



# MASTERING YOUR MARKET UNDER AFCFTA - COMOROS

## Highlights

- > Overview of Comoros
- > Economic Snapshot
- > Import Products
- > Market Challenges
- > Market Opportunities
- > Market entry
- > Import Documentation
- > Selling Factors
- > Payment & Exchange Control
- > Business Culture
- > Conclusion



## OVERVIEW OF COMOROS

The **Comoros**, officially the **Union of the Comoros**, is an archipelagic country in the Indian Ocean. It shares maritime borders with Madagascar and Mayotte to the southeast, Tanzania to the northwest, Mozambique to the west, and the Seychelles to the northeast. Its capital and largest city is Moroni. The sovereign state consists of three major islands and numerous smaller islands, all in the volcanic Comoro Islands. Comoros was first settled by Austronesians subsequently followed by Bantu speakers from East Africa along with Arabs. It then became part of the French colonial empire during the 19th century, before its independence in 1975.

## ECONOMIC SNAPSHOTS

Comoros is a Southern African group of islands at the northern mouth of the Mozambique channel, about two-thirds of the way between northern Madagascar and northern Mozambique. It has a coastline of about 340km and an estimated population of over 800,000 as at June 2020. Comoros is predominately a Muslim nation which comprises of 98% of Sunni Muslims. Other religions include Catholic, Jehovah's Witness and Protestant which account for the remaining 2%. The income level in Comoros is very low with a GDP of a little over \$1billion in



## ECONOMIC SNAPSHOTS

2019. It has a GDP composition of 47.7%, 11.8% and 40.5% for agriculture, industry and services respectively. Comoros is blessed with numerous agricultural products such as; vanilla, cloves, ylang-ylang (perfume essence), coconuts, banana and cassava (manioc). This island nation speak Arabic, French and Shikomoro as their official language.



## MARKET CHALLENGES

Over the years, Comoros has seen a low educational level of the labour force which limits economic growth, hence its heavy dependence on foreign grants and technical assistance. As on the world's poorest and smallest economies, Comoros has an ineffective transport links and rapid increase in population and few natural resources.

Some of Comoros' biggest economic concerns include weak institutional capacities, lack of basic infrastructure, high exposure to threats related to the over exploitation of natural resources, corruptions and an inefficient judicial system that is vulnerable to political interference. All these are limiting factors which will deter investors and business .



## IMPORT PRODUCTS

In 2020, the total import volume of the Comoros amounts to about \$345 million. Some of the items imported and the amount include the following:

1. Animal Product — \$49M
2. Veg. products - \$41.4M
3. Foodstuffs- \$36.3M
4. Mineral Products- \$33.6M
5. Machine - \$32.5M
6. Transportation - \$30.6M
7. Metals- \$29.1M
8. Chemical Prod. -\$16.5M
9. Textiles- \$15.5M
10. Miscellaneous- \$10.3M
11. Stone & Glass- \$10.2M
12. Animal & Veg - \$9.61M
13. Plastic&Rubber- \$9.32M
14. Paper Goods- \$6.56M
15. Instrument- \$5.64M
19. Wood Products- \$5.62M
20. Footwares- \$5.60M
21. Animal Products- \$678k
22. Precious Metal— \$208k
23. Art & Antiques— \$10k
24. Weapons— \$6.12k

The total service import volume of Botswana in 2018 is about \$106 million and some of the services imported include the following:

1. Transportation- \$53.7M
2. Travel -\$25.1M
3. Other business -\$9.39M
4. Insurance Serv. -\$8.66M
5. Computer & Info- \$7.03M
6. Govt. services— \$1.09M
7. Fin. Services - \$155k
8. Royalties Service- \$466k
9. Personal Services -\$310K

## SELLING FACTORS

The government has simplified and reformed the custom revenue collection system in 1996 by the reduction of taxes to two instead of five taxes.

The country has a deep sea port which can be used for large-scale foreign trade in Anjouan.

As a country which is under developed and is plagued with deficient or a complete lack of infrastructure, there is a huge opportunity for business or companies to maximize this creatively.



## PAYMENT & EXCHANGE

Companies interested in doing business in Comoros, usually use letter of credit as the most appropriate instrument of payment for goods imported to edge against certain risks, while exporters choose confirming bank that has it net-

work of correspondence in the Comorean bank. As the island nation depends heavy on external aids and grant, repatriation of funds from the country might pose a great challenge.

## BUSINESS CULTURE

As a nation formed at a crossroads of different civilizations, country is noted for its diverse culture and history.

Comorians are strong followers of Islam and religious celebrations are widely observed. This influences Comoros culture and traditions deeply. The locals have a strong regards for music and other performance includes art, pottery etc. Cus-

tomary celebration often feature dancing music and re-creation of popular and import literary texts. Customs should be respected though locals are generally tolerant of outside cultures. Also they are liberal Muslims, in Comoros culture, it is disrespectful for women to expose their shoulders, much of their chest, knees and especially stomach and lower back.



*"...lack of infrastructure signals a clear market opening opportunity for creative and efficient new business"*

## MARKET OPPORTUNITIES

The government has completely reformed the customs duties procedures in 1996 by establishing a simpler system with only two types of taxes instead of five. The nation dependence on agricultural products. Despite agriculture's importance to the economy, the country imports roughly 70% of its food requirement.

The major earnings for the island are vanilla, cloves and ylang-ylang. The income flow cycles comes at the end of the year when there

is a harvest. (i.e. lower in the first nine months of the year, and higher at the end of the year). Organization or individuals looking to enter in to Comoros have the privilege to deal with merchandise importation and exportation.

## MARKET ENTRY

There are many pathways of gaining entrance into the Comoros. A company can set up physically in the island or gain entrance as an investor or venture capitalist.

When establishing a company in Comoros, there is need for adequate due diligence with regards to legal processes and international regulation. It is also impor-

tant to understand their culture, social and political factor that will affect the establishment and growth of the business.

For investors, it is important that the investor consider the existing infrastructure in Comoros when planning the launch into the marker. Although there are substantial infrastructure and system which could give business

establishment a smooth process, it can also represent a clog in the potential growth of one's business because of its inadequacy. There is need to contact a lawyer or consultant while doing your research.

Also, the lack of infrastructure signals a clear market opening opportunity for creative and efficient new business.

## IMPORT DOCUMENTATIONS

A registered trade with concerned license as per the business is a must for exporting and importing of commercial products from and into the island country. According to the nature of some products, certain goods for import or export may be subject to an authorization, license, rules of quality or packaging, stan-

dardization or special formalities. The customs are the authorities that are in charge of boarder control, collection of revenues, provide information about foreign trade, prevent smuggling and facilitation of global trade. Importers should make sure that they make al the correct import documents that are re-

quired to get cleared with customs. The import documents required are dependent on the regular trade policy of the government and the nature of the goods to be imported. General import documentations include; bill of lading, certificate of origin, commercial invoice, and packing list





## IN CONCLUSION

The **Comoros**, officially the **Union of the Comoros**. The country is a very poor country predominately a Muslim nation which comprises of 98% of Sunni Muslims.

Comoros has a low educational level of the labour force which limits economic growth, hence their heavy dependence on foreign grants and technical assis-

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