

Sub-Saharan Report

Sub-Saharan Africa is one of the focal regions of Global Challenge 2015.

These reports are by Mr. Kenshi Tsunemine, an expatriate employee working in Johannesburg with a view across the region.

Vol. 22 - Comoros

June 10, 2016

It was well known that Marilyn Monroe wore Chanel No. 5 perfume when she went to bed. Did you know that Chanel No. 5's essence (essential oils) comes from the flower called ylang-ylang, which is found in the African country of Comoros?

Comoros is also where the so-called "living fossils", a rare pre-historic species of fish called coelacanths, discovered in 1938 in South Africa after having thought to be extinct, are mostly found. So this time I would like to introduce the country of Comoros, fascinating like Marilyn Monroe and a little mysterious like the coelacanths.



Mr. Kenshi Tsunemine
Johannesburg Branch
Marubeni Corporation

In order for the Marubeni Research Institute to acquire live information from the field and contribute to the Company's strategy, young Marubeni staff well-versed in economic and industry analysis have been posted to the region.

Table 1: Comoros Country Information

Basic Data (2015)	
Population	800 thousand
Land Area	2,236 thousand km ²
Nominal GDP	\$600 million
Per Capital GDP	\$736
Official Language	French, Arabic, Shikomoro

Source: IMF

The Union of the Comoros is an archipelago island nation located off the coast of East Africa east of Mozambique and northwest from Madagascar. 4 main islands make up the Comoros archipelago, Grande Comore, Moheli, Anjouan and Mayotte, with Grande Comore, Moheli, and Anjouan forming the Union of Comoros and Mayotte falling under French jurisdiction as an 'overseas department' or region.

The population of the 3 islands making up the Union of the Comoros is about 800,000, while their total land area comes to 2,236 square kilometers, about the same land size as Tokyo, which makes it quite a small country. Nominal GDP is roughly \$600 million, which is second from the bottom among the 45 sub-Saharan African countries, just above Sao Tome and Principe, and its population is the 5th lowest (note 1).

Comoros has a tropical humid climate, noted for its high temperatures during its rainy season. From May to November the climate is relatively dry with temperatures around 19 degrees centigrade, while the rainy season runs from December to April with temperatures around 30 degrees centigrade.

Racially, Comoros is mostly made up of those with Bantu ethnicity or Arab ethnicity, with the majority of the populace being Muslim. French, Arabic and Comorian are the official languages, with English not being spoken much. In terms of food

staples rice, bananas and manioc (cassava) are widely eaten, with fried fish and chicken as side dishes often used in stews seasoned with spices and coconut milk (picture 1) (note 2).



Picture 1: Comorian food staples (banana, manioc and rice) with side dishes (fried chicken and beef mixed in)

Although a small country, Comoros' political situation has been volatile over the years, with Grand Comore's dominance of the other two islands often leading to this politically unstable situation. Comoros was a French Protectorate from 1886 until it became independent in 1975 under the leadership of Ahmed Abdallah, who became the first president of the new Comorian State. However, soon after he was replaced in an armed coup with Mr. Ali Soilih emerging as president in January of 1976 following a short power struggle. Mr. Abdallah returned to the presidency in 1978 following the overthrow of President Soilih and a referendum was carried out giving autonomy to each island and changing the name of the country to the Federal Islamic Republic of the Comoros. However, overall government authority and budgetary powers remained in the hands of Grande Comore Island setting the stage of its dominance over the other two islands and ongoing friction. President Abdallah was assassinated in 1989 and Mr. Mohamed Djohar assumed the presidency until 1995 when he was ousted in a coup d'etat and fled to Reunion Island with Mr. Mohamed Taki, backed by the French, becoming president in 1996.

Since independence, government finances had been in a severe situation and public discontent became high. This led to a number of anti-government demonstrations in 1997 that were put down by the federal government with a large number of demonstrators on Anjouan Island being killed by federal troops. As a result of this, opposition to the central government grew stronger with Anjouan Island and then Moheli Island declaring their intention to separate from Comoros and seek annexation by France which led to armed conflict. The central government was unable to completely bring these independence movements under control, however, as France refused to annex the 2 islands the fighting reached a stalemate and the Organization of African Unity was brought in to mediate.

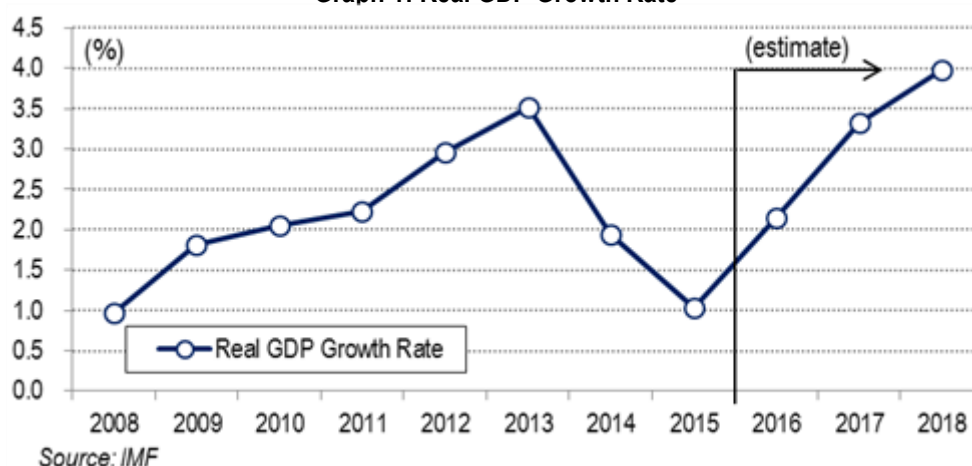
During this time, in 1998, President Taki died suddenly and was succeeded by the head of the country's Supreme Council Mr. Tadjidine Ben Said Massounde who in turn was removed in another coup in 1999 by Colonel Azali Assoumani who took over the reins of government. It wasn't until 2001 though, that a referendum was held to achieve reconciliation in which restructuring of the federation and expanded autonomy were written into a new constitution. It allowed for an autonomous government for each of the islands with their own elected president, while at the same time having a federal government for the 3 islands in which the presidency of the country would rotate between each island in five year terms. In the other words, only candidates from the island whose turn it was for the presidency could run in the presidential election.

In 2002, the country's name was changed to the Union of the Comoros and Grande Comore Island's leader, Mr. Azali, was named the union's president. In 2006, the elected leader of Anjouan Island, Mr. Sambu, was named president completing the peaceful transfer of power from Grande Comore to Anjouan. However, in 2007 due to an attempt to hold a presidential election in a power grab on Anjouan Island, the political situation there became destabilized eventually leading to military intervention by the African Union.

In 2009, another referendum on constitutional reform was carried out with the rotation of the presidency of the country between the islands being maintained. The position of president of each island was downgraded to that more like a governor of an autonomous region or state. The federal government's authority was strengthened under a new system with one government and one parliament being formed above the 3 autonomous governors. In the presidential election of 2010, which would recognize a candidate from Moheli Island, Mr. Ikilou became president (inaugurated in May of 2011), thus seeing a peaceful transfer of the presidency from Anjouan Island to Moheli. In the 2016 presidential election Mr. Azali Assoumani of Grande Comore Island was returned to power, but among controversy and accusations of fraud. With strong opposition to the election results the political situation in Comoros remains tense and far from settled. Even under such circumstances President Azali has said he aims to improve people's everyday lives by providing the citizenry with access to such basic infrastructure as electricity and water, which remains one of the country's biggest challenges.

However, with this long history of political instability, it cannot be said that Comoros has made substantial progress in its economic development (table 2). While the IMF's economic forecast sees a recovery in Comoros in 2016, it was made without taking into consideration the current above-mentioned uncertain political situation in the country.

Graph 1: Real GDP Growth Rate



Agriculture is Comoros' major industry with cloves, vanilla and the aforementioned ylang-ylang flower (whose essential oils are used in perfume) being the major crops (table 3).

Table 2: Comoros' Main Export Items (2014)

Items	\$ thousand
Cloves	14,144
Ylang-Ylang	1,793
Vanilla	797
Others	3,187
Total	19,921

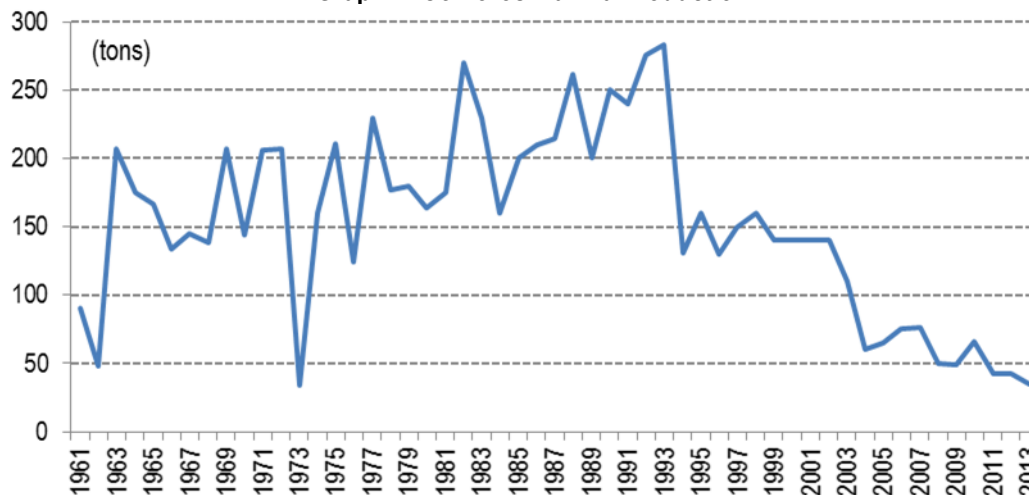
Cloves are Comoros' top export item and they are the 5th largest producer of cloves in the world, however their total worldwide market share is only 2%, which is quite small compared to the market leaders Indonesia with 70% and

Madagascar with 15%. In terms of vanilla, there was a time Comoros produced more than 200 tons a year, however due to competition with synthetic replacements and poor price competitiveness with the likes of Indonesia and Uganda their production of vanilla has fallen (table 3) (graph 2).

Table 3: Vanilla Production by Country (2013)

Country	tons
Indonesia	3,200
Madagascar	3,100
Mexico	463
Papua New Guinea	433
China	335
Turkey	290
Tonga	198
Uganda	161
French Polynesia	60
Comoros	35
Malawi	22
Kenya	15
Guadelupe (France)	11
Zimbabwe	11
Reunion (France)	8
Total	8,342

Graph 2: Comoros' Vanilla Production



Also as mentioned, Comoros is the largest producer of the ylang-ylang flower and their essential perfume oils in the world, which could be said is the country's specialty. However, due to deforestation and the fact that harvesting the flower is very arduous labor intensive work making it an unpopular job, cultivation and production have been sluggish (note 3).

And, despite being an island nation its fishery industry is small-scale and unorganized, however, the country is aiming to

remedy this with the support of the World Bank and other international organizations. As such, remittances from Comorian migrants working abroad have played an important role in supporting the economy with the country's per capita GDP having remained at around \$700.

And, although Comoros has a strong historical background with France, the relationship has been contentious due to Comoros' opposition to French control of Mayotte Island and little economic support from the French as a result (note 4).

Of course, Comoros is made up of islands in the Indian Ocean just as Mauritius, Reunion and the Seychelles are islands or made up of islands in the Indian Ocean except that these other islands are famous for their resorts. Comoros' resort industry is still unrefined and it has very few famous tourist destinations mostly due to the high threshold it faces compared to these other island resort nations, as a Muslim country where alcohol is difficult to come by and the fact that English is not widely spoken there (note 5) (picture 2)



Picture 2: Grande Comore Island is a volcanic island as can be seen by its rugged lava coast

Frankly speaking, almost all the attention given to the country has been focused on its political instability, and is said to be a country in Africa where the possibility of expanding business is not very high. Certainly, time is still required for its economic development. Comoros could create a blueprint for business by leveraging its ylang-ylang flower production through more efficient production and expand it to dominate the world perfume market, however, at this time there is little for the trading companies to become involved with in the country.

On the other hand, for a long time Comoros thrived as a trading hub through its Arab and Persian merchants strongly influenced by Islam. At the same time it shares some of the Swahili culture of Kenya and Tanzania making for a unique atmosphere in the country.

It may be a high hurdle to just visit Comoros as one may question the value of just visiting this one little country. However, if one is looking to visit a peaceful, non-touristy place encapsulating the rustic Indian Ocean culture you might think about combining it on an island hopping trip and take in other islands like Madagascar, Mayotte or even Reunion Island (pictures 3, 4 and 5).



Picture 3: The main financial district in Moroni, the capital of Comoros



Picture 4: Arab-style government office building



Picture 5: Clothing shop, French style still fashionable?

Note 1: The IMF has categorized 45 countries as making up the sub-Saharan Africa region. The Seychelles, Sao Tome and Principe, Cape Verde, and Equatorial Guinea have smaller populations.

Note 2: As Comoros is a Muslim country, they do not eat (fast) during the day during the period of Ramadan which runs from June 6th to July 5th.

Note 3: Of the total worldwide production of around 100 tons annually, Comoros' share is between 50 and 65 tons, Madagascar's is 20 to 25 tons and Mayotte's comes to 10 to 20 tons.

Note 4: In the 1974 referendum on Comoros' independence, 60% of the voters on Mayotte Island voted against independence and chose instead to remain a French territory. French troops are stationed on Mayotte Island and the island has become relatively prosperous due to France's economic support. On the other hand, Comoros asserts that Mayotte Island belongs to the Union of the Comoros.

Note 5: While Mayotte Island has become one of the most famous diving spots in the world due to its coral reefs, Comoros has few tourist attractions or tourist resources.

	Marubeni Research Institute	Telephone: 3282-7687 E-mail: ryan-p@marubeni.com
Address	2-7-1 Nihonbashi, Chuo-ku, Tokyo 103-6060, Nihombashi Tower 24 th Floor	
WEB	http://www.marubeni.co.jp/research/index.html	

Note:

- This material was created based on publicly available information and as such Marubeni cannot guarantee the accuracy, correlation or thoroughness of this material.
- Any conclusions made or action taken based on the contents of this material is strictly up to the discretion of the user of this material with all outcomes the sole responsibility of the user and not that of Marubeni.
- The content of this material may be subject to change without prior notification.
- All pictures, illustrations, written content, etc. (subsequently referred to as "information") in this material are the sole property (copyright) of Marubeni, protected under the Copyright Law of Japan and the Berne Convention, etc. Individual private usage and citation are allowed under the copyright law, however, without the express written permission of the copyright holder the copying, distribution, translation, alteration, adaptation, public transmission and/or preparing to transmit the information in this document will be considered a violation of the copyright law.