full [Power Africa toolbox](#) or other [opportunities offered by Power Africa](#).



## Textile and Apparel Sector

Madagascar ranks first amongst Sub-Saharan African countries in textile exports to the EU and third to the United States. As of December 2019, the textile and apparel industry was the largest formal employer with 400,000 jobs, half of which were in the Export Processing Zone (EPZ). COVID-19 supply disruptions, production delays, and demand drop-offs have cost between 40-50 percent of the sector's jobs in the five months since the pandemic-related shutdowns started in March 2020. Yet the industry has shown great resilience in the past. The industry has a ready supply of low-cost skilled labor and production facilities to create hundreds of thousands of new jobs, if it can regain U.S. buyer confidence and take better advantage of duty-free exports to the United States through AGOA. Once COVID-19 concerns have receded worldwide, Asian producers are likely to resume negotiations to move some of their production to Madagascar to avoid product-origin limits and to take advantage of Madagascar's low-cost, skilled labor.

### Leading sub-sectors

- Yarns

(Figures in thousands of USD)

YARNS	2017	2018	2019	2020 (Jan – June)
Total local production	N/A	N/A	N/A	N/A
Total exports	35	27	50	22
Total imports	22,755	21,392	16,276	6,397
Imports from the US	0	0	0	0
Total market size	N/A	N/A	N/A	N/A

(Total market size = (total local production + imports) – exports)

Data sources: Madagascar Customs

Yarns included have HTS four-digit code 5208, 5209, 5210, 5211, and 5212

- Fabrics

(Figures in thousands of USD)

FABRICS	2017	2018	2019	2020 (Jan – June)
Total local production	N/A	N/A	N/A	N/A
Total exports	1,154	986	820	227
Total imports	77,738	89,783	87,830	40,851
Imports from the US	9	25	182	0

Total market size	N/A	N/A	N/A	N/A
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(Total market size = (total local production + imports) – exports)

Data sources: Madagascar custom

Fabrics included have four-digit HTS code 5204, 5205, 5206, and 5207

- Textile machinery
- Supply Chain Management and capacity building in the textile industry

### **Opportunities**

- U.S. Market through AGOA
- European Union markets
- Regional markets Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), Indian Ocean Commission (IOC)
- Investment in new production facilities or acquisition of existing textile companies

### **Resources**

- The website of the Group of EPZ companies and partners (GEFP) is [here](#)

## **Design and Construction Services Sector**

Investment in modern infrastructure is another cornerstone of the Plan d'Emergence's aim to increase economic growth and alleviate poverty. The administration envisages an ambitious array of infrastructure projects: roads to connect remote areas of the island to urban centers; replacing and building bridges and overpasses; strengthening the public health and education systems; and developing business parks and a new satellite city near the capital Antananarivo.

“Large-scale industrialization will be the driving force for the development of the 119 districts. The objective is to produce locally substantial necessities for the country's needs. To this end, measures will be taken to facilitate the establishment of industries in Madagascar. Actions will be deployed to promote the creation, the development of industries such as food processing, pharmaceuticals, cement, industry, automotive, and industries specializing in solar panel assembly to meet the needs of the public.” – Plan d'Emergence

The construction sector is largely informal and the majority of the country's small building firms are unregistered. Many registered contractors collaborate with their unregistered counterparts, enlisting the services of informal sub-contractors for smaller projects and/or specific tasks. High-value projects are usually awarded to large foreign construction companies through their well-established Malagasy subsidiaries. Over the past five years, the construction industry has contributed an average of nine percent to GDP<sup>4</sup>. If the Rajoelina administration implements its infrastructure plan with new funding allocated under the revised finance law, the sector's contribution to GDP could increase substantially.

### **Leading sub-sectors**

- Architecture services
- Construction services
- Construction technology
- Interior design services
- Landscape design services

### **Opportunities**

- Participation in major infrastructure projects such as roads, bridges, hospitals, schools, disaster recovery preparations.
- Investment in business parks
- Bidding during open call for tenders
- Development and construction of a new satellite city near the capital Antananarivo
- Trade Fairs (Salon de l'habitat de Madagascar)

### **Resources**

- Click [here](#) for the website of the association of public works contractors (SEBTP)
- Click [here](#) for the website of Ministry of Public Works, Madagascar

## Equipment and Machinery Sector

The government's infrastructure development plan, if implemented, will also raise the profile of ancillary industries such as the equipment and machinery sector. U.S. manufacturers of construction equipment, machinery, and tools would have an opportunity to participate in strategic infrastructure development. Madagascar has commercially significant reserves of several mineral resources, including rare earths, uranium, coal, chromite, bauxite, graphite, mica, as well as gold and other precious and semi-precious stones. The development of the sector could present opportunities for U.S. exports of extractive industries goods, machinery, and equipment.

### Leading sub-sectors

- Construction equipment and machinery

(Figures in thousands of

USD)

CONSTRUCTION EQUIPMENT	2017	2018	2019	2020 (Jan – June)
Total local production	N/A	N/A	N/A	N/A
Total exports	1,729	2,069	526	1,146
Total imports	64,043	42,712	29,052	19,972
Imports from the U.S.	7,963	5,298	2,286	3,922
Total market size	N/A	N/A	N/A	N/A

(Total market size = (total local production + imports) – exports)

Data sources: Madagascar Customs

Items used for this table are those with four-digit HTS codes 8428, 8429, and 8430 and items with eight digit HTS code 8431.31.00, 8431.39.00, 8431.41.00, 8431.42.00 and 8431.49.00

- Machinery and tools

(Figures in thousands of USD)

MACHINERY AND TOOLS	2017	2018	2019	2020 (Jan – June)
Total local production	N/A	N/A	N/A	N/A
Total exports	9,285	12,834	10,906	3,633
Total imports	261,807	273,742	262,824	121,536
Imports from the U.S'	34,979	40,705	29,354	15,741
Total market size	N/A	N/A	N/A	N/A

(Total market size = (total local production + imports) – exports)

Data sources: Madagascar Customs

All items starting with two-digit HTS code 84 were used to produce this table, excluding those used in the previous table (construction equipment and machinery)

- Mining equipment and machinery
- Exploratory devices and software
- Drilling machinery and equipment

(Figures in thousands of USD)

DRILLING MACHINERY	2017	2018	2019	2020 (Jan – June)
Total local production	N/A	N/A	N/A	N/A
Total exports	0	0	0	0
Total imports	264.4	217.5	396.3	172.4
Imports from the U.S.	116.1	1.1	0	0
Total market size	N/A	N/A	N/A	N/A

(Total market size = (total local production + imports) – exports)

Data sources: Madagascar Customs

The HTS code used to produce the tables are the 8-digit codes 84304100 and 84304900 which are both drilling machines

- Mining laboratory equipment
- Machinery to process/transform mined products

### Opportunities

- Madagascar Annual Mine Fair (Salon des mines de Madagascar)

### Resources

- Click [here](#) for the website of the Ministry of Mines and Strategic Resources
- Click [here](#) for the website of the Ministry of Industry, Trade and Art
- Click [here](#) for the website of the Association of Industry in Madagascar
- Click [here](#) for the website of Madagascar Association of Public Works Contractors

## Information & Communications Technology (Ict) Sector

Madagascar has a robust ICT sector, with established players dominating the provision of telecommunication services. Madagascar scored 42.86 points out of 100 in the 2018 Global Competitiveness Report published by the World Economic Forum (WEF), a vast improvement from the previous year's score of 3.4<sup>2</sup>. From 2007 to 2017, internet speed ranged between 144.81Kbps and 3788.46kbps while the number of IP addresses (quarterly) for the same period was 3167.00 (lowest) vs. 34386.00 (highest). Madagascar ranked 15 out of 53 African countries and second in Sub-Saharan Africa in terms of internet speed. In the past decade, due to the availability of low-cost, high-quality labor and higher than average internet speed, increasing numbers of call centers and business outsourcing companies have set up shop in Madagascar, while services have also diversified to keep pace.

### Leading sub-sectors

- Cloud computing: access to databases and universal services
- Application software for Enterprise Risk Management (ERM), Supply Chain Management (SCM), Customer Relationship Management (CRM), and collaborative apps
- Computer systems and software: desktops, laptops, notebooks, peripherals, and servers

(Figures in thousands of USD)

Hardware	2017	2018	2019	2020 (Jan – June)
Total local production	N/A	N/A	N/A	N/A
Total exports	19	63	18	34
Total imports	5,078	6,684	6,571	2,300
Imports from the U.S.	170	150	95	15
Total market size	N/A	N/A	N/A	N/A

(Total market size = (total local production + imports) – exports)

Data sources: Madagascar Customs

HTS codes used to produce these numbers are 8443.31.00, 8443.32.00, 8443.39.00 8443.12.00 8443.13.00 for printers, 8528.42.00 8528.52.00 8528.62.00 for monitors, 90.17.20.00 9017.80.00 for computers

- Telecommunication equipment and infrastructure
- E-Commerce
- Call-centers and outsourcing platforms

(Figures in thousands of USD)

Receptors and transmitters	2017	2018	2019	2020 (Jan – June)
Total local production	N/A	N/A	N/A	N/A
Total exports	438	552	362	135
Total imports	21,438	17,241	16,196	9,563

Imports from the U.S.	651	233	378	78
Total market size	N/A	N/A	N/A	N/A

(Total market size = (total local production + imports) – exports)

Data sources: Madagascar Customs

HTS codes used to produce this table are 8527.12.00 8527.19.10 8527.19.90 for receptors and 8517.62.00 and 8517.69.00 for transmitters

### Opportunities

- Investment in fast-growing activities (e-commerce, call-center, outsourcing)
- Planned government procurement
- Participation in Trade Fairs (Salon) to introduce and sell products

### Resources

- Click [here](#) for the website of the regulatory body for telecommunications
- Click [here](#) for the website of Madagascar Telecommunication, Post and Digital Technology
- Click [here](#) for the website of the association of telecommunications operators

## Healthcare Sector

The government's public health policy seeks to establish universal health care coverage for children under age five, pregnant women, and people over 65. It prioritizes the provision of adequate and modern equipment and identifies the need to increase the public health budget. In addition, the government is setting up mobile units to handle aid and health services in remote areas. To ensure quality care, the government has earmarked funds to invest in modern medical equipment and health facilities at regional and district levels under the Multi-Sectoral Plan.

### Leading sub-sectors

- Generic pharmaceuticals

(Figures in thousands of

USD)

Pharmaceuticals	2017	2018	2019	2020 (Jan – June)
Total local production	N/A	N/A	N/A	N/A
Total exports	342	301	186	464
Total imports	81,362	91,609	119,092	47,952
Imports from the U.S.	106	66	102	63
Total market size	N/A	N/A	N/A	N/A

Total market size = (total local production + imports) – exports)

Data sources: Madagascar Customs

Data includes HTS code starting with 3004 and does not break out generic and non-generic medicines.

- Health information technology: advanced application of drones, digitalization of medical records, telemedicine
- Equipment for healthcare facilities: diagnostic laboratory equipment, X-ray and radiation equipment, Dental equipment, Orthopedic equipment, Modern surgical equipment, medical scanning and therapeutic equipment

### Opportunities

- Leasing of modern and expensive health equipment
- Investment in opening advanced healthcare facilities to provide quality services
- Planned government procurement through a sporadic call for tenders

### Resources

- Click [here](#) for the website of the Ministry of Public Health
- Click [here](#) for the website of SALAMA (Central Purchasing Agency of Generic Medicines)

## Financial Services Sector

Despite a difficult local context and the protracted COVID-19-induced business shutdown, Madagascar's financial sector remains dynamic and resilient. There are currently eleven commercial banks, of which nine are subsidiaries of foreign banks. Three are microfinance institutions (MFIs), which have been upgraded and awarded a banking license.



The banking sector is highly concentrated: the four main banks hold 86 percent of loans. According to a recent World Bank report, the banking penetration rate, i.e. access to a bank account or mobile money service for adults was 18 percent in 2017, among the lowest in Sub-Saharan Africa. There is strong competition among microfinance institutions in urban areas, while rural and remote areas are neglected.

As of December 2019, the assets of all eleven banks totaled MGA 12,198 billion (approximately \$3.37 billion) or 24 percent of GDP. Private sector loans amounted to MGA 6,677 billion (\$1.8 billion), or 54.7 percent of total assets and 13 percent of GDP.

In July 2020, Parliament passed a new banking and insurance laws. These laws aim to provide more customer protection by mandating more transparency in the services offered, require companies to secure their IT systems, and provide tools to detect money laundering and terrorism financing. The new banking law can require banks to set aside funds (to be deposited at the Central Bank) to guarantee deposits (on top of the required reserve ratio). The new insurance law puts supervision of insurance companies in the hands of the Banking Supervision Committee (CSBF), rather than the Ministry of Economy and Finance to avoid conflicts of interest, as the major insurance companies in Madagascar are state-owned.

#### Leading sub-sectors

- Banking
- Financial Technology
- Insurance services
- Investment services
- Leasing services
- Private equity

#### Opportunities

- A more clearly-defined legal framework for banking and insurance activities offers opportunities for investment
- Tap into market for cash-transfer technologies for the informal sector

#### Resources

- Click [here](#) for the website of the Ministry of Economy and Finance
- Click [here](#) for the website of the Central Bank of Madagascar

## **Travel and Tourism Sector**

The Rajoelina government has targeted the untapped potential of the tourism sector as a main component of its growth strategy. In setting a goal of attracting 500,000 foreign tourists annually, the government seeks to use tourism as a driver of employment, private sector growth, and foreign exchange earnings. The Rajoelina administration wants to leverage Madagascar's famed biodiversity and 80 percent endemic flora and fauna to entice foreign and domestic travel and investment across the country through partnerships with leading hotel chains, tour operators, cruise ships, and the like.

### **Leading sub-sectors**

- Accommodations: lodgings, hotels, cruises
- Hotel and restaurant equipment
- Air transportation
- Tourist attractions: national parks, marinas
- Travel Marketing Agencies

### **Opportunities**

- Investment
- Acquisition
- Trade Fair (Salon du Tourisme de Madagascar)

### **Resources**

- Click [here](#) for the website of the International Tourism Fair, Madagascar
- Click [here](#) for the website of the National Office of Tourism, Madagascar
- Click [here](#) for the website of Madagascar National Parks

## **Customs, Regulations, and Standards**

### **Trade Barriers / Import Tariffs**

Like many developing countries, Madagascar collects a significant share of government revenue through customs duties and value-added tax (VAT) on imports.

Customs duties range from five to 20 percent (for further details, please click [here](#)) and are modified annually when the budget is developed. The VAT on imports has held steady at 20 percent for several years. While Madagascar does not have significant formal non-tariff barriers to trade, its higher than average customs duties (in comparison with other developing countries) constitute an indirect tariff barrier. About 40 percent of imports are subject to a 20 percent customs duty, with beverages, fisheries, flora and fauna, and textiles being amongst the most protected products. During the COVID-19 pandemic, the government has exempted medical equipment and accessories from import duties. Key sectors like mining and textiles receive fiscal benefits under industrial promotion schemes, including the waivers of customs import duties and VAT.

Countries which partner with Madagascar in preferential trading blocs such as the Interim Economic Partnership Agreement with the European Union (APEi), Southern African Development Community (SADC), the Indian Ocean Commission (IOC), and the Common Market for Eastern and Southern Africa (COMESA) can export their goods into Madagascar without paying customs duties. U.S. firms with manufacturing presences in member countries of those groups can obtain duty-free entry to the Malagasy market under certain conditions.

### **Import Requirements and Documentation**

The following documents are mandatory for importers based in Madagascar:

- BSC (Bordereau de Suivi des Cargaisons, cargo follow-up document) – must be filled up online (click [here](#)) prior to import of shipment to Madagascar Commercial invoice
- Bill of lading or airway bill
- Bank payment
- Packing list
- Import declaration
- Certificate of origin

### **Labeling and Marking Requirements**

For each certified product, the packaged product must be labeled and marked appropriately before it is sold or exported. All perishable foods must be labeled in French, English, or Malagasy (Madagascar's official language), indicating the origin, the sell-by or use-by date, the ingredients, the method of storage, the manufacturer's name and registration number, where appropriate, as well as their intended use. Use of the metric system is compulsory in Madagascar.

For further information about norms and standards that may apply, the point of contact is:

Bureau National des Normes (BNM)  
06 bis Rue Rainandriamampandry, Soarano, Postal code 101,  
PO Box 1316, Antananarivo 101, Madagascar  
Tel: (261 20) 22 279 70  
E-mail: [bnm@bnm.mg](mailto:bnm@bnm.mg)  
Click [here](#) to log on to their website

### **U.S. Export Controls**

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for

processing license applications, counselling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags", or warning signs, and compiled "Know Your Customer" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check a [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the e-CFR (Electronic Code of Federal Regulations) and is updated as needed.

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

### **Temporary Entry**

Madagascar has a temporary admission regime under which certain items may enter duty-free for up to 12 months. These items include imported goods that are expected to be re-exported (as is or after transformation); goods subject to experiment, repairs, and testing; goods exhibited during an international trade fair; and equipment used in public works.

## **Prohibited and Restricted Imports**

Most imports into Madagascar do not require an import license, except for a limited group of strategic items which are specially regulated by the Malagasy government. The importation of radioactive waste from nuclear power stations, pornographic materials, counterfeit products, pirated goods, and those with false labels of origin are prohibited. The imports of products such as arms, explosives, and drugs need prior authorization as do diamonds, gemstones, gold/ platinum jewelry, and vanilla. Madagascar also has special rules for the imports of tobacco leaf and requires import licenses for lubricants. In addition, Madagascar applies the same restrictions and/or concessions as required under the multilateral environmental agreements to which it is party.

## **Customs Regulations**

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

Mr. Lainkana Ernest Zafivanona  
Director General of Customs, Ministry of Economy and Finance,  
Antaninarenina, Antananarivo, Zip 101, Madagascar  
Tel: +261 20 22 229 16; Fax: +261 20 22 646 80;  
Email: Zafivanona.Lainkana@douanes.mg

## **Standards for Trade**

Madagascar's Standards Office (Bureau de Normes de Madagascar, BNM), is responsible for drafting, implementing and enforcing standards in Madagascar. It represents Madagascar in regional and international standards organizations such as the International Organization for Standardization (ISO), the Cycle Engineers' Institute (CEI), the International Organization of Legal Metrology (OIML), and the Codex Alimentarius. When developing standards, BNM follows international norms, mainly those established by ISO. BNM works closely with the Ministry of Industry, Commerce, and Arts and also develops dedicated national standards for some key agricultural exports (such as vanilla, cloves, litchis).

PRONABIO (Natural and Organic Products), a local organization, has developed its own standards, called "NATIORA" to certify its natural goods such as vegetables, spices, and essential oils.

Members of the World Trade Organization (WTO) are required to report to the WTO all proposed technical regulations that could affect trade with other Member countries under the Agreement on Technical Barriers to Trade (TBT Agreement). Notify U.S. is a free, web-based e-mail subscription service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country or countries and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce. Online registration is available [here](#).

## **Testing, Inspection and Certification**

The BNM and the following testing laboratories ensure compliance in Madagascar:

- National Laboratory of Public Works and Building (Laboratoire National des Travaux Publics et du Bâtiment, LNTPB): certification of construction materials (cement, iron, etc.); study of road materials; study of soil in view of construction stability assessment; control of construction; description of maintenance works; training of engineers.
- Antananarivo Laboratory of Chemistry and Microbiology (Laboratoire de Chimie et de Microbiologie d'Antananarivo, LCMA): quality control of food and agricultural goods, classification and compliance. Standards used are AFNOR, ISO, and the Codex Alimentarius.

- Chemistry Laboratory of Tamatave (Laboratoire de Chimie de Tamatave, LCT): quality control of agricultural goods such as coffee, vanilla, cloves, litchis, pepper, and essential oils; classification and compliance. Standards used are AFNOR and ISO.
- Laboratory of Legal Metrology (Laboratoire de Métrologie Légale, LML): control and standardization of measuring equipment in the commercial and industrial sector. LML reports to the Ministry of Commerce.
- Laboratory of the National Center of Research for the Environment (CNRE): analysis of environmental samples; monitoring of impacts of industrial activities of environment; scientific support to the industrial sector; control and analysis in the nutritional and food sector; scientific support to the private sector in product quality (shrimp, lobster, agricultural goods, etc.).
- Laboratory of Biochemical Nutrition for the Department of Zootechnics and Veterinary Research (LBN): chemical and microbiological analysis of raw materials for animal food.
- Laboratory of the National Center of Industrial and Technological Research (CNRIT): compliance in the following sectors: water, various chemical products, construction materials, civil engineering, and electronics. It also provides technical support to companies.
- Laboratory for the Control of Pesticides (LCP): control of agro-pharmaceutical products and pesticides (local or imported).
- Laboratory of Microbiology, Water, and Consumables: bacteriological analysis of food, water, and medicines.
- National Laboratory of the Ministry of Mines (LNM): certification of jewelry and precious stones for export; LNM belongs to the Ministry of Mines.
- National Laboratory of Research in Telecommunications (LNRT): verification, inspection and certification of telecommunications equipment.
- National Institute and Laboratory of Nuclear Sciences and Technology (LINSTN): standardization of ionizing radiation detection apparatus; control of radioactivity rates and metallic presence in food; analysis of geological samples; detection of heavy metal; control of heavy metal in seafood and meat; quantitative/qualitative analysis of atomic elements in powder, solid, and liquid samples.

### **Publication of Technical Regulations**

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

Accreditation body and contact information:

Bureau des Normes de Madagascar (BNM)

P.O. Box 1316, Zip 101, Madagascar

Tel: +261 20 22 279 70

E-mail: [bnm@bnm.mg](mailto:bnm@bnm.mg)

### **Trade Agreements**

Madagascar has ratified the following regional and international agreements:

Click [here](#) for further details

- 1964: United Nations Convention on Trade and Development (UNCTAD)
- 1992: IOC – Indian Ocean Committee: Since 1998, there are no tariffs on goods originating from the IOC countries. It is an inter-governmental organization uniting some countries of the Indian Ocean, created in 1984 by the Victoria Agreement. The Comoros, France (La Réunion), Madagascar, Mauritius, and the Seychelles are member countries of the IOC.
- 1993: COMESA – Free Trade Area since 2000. It is a 19-member regional organization for East Africa.
- 1995: World Trade Organization (WTO)
- 2000: Cotonou Agreement. Click [here](#) for details

- 2005: SADC – Madagascar became a member of SADC in 2005 but the trade agreement came into force in 2008. SADC offers numerous commercial advantages including access to a market of more than 200 million consumers and preferential tariff treatment amongst members.
- 2009: APEi – Interim Economic Partnership Agreement with the European Union. The cooperation agreement between the European Union and African, Caribbean, and Pacific Ocean countries, has been in existence for over half a century.
- 2014: China – Two commercial and technical cooperation agreements provide Special Preferential Tariff (SPT) treatment for items exported under these agreements.
- 2014: AGOA – The U.S. government restored Madagascar’s AGOA eligibility in December 2014 after a five-year gap. Nearly 7000 items are eligible for exemption from import duties when exported from eligible African countries to the U.S. market.
- 1968: GSP – Madagascar among the developing countries benefiting from the Generalized System of Preferences (GSP) for a wider range of products, as well as greater tariff reductions. Several countries have granted Madagascar GSP privileges including the United States and India.

### **Licensing Requirements for Professional Services**

Professional services such as accounting, finance specialist, and auditing require prior membership to the association of chartered accountants, finance specialists and auditor experts (OECFM). These professions are governed by the ordinance 62-104 dated October 1st, 1962 and subsequent amendments. Click [here](#) for further information.

The Supreme Council of the Judiciary (CSM) decides on the applications for admission into the association of judges and on the appointment of probationary judges. The ordinance 2007-039 dated January 14, 2008 provides further details.

The practice of the legal profession requires prior membership in the Bar Association of Madagascar. Click [here](#) for further information.

## **Selling U.S. Products and Services**

There are no limits on the sale of U.S. products and services. Selling/trading activity is open to everyone, provided the related regulations are respected.

### **Distribution & Sales Channels**

Imported goods can enter Madagascar via air at Antananarivo's Ivato International Airport or via sea at the ports of Toamasina (East), Mahajanga (West), Antsiranana (North), Toliara (South West) and Fort Dauphin (South East). Approximately 80 to 90 percent of containerized imports and exports transit through the country's largest port at Toamasina. Products are then distributed by road, river, sea or rail throughout the country. Distribution is often handled by the importing company or by wholesalers and retailers. Roads are poor across much of the country; some areas cannot be accessed by road during the rainy season (from December to March). U.S. distribution and sales channels have no presence here, but they can tap into established marketing networks to start with.

Eight major retail chains (grocery and home appliances) have a multi-city presence in the country. They are French (Score, Leader Price, Supermaki), South African (Shoprite), Chinese (Horizon Ivato/Sogecoa), Mauritian (Cosmos), and local (AAA-MAGRO, Shop Liantsoa), and distribute both local products as well as goods and brands sourced from several foreign countries.

Three chain stores - Sanifer, ABC Construction, and Bricodis - dominate the import and distribution of hardware and building materials. They are owned by wealthy families that migrated to Madagascar from India and Pakistan over the last century. Though franchising is hardly a common marketing practice in Madagascar, a franchising network named "Binastore" which distributes branded cement (Holcim and Lafarge) and building materials to wholesalers and retailers has seen rapid portfolio growth.

### **E-Commerce**

Electronic commerce is much less common in Madagascar than in the United States. Mobile banking and payment services provided by the four major mobile network operators in the country have seen enormous success since their introduction in 2010. Mobile banking reached more than 700,000 people in Madagascar in less than two years of operation. The French Agency for Development (AFD) reported that in late 2014 there were 890 service points and some 1,300,000 clients for an outstanding loan amount of EUR 145 million. Recently, the national post office started offering competitive services similar to mobile money, thus contributing to increased financial inclusion.

The Ministry of Commerce, Industry, and Art (MICA) regulates domestic online sales. The main issues likely to arise on entering the Madagascar market selling online either B2B or B2C are low banking access (less than 20 percent of Malagasy have a bank account), high credit card fees (2.5 percent to 4.25 percent), lack of a normalized address location system, fraud, and administrative burdens. Businesses selling online must have a secured online website. E-Commerce owners and managers must have a mandatory signed engagement to protect clients; there must be a signed agreement between the seller and its customer, and round-the-clock processes for banks to seek customer approval for the use of credit card for e-commerce purposes.

### **Selling Factors & Techniques**

Madagascar is one of the poorest countries in the world with 75 percent of its population living below \$1.90 per day (in terms of Purchasing Power Parity). Most Malagasy can only afford immediate necessities.

When selling, there is no legal requirement to translate the labels to Malagasy, but the price has to be displayed. Prices are usually displayed with all taxes included.

Retailers and sales clerks respond to customers' needs and process sales, but customer service levels are not the same as in the United States or Europe.



## **Trade Financing**

### **Methods of Payment**

For international transactions, Madagascar uses several payment methods including open account, letter of credit, cash in advance, and documentary collections where the bank exchanges/delivers shipment documents under orders from shipper's bank.

Credit cards (Visa, MasterCard, American Express, Eurocard and Diners) are accepted by larger hotels and restaurants. The most widely accepted card is Visa. Most shops will not accept payment other than cash, and card use is restricted to major banks, department stores, and hotels.

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available [here](#).

### **Banking Systems**

Madagascar's financial sector has 11 commercial banks (BMOI, BNI, MCB, SBM, SGM, BOA, ABM, BGFI, BBM, BMM, SIPEM); most of them are subsidiaries of foreign banks based in Mauritius, France, and mainland Africa. The top four banks account for more than 86 percent of assets and deposits. According to a recent report, close to 60 percent of Malagasy households had access to financial services in 2016. A foreigner can open a bank account provided s/he has established resident or investor status.

Despite a relatively sound financial system, financial intermediation remains low, and Madagascar ranks 133rd out of 190 countries in terms of "Getting Credit" in the 2018 World Bank Doing Business. Madagascar's banks lend only about 13 percent of GDP to the private sector (May 2020), compared to an average of 25 percent for Sub-Saharan African countries (end 2018 figures). Banks favor short-term loans due to perceived risk, lack of sophisticated financial products, or a secondary market for offsetting risk. Moreover, credit benefits only a limited number of sectors such as commerce, which received 22 percent of the total credit advanced in 2018, whereas sectors like energy and construction received 4 and 3 percent respectively.

### **Foreign Exchange Controls**

Overseas earnings must be declared and then repatriated to Madagascar. Madagascar authorities perform specific capital controls, but Madagascar abides by the IMF's Article VIII statutory framework, which prohibits direct government limitation on foreign exchange use and availability.

An interbank foreign currency market (MID) determines the exchange rate daily. The Central Bank reserves the right to intervene in the MID in order to avoid abrupt variation. There are money-changing facilities (forex bureau & bank kiosks) available at the major banks in Antananarivo and at the airport. Foreign currency can be exchanged in most main towns and cities. There are ATM machines available in the major towns. All ATMs will only dispense the local currency, the Ariary.

### **U.S. Banks and Local Correspondent Banks**

U.S. banks do not operate in Madagascar. Most of the commercial banks have US correspondent bank relationships for facilitating international transactions, which are often denominated in USD.

### **Remittance Policies**

Madagascar allows the free conversion or transfer of funds associated with foreign investment, including remittances of investment capital, earnings, loan repayments, and lease payments, so long as a mandatory declaration is filed at the relevant branch of the Ministry of Economy and Finance.

## Protecting Intellectual Property

The “Office Malgache des Propriétés Industrielles (OMAPI),” Madagascar’s authority for intellectual property rights, publishes the titles it grants in the Official Gazette of Industrial Property (GOPI) and provides the public with industrial property documentation such as patent documents, industrial property legislation in various countries, and multilateral treaties on industrial property. The “Office Malgache des Droits d’Auteurs (OMDA),” protects authors’ rights and copyrights. OMDA’s mission is to ensure the exclusive protection, defense and management of the economic interests of Malagasy and foreign authors, performers, and their successors concerning the use of scientific, literary, and artistic works.

Officially, these authorities protect against IP infringement, but enforcement capacity is limited due to resource constraints including poor digitalization, weakness of the judicial system, and lack of awareness of intellectual property rights among businesses and consumers. Due to these constraints, international investors have faced difficulties defending their interests. Madagascar neither tracks nor reports seizures of counterfeit goods, which are easily available in local markets, as are unauthorized copies of famous brands, songs, and videos.

New IP laws have stalled for years due to inaction by Parliament and the Office of the Prime Minister. The proposed legislation incorporates The Hague (international registration of industrial designs), and Lisbon (protection of origin appellation and international registration) agreements, and other international treaty classifications. The adoption of these bills would substantially improve the IP rights in Madagascar, provided OMAPI has sufficient funding for enforcement.

Despite Madagascar’s challenges with IP rights enforcement, it is not listed in USTR’s Special 301 report, which highlights online and physical markets that engage in and facilitate substantial copyright piracy and trademark counterfeiting. Madagascar is also not listed on USTR’s Notorious Market Report which targets countries with large-scale intellectual property rights infringement.

For additional information, visit [Stopfakes.gov website](http://Stopfakes.gov) or [contact ITA’s Office of Intellectual Property Rights Director, Stevan Mitchell at Stevan.Mitchell@trade.gov.](mailto:Stevan.Mitchell@trade.gov)

## Selling to the Public Sector

The Government is attempting to exert control and increase transparency over public procurement in two ways: the setting up of a public procurement agency which will coordinate tenders for products from petroleum products to staple goods, and a one-stop shop to make public procurement calls available [here](#). Interested parties can access the portal by paying a subscription fee. Subscribers receive notification through email or text when a call for tenders goes out. Once the contract is executed or goods and services are delivered, the government will review and rate the service provided. The government also welcomes solicitations by private sector entities to provide goods and services not yet available in Madagascar.

However, many government procurement deals take place outside the tendering process. In some instances, the government prioritizes local businesses; for instance, the President recently told local businessmen that they would receive priority in obtaining bids for the construction projects in the Plan d’Emergence pipeline.

On a cautionary note, some contractors who have worked on government infrastructure projects have expressed dissatisfaction with late payments that have affected their operations.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department’s International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the

U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Click [here](#) to consult Advocacy for Foreign Government Contracts for additional information.

### **Financing of Projects**

#### **Multilateral Development Banks and Financing Government Sales.**

Price, payment terms, and financing can be significant factors in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#). The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank. Learn more by contacting the [Advocacy Liaison for World Bank](#) or for the [Advocacy Liaison for European Bank for Reconstruction and Development](#) and [Advocacy Liaison for African Development Bank](#)

## **Business Travel**

There are direct flights from several major destinations to Antananarivo, including Johannesburg, Nairobi, Addis Ababa, Paris, Istanbul, and Port Louis. The government is keen to increase connectivity to other regions including the United States, the Middle East, China, and India. Madagascar has ratified and signed the universal OpenSkies agreement. In a bid to attract major airlines and international tourists, Madagascar has just completed construction of a new international terminal at Ivato International Airport and increased the number of upscale tourist accommodations. The government also recently terminated Air Madagascar's partnership with Air Austral in a bid to find new ways to increase Air Madagascar's flight network.

### **Business Customs**

The legal system and business practices are based on European, particularly French, standards.

Business customs are similar to those in Europe. Meetings may be conducted over coffee or more formal meals; cocktail receptions are popular events for networking. For men, normal business wear is suit and tie. Women also wear suits for business meetings. Warmer clothes are required during the cooler months, especially in the central regions (May till October). Humidity can be high in summer, especially in eastern regions.

### **Travel Advisory**

The State Department consular information sheet can be found [here](#).

### **Visa Requirements**

The Economic Development Board of Madagascar (EDBM) processes work permits for expatriate workers. Investor visas, 72-hour entry visas or boarding authorization for the purpose of obtaining convertible visas, must be obtained at the Madagascar Embassy. Details of required documents can be found by clicking [here](#).

Foreigners, including U.S. citizens, may be eligible for a resident permit after five years of residence. Investors may apply for residency without prior residency.

U.S. companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the link [here](#).

### **Currency**

The local currency symbol is MGA, called the "Ariary". As of August 2020, one U.S. dollar could be exchange for approximately 3,800 MGA.

### **Telecommunications/Electricity**

Madagascar has reliable international mail, telephone, fax, email, and internet services compared to the rest of the region.

The power supply is 220V and the common plug type is AFNOR in most hotels and restaurants.

Internet is available in hotels and at cyber cafés in major towns. There are four major cellular phone companies: Airtel, Orange, Telma, and Blueline. All of them use the GSM system.

The population has limited access to electricity - 15 percent in urban areas and only 6 percent in rural zones.

Two telecommunication companies – Telma and Blueline – have licenses to operate fiber optic networks. In 2019, the country ranked second in Africa for internet speed. In recent years, call centers and BPO services have boomed in Madagascar, due in large part to access to quality internet services and low-cost qualified labor.

## Transportation

Air transportation is the best way to get around Madagascar, as travel by road is both long and difficult. Tsaradia and Air Madagascar flights connect the larger regional towns to Antananarivo. Maritime transport is mainly used for transportation of goods around the island to connect to the other seaports and neighboring Indian Ocean Islands (Mauritius, Comoros, Reunion Island, Seychelles). Visitors to the capital city of Antananarivo and other major towns can hire taxi cabs relatively cheaply; however, it is worth working through reputable vendors to ensure vehicles meet minimum safety standards.

## Language

Malagasy is the official language, with French used as the administrative and business language. English is rarely spoken; one should not expect ordinary citizens or officials outside the capital or major towns to speak even minimal English or French.

## Health

For specific information for travelers to Madagascar, please refer to the Centers for Disease Control and Prevention by clicking [here](#).

Visitors are strongly urged to purchase medevac insurance prior to arrival. Local hospitals are poorly equipped and do not meet U.S. standards, especially for emergency care, and evacuation to nearby locations (Mauritius, Reunion, South Africa) is encouraged for serious illness.

## Local Time, Business Hours and Holidays

The Malagasy Time Zone is Greenwich plus three. Madagascar does not use Daylight Savings Time. The typical hours of business are from 8:30 – 1700, with a lunch break between 1200 – 1300.

Government offices open 09:00 – 16:00; Monday through Friday. Businesses open 08:00-17:00; Monday through Friday/Saturday. Banks open 09:00 – 16:00; Monday through Friday; some banks are open half day on Saturday.

For 2020, Madagascar has 12 public holidays.

Day	Date	Holiday name	Type	Comments
Wednesday	January 1	New Year's Day	National holiday	
Sunday	March 29	Martyrs Day	National holiday	
Monday	April 13	Easter Monday	National holiday	
Friday	May 1	Labor Day	National holiday	International Workers' Day
Thursday	May 21	Ascension Day	National holiday	40 days after Easter
Sunday	May 24	Eid ul-Fitr	National holiday	Date may change depending on the full moon
Monday	June 1	Whit Monday	National holiday	7 <sup>th</sup> Monday after Easter
Friday	June 26	Independence Day	National holiday	National Day

Friday	July 31	Eid Al Adha	National holiday	
Saturday	August 15	Assumption Day	National holiday	
Sunday	November 1	All Saints' Day	National holiday	
Friday	December 25	Christmas Day	National holiday	

### **Temporary Entry of Materials or Personal Belongings**

No duty is levied on apparel and personal effects of a passenger arriving in Madagascar. Articles that are in excess of the concessions and allowances listed below are liable for duty. A passenger 18 years old or over may bring the following goods, free of customs duties:

- Portable musical instrument
- Portable medical apparatus and wheelchair
- Portable Dialysis machine and Consumables
- 2 perfumes and 2 eaux de toilette (per passenger)
- Tobacco - 200 units of cigarettes or 100 units of cigarillos, 50 units of cigars or 250 grams of smoking tobacco
- Alcoholic drink: 2 liters per passport for each passenger +18 years old or over
- 250 grams of punched jewelry; 250 grams of costume jewelry
- 400,000Ar of banknotes denominated in local currency
- Electronic device: 1 laptop, 1 phone & tablet
- Clothing and shoes: 6 pairs of closed shoes
- 1 handheld camera, 1 handheld radio, and 1 other camera not for professional use

### **Travel-related web resources**

Click [here](#) for U.S. Embassy Antananarivo Consular Services

Click [here](#) for the State Department Travel Information website

Click [here](#) for the Madagascar Customs website

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## **Investment Climate Statement (ICS)**

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The U.S. Department of State’s Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women’s economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State’s [Investment Climate Statement](#) website.

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## **Political Environment**

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Madagascar recently held its presidential elections which were generally determined to be free and fair. In January 2019, Andry Rajoelina was inaugurated as President. Legislative and municipal elections followed in 2019, the results of which were also accepted as free and fair. Since gaining independence from France in 1960, Madagascar has experienced repeated bouts of political instability, including coups, violent unrest, and disputed elections. In 2009, Madagascar's democratically elected president was driven from power in a coup that was supported by the military, which ended with the transfer of power to the head of the opposition. The self-proclaimed High Transitional Authority (HAT) ruled Madagascar from 2009 until international pressure led to elections in 2013. During this time Madagascar experienced negative economic growth and diminished government revenues, undermining the political, social, and economic stability of the country. The United States supported international efforts led by the Southern African Development Community (SADC) and the African Union (AU) to ensure that the electoral process was upheld, which began with presidential elections in late 2013. An elected president, Hery Rajaonarimampianina, took office in January 2014.

Further details on Madagascar political environment can be found [here](#).