COUNTRY REPORT

# Senegal

# The Gambia

# Mauritania

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## 1st quarter 2000

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London
The Economist Intelligence Unit
15 Regent St
London
SW1Y 4LR
United Kingdom
Tel: (44.20) 7830 1000
Fax: (44.20) 7499 9767
E-mail: london@eiu.com

New York
The Economist Intelligence Unit
The Economist Building
111 West 57th Street
New York
NY 10019, US
Tel: (1.212) 554 0600
Fax: (1.212) 586 1181/2
E-mail: newyork@eiu.com

Hong Kong
The Economist Intelligence Unit
25/F, Dah Sing Financial Centre
108 Gloucester Road
Wanchai
Hong Kong
Tel: (852) 2802 7288
Fax: (852) 2802 7638
E-mail: hongkong@eiu.com

Website: http://www.eiu.com


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London: Jan Frost Tel: (44.20) 7830 1183 Fax: (44.20) 7830 1023
New York: Alexander Bateman Tel: (1.212) 554 0600 Fax: (1.212) 586 1181
Hong Kong: Amy Ha Tel: (852) 2802 7288/2585 3888 Fax: (852) 2802 7720/7638




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"n/a" means not available; "–" means not applicable


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*March 6th 2000*

# Summary

## 1st quarter 2000

### Senegal

**Outlook for 2000-01**

Whatever the final outcome of the presidential election, the ruling Parti socialiste will face renewed pressures to reconstitute itself, while the opposition will grow stronger. Direct peace talks with the Casamance rebels should continue to edge forwards. The economy will grow by 6% in both 2000 and 2001, thanks partly to the improved reliability of electricity supplies. Improved tax collection will become increasingly important following the reduction of UEMOA tariffs.

**The political scene**

President Diouf failed to win 50% of the vote in the presidential election on February 27th, and a second round run-off against the PDS leader and main opposition challenger, Abdoulaye Wade, is to take place on March 19th. Allegations of fraud intensified during the electoral campaign. President Diouf’s platform proposed continuity with change, but sought to retain the support of the influential Islamic brotherhoods. Leftist parties have thrown their weight behind Mr Wade, who returned home to a massive welcome. Djibo Kâ and Moustapha Niasse, defectors from the PS, campaigned under their own banners. The first direct talks between the government and the Casamance rebels have opened. Maintaining the ceasefire will be a challenge.

**Economic policy**

The 2000 budget has been passed by parliament. It projects a 5.4% increase in revenue and an 11.1% rise in expenditure, due partly to a scheduled increase in public-sector salaries. The overall budget deficit is projected at CFAfr25.1bn—down from CFAfr36.8bn last year—to be funded by donor assistance and drawings from the IMF.

**The domestic economy**

The opening of two new power stations has reduced power cuts—although they continue in Dakar—with positive effects on both the manufacturing and energy sectors. Agriculture is holding up well despite torrential rains and flooding.

**Foreign trade and payments**

Rice, crude oil, vegetable oil and passenger vehicles head Senegal’s 1999 import list, according to new figures.

### The Gambia

**Outlook for 2000-01**

The president’s grip on the country will tighten after the alleged coup attempt in January. The APRC is set for—long-overdue—restructuring. Economic growth is officially forecast to accelerate to 5% in 2000; good relations with donors will remain vital.

**The political scene**

An alleged coup attempt in mid-January did little to distract public attention from further allegations of corruption against President Jammeh. The restructuring of the ruling party got under way with the dissolution of the July 22nd Movement, effectively a pro-Jammeh militia. Two agriculture ministers have fallen victim to the crisis in the groundnut crisis industry.

**Economic policy and the economy**

The IMF has disbursed the last tranche of its first annual loan, some six months late, and has agreed to a second loan. The government has submitted a draft budget which aims to tighten expenditure and enhance tax collection, although the World Bank and IMF are also pushing for progress on privatisation and a solution to the dispute with the groundnut company.

**Foreign trade and payments**

The government estimates its external debt stock at $413m at end-June 1999. The Gambia may become eligible for debt relief under the HIPC initiative.

## Mauritania

**Outlook for 2000-01**

Mauritania intends to withdraw from ECOWAS, as it is concerned about the proposed free circulation of labour, goods and capital. Relations with France are improving, but those with the Arab world have deteriorated following the exchange of ambassadors with Israel. Despite fears of policy slippage, the economic outlook remains healthy and real GDP is forecast to grow by around 5% a year.

**The political scene**

The exchange of ambassadors with Israel brought a wave of protests at home and abroad, and was one reason for the crackdown on the pro-Iraq Ataliaa party. The ruling PRDS has closed ranks, while the opposition UDP remains leaderless. Results of the Senate election in April are a foregone conclusion. Mauritania has launched its first anti-drugs programme.

**Economic policy**

The 2000 budget is projected to balance, despite a substantial increase in state spending in some social areas. Privatisation is forging ahead, with the imminent sale of Nouakchott's main fish market and Air Mauritanie.

**The domestic economy**

The appreciation of the ouguiya and the decline in the price of basic goods have proved short-lived. Conservation of the country's fish stocks has moved up the political agenda. Aid for flood victims has been flown in. The mining sector is thriving, with further finds of diamonds and granite and the possibility of an offshore oil discovery. A new flour mill is to open in Nouakchott.

**Foreign trade and payments**

The prospects for HIPC debt relief are good. The tourist industry has expanded. The fisheries, mining and energy sectors have received foreign assistance.

Editor: Charlotte Vaillant
All queries: Tel: (44.20) 7830 1007 Fax: (44.20) 7830 1023
Next report: Our next Country Report will be published in May

# Senegal

## Political structure

| | |
|---|---|
| Official name | République du Sénégal |
| Form of state | Unitary republic |
| Legal system | Based on the Napoleonic Code and the 1963 constitution |
| National legislature | National Assembly, with 140 members elected by universal suffrage on a mixed first-past-the-post (70 seats) and proportional representation (70 seats) system; all serve a five-year term. A second chamber of parliament, the Senate, was established in 1998, with 48 seats selected by an electoral college and 12 seats allocated by the president |
| Head of state | President, elected by universal suffrage, serves a seven-year term of office and may stand for re-election |
| National elections | February 1993 (presidential), May 1998 (legislative); next elections due in March 2000 (presidential), May 2003 (legislative) |
| National government | The president and his Council of Ministers; last major reshuffle July 1998 |
| Main political parties | Parti socialiste (PS, the ruling party); Parti démocratique sénégalais (PDS, the main opposition party); Parti de l'indépendance et du travail (PIT); Ligue démocratique-Mouvement pour le parti du travail (LD-MPT); And-jëff/Parti africain pour la démocratie et le socialisme (AJ/PADS); Convention des démocrates et des patriotes-Garab Gi (CDP-Garab Gi); Parti libéral sénégalais (PLS); Union pour le renouveau démocratique (URD) |

| | | |
|---|---|---|
| | President | Abdou Diouf |
| | Prime minister | Mamadou Lamine Loum |
| Ministers of state | Agriculture | Robert Sagna |
| | Presidential affairs | Ousmane Tanor Dieng |
| | Armed forces | Cheikh Hamidou Kane |
| | Commerce & crafts | Khalifa Ababacar Sall |
| | Communications | Aïssata Tall Sall |
| | Economy, finance & planning | Mouhamed El Moustapha Diagne |
| | Education | André Sonkho |
| | Energy, mines & industry | Magued Diouf |
| | Environment & protection of nature | Souty Touré |
| | Foreign affairs & Senegalese abroad | Jacques Baudin |
| | Fisheries & marine transport | Alassane Dialy Ndiaye |
| | Interior | Lamine Cissé |
| | Justice & keeper of seals | Serigne Diop |
| | Labour & employment | Marie Louise Correa |
| | Public health | Assane Diop |
| | Tourism & air transport | Tidiane Sylla |
| | Urban planning & housing | Abdourahmane Sow |
| Governor of the regional central bank (BCEAO) | Charles Konan Banny | |

# Economic structure

## Annual indicators

| | 1995 | 1996 | 1997 | 1998 | 1999[a] |
|---|---|---|---|---|---|
| GDP at market prices (CFAfr bn) | 2,245 | 2,454 | 2,640 | 2,856 | 3,025 |
| Real GDP growth (%) | 4.8 | 5.6 | 5.5 | 5.7 | 5.0[b] |
| Consumer price inflation (av; %) | 7.8 | 2.8 | 1.7 | 1.1 | 0.8[b] |
| Population (m) | 8.6 | 8.8 | 9.0 | 9.3 | 9.5 |
| Exports fob ($ m) | 993 | 988 | 905 | 964[b] | 1,010 |
| Imports fob ($ m) | 1,243 | 1,264 | 1,176 | 1,238[b] | 1,317 |
| Current-account balance ($ m) | –245 | –200 | –185 | –118[a] | –145 |
| Reserves excl gold ($ m) | 272 | 288 | 386 | 431 | 486[c] |
| Total external debt ($ m) | 3,841 | 3,664 | 3,671 | 3,381 | 3,617 |
| External debt-service ratio, paid (%) | 16.7 | 18.5 | 17.0 | 15.4 | 14.6 |
| Groundnut production[d] ('000 tonnes) | 791 | 588 | 551 | 538 | n/a |
| Exchange rate CFAfr:$ (av) | 499.2 | 511.6 | 583.7 | 590.0 | 616.0 |

March 3rd 2000 CFAfr682.05:$1

| Origins of gross domestic product 1997 | % of total |
|---|---|
| Primary sector | 19.0 |
| Secondary sector | 19.8 |
| Tertiary sector | 61.2 |
| GDP at factor cost | 100.0 |

| Components of gross domestic product 1998 | % of total |
|---|---|
| Private consumption | 75.9 |
| Government consumption | 10.2 |
| Gross domestic investment | 20.0 |
| Exports of goods & services | 33.5 |
| Imports of goods & services | –39.6 |
| GDP at market prices | 100.0 |

| Principal exports 1998 | $ m |
|---|---|
| Fish & fish products | 289.1 |
| Groundnuts & products | 49.7 |
| Phosphates | 23.6 |

| Principal imports fob 1998 | $ m |
|---|---|
| Food products | 329.3 |
| Capital goods | 237.5 |
| Petroleum products | 151.3 |

| Main destinations of exports 1998[e] | % of total |
|---|---|
| India | 26.7 |
| France | 16.8 |
| Mali | 8.0 |
| Mauritania | 3.7 |

| Main origins of imports 1998[e] | % of total |
|---|---|
| France | 32.6 |
| Nigeria | 5.6 |
| US | 5.2 |
| Thailand | 5.1 |

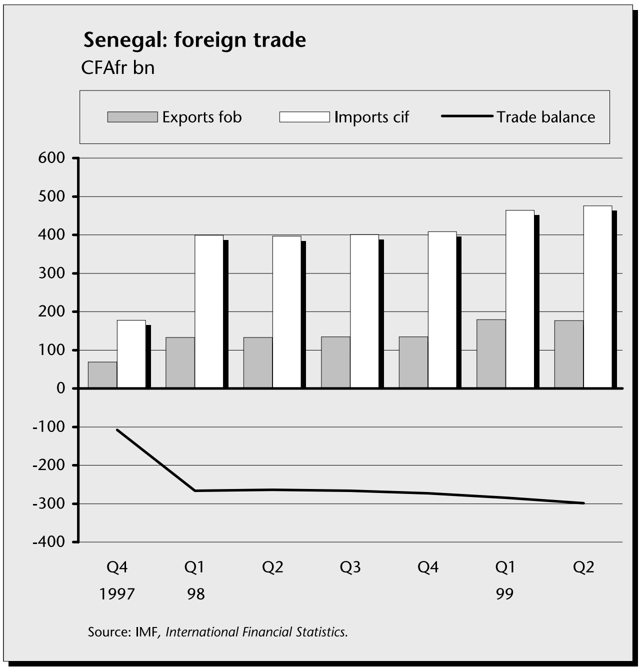
[a] EIU estimates. [b] Franc Zone preliminary estimate. [c] September. [d] Unshelled; crop years beginning October 1st. [e] Derived from partners' trade returns; subject to a wide margin of error.

## Quarterly indicators

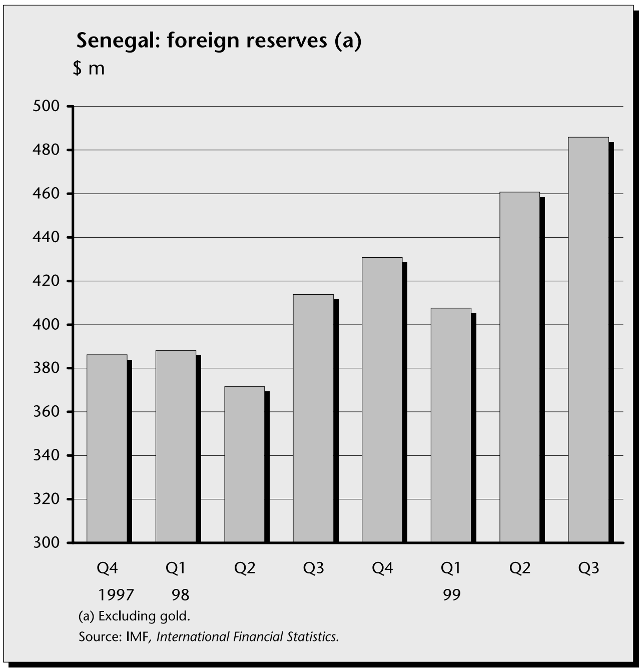
| | 1997 | 1998 | | | | 1999 | | |
|---|---|---|---|---|---|---|---|---|
| | 4 Qtr | 1 Qtr | 2 Qtr | 3 Qtr | 4 Qtr | 1 Qtr | 2 Qtr | 3 Qtr |
| **Prices** | | | | | | | | |
| Consumer prices | | | | | | | | |
| Dakar (1995=100) | 105.5 | 105.1 | 103.8 | 107.3 | 106.8 | 106.0 | 105.2 | 107.8 |
| % change, year on year | 0.6 | 0.8 | 0.7 | 1.9 | 1.2 | 0.9 | 1.3 | 0.5 |
| **Financial indicators** | | | | | | | | |
| Exchange rate | | | | | | | | |
| CFAfr:$ (av) | 588.4 | 609.7 | 601.5 | 590.8 | 557.8 | 584.4 | 620.7 | 625.8 |
| CFAfr:$ (end-period) | 598.8 | 618.5 | 611.7 | 561.6 | 562.6 | 610.7 | 635.1 | 615.1 |
| Interest rates (%) | | | | | | | | |
| Deposit (av) | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 |
| Discount (end-period) | 6.25 | 6.00 | 6.00 | 6.25 | 6.25 | 5.75 | 5.75 | 5.75 |
| Money market (av) | 4.85 | 4.55 | 4.80 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 |
| M1 (end-period; CFAfr bn) | 343.2 | 342.6 | 349.3 | 339.6 | 397.0 | 401.6 | 399.4 | 401.5 |
| % change, year on year | –0.1 | –0.7 | 9.0 | 13.4 | 15.7 | 17.2 | 14.3 | 18.2 |
| **Foreign trade[a] (CFAfr bn)** | | | | | | | | |
| Exports fob | 69.2 | 132.8 | 132.9 | 134.2 | 134.7 | 179.5 | 176.9 | n/a |
| Imports cif | 177.3 | 399.1 | 397.0 | 400.9 | 408.0 | 464.1 | 475.3 | n/a |
| Trade balance | –108.1 | –266.3 | –264.1 | –266.7 | –273.3 | –284.6 | –298.4 | n/a |
| **Foreign reserves** | | | | | | | | |
| Reserves excl gold | | | | | | | | |
| (end-period; $ m) | 386.2 | 388.1 | 371.6 | 413.8 | 430.8 | 407.5 | 460.7 | 485.8 |

[a] *DOTS* estimate, figures are subject to revision.

Source: IMF, *International Financial Statistics*.




Source: IMF, *International Financial Statistics*.




(a) Excluding gold.
Source: IMF, *International Financial Statistics*.

# Outlook for 2000-01

Senegal: forecast summary
($ m unless otherwise indicated)

| | 1998[a] | 1999[b] | 2000[c] | 2001[c] |
|---|---|---|---|---|
| Real GDP (% change) | 5.7 | 5.0[d] | 6.0 | 6.0 |
| Consumer price inflation (av; %) | 0.8 | 1.5[d] | 2.0 | 2.0 |
| Merchandise exports fob | 964[d] | 1,010 | 1,065 | 1,170 |
| Merchandise imports fob | –1,238[d] | –1,317 | –1,375 | –1,445 |
| Trade balance | –274 | –307 | –310 | –275 |
| Current-account balance | –118[b] | –145 | –125 | –100 |
| Average exchange rate (CFAfr:$) | 590 | 616[a] | 640 | 588 |

[a] Actual. [b] EIU estimates. [c] EIU forecasts.[d] Franc Zone preliminary estimate.

The PS faces changes—

Whatever the eventual outcome of the presidential election, the ruling Parti socialiste (PS) will face renewed pressures to reconstitute itself, possibly bringing a further shake-up in its top leadership. President Abdou Diouf was aware of the PS's declining share of the popular vote in recent elections, and as a result placed some distance between himself and the party during his election campaign. Disaffection within the PS's own ranks is also evident, most notably in the decision by the former party stalwarts Moustapha Niasse and Djibo Kâ to break with the PS and run against Mr Diouf. Even if the incumbent is re-elected in a second round on March 19th, this will not, by itself, obviate the need for reform. The president's failure to win 50% of the national vote on February 27th has dealt the ruling party a major blow and has sparked off a new wave of defections. The mayor of Rufisque and a leading party member, Mbaye Jacques Diop, has resigned from the PS leadership, directly blaming Ousmane Tanor Dieng, the party's first secretary, for the poor electoral performance. At the centre of many of the PS's internal controversies in recent years, Mr Dieng may be left no choice but to resign, as his position as President Diouf's *dauphin*, his chosen successor, is increasingly challenged.

—as does the opposition

The political landscape is also shifting for the opposition. For Mr Niasse and Mr Kâ, the presidential election was seen as a test of their parties' relative strength—they gathered 16% and 7% of the national vote respectively—and they have now thrown their weight behind Abdoulaye Wade, the main opposition challenger, who won 31% of the national vote, against 43% for Mr Diouf. For Mr Wade and his Parti démocratique sénégalais (PDS), historically the largest opposition grouping, the election result confirms the PDS's claim to be the main voice for political change in Senegal. However well the PDS candidate does against Mr Diouf, several left-wing parties supporting his candidacy have already forged an alliance, called the Pôle de gauche, and have announced their intention to merge into a larger grouping after the election. Mr Kâ and Mr Niasse might decide to join it. If Mr Wade loses the presidential run-off, this would increase the prospect for a stronger and more united opposition force in the country. Should Mr Wade win, Mr Niasse has already announced he would accept "under certain conditions" the post of prime minister. As the PS still has a majority in the National Assembly, conflict between an opposition-led government and parliament could come to dominate the political agenda. However, according to the constitution the incoming president may decide to dissolve parliament and call a general election. This would open the way for yet another electoral cycle, the fourth since 1996, no doubt diverting attention and resources from important economic and political issues, including peace negotiations in the southern region of Casamance.

*The signs are hopeful for peace in Casamance*

The prospects for peace in the southern region of Casamance have improved, with the opening of the first direct negotiations between the government and the rebel Mouvement des forces démocratiques de Casamance (MFDC) during 17 years of insurgency. Monthly bilateral negotiations have been scheduled, and the present ceasefire is expected to hold. But given the level of distrust between the two camps, differences within the MFDC and political uncertainty both within and across Senegal's borders, it is too early to predict a successful outcome to the talks. However, a number of factors do indicate that the time may be ripe for a political resolution to the conflict. Both Casamançais and other Senegalese are increasingly war-weary—in the course of the conflict thousands have died and tens of thousands been displaced, while much of Casamance's infrastructure has been destroyed and the lives of most residents of the south completely disrupted. At the same time, the army recognises that though the armed insurgency may be contained, given the heavily forested terrain, the relatively porous borders and the wide public sympathy for its cause, it can not be eliminated. Both the PS and the opposition parties agree that a political solution must be found, and since the middle of 1999 all the main MFDC factions have at least verbally committed themselves to a negotiated settlement. Most importantly, there are indications that the MFDC may be moving away from the goal of outright secession, a notion that all the major national parties strongly reject, and might accept some form of special regional representation within Senegal's current borders.

*Fast economic growth will continue—*

The Ministry of the Economy, Finance and Planning forecasts that GDP will grow by 6% in 2000—which is consistent with both the economy's strong growth trend in recent years and the EIU's own forecasts. With the opening of a second cement factory and continuing projects in the transport sector, the ministry believes that the construction sector will grow strongly—by 13.2%. Mining should also perform well, growing by 10.2% as production from the new phosphate mine in Tobène gets going. After the serious power disruptions of 1999, the energy sector should register a growth rate of 5.5%, while manufacturing should grow by 4.9% provided that the electricity supply remains adequate. In the primary sector, agriculture is expected to grow by 6.2% and livestock by 7.4%—assuming the current weather projections are accurate—but fishing will probably be sluggish, with a growth rate of just 1.6%.

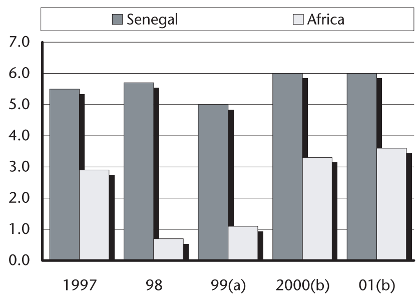
*—but improving tax collection will not be easy*

Trade between Senegal and other members of the francophone economic grouping Union économique et monétaire ouest-africaine (UEMOA) will receive a boost from the reduction of tariff rates on January 1st 2000. However, it will also mean a significant cut in customs revenue—of around CFAfr30bn ($50m) a year in Senegal's case. This reinforces the need to improve the collection of domestic tax revenue still further, and the modestly expansionary budget for 2000 is based on the assumption that this can be achieved.

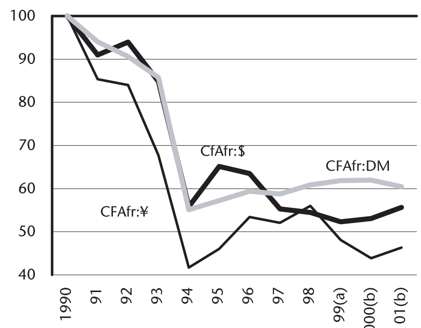
In fact, the government has already made progress in this direction, and the share of revenue from taxes on goods and services has risen in recent years. However, widening the tax base to include most of the businesses operating in the informal sector remains a major challenge. The main organisation representing businesses in the informal sector, the Union nationale des commerçants et industriels du Sénégal (Unacois), has already urged the government to tread carefully.

One factor that influences the willingness of Senegalese to pay their taxes is the integrity and honesty of public servants. Perceptions of corruption also deter foreign investors and seriously distort economic decision-making; and donor agencies are becoming increasingly intolerant of corrupt practices. More open debate of the issue has been stimulated by the publication of Transparency International's annual Corruption Perceptions Index, which ranks Senegal 58th out of 99 countries listed and labels it as moderately corrupt. Recent corruption scandals have received wide coverage from Senegal's lively and independent press, and President Diouf and others in government have been acknowledging the need for more forceful action to control the problem. Among a range of other institutional and legal measures, Mr Diouf has suggested the creation of an independent anti-corruption body. The nature of such a body—in particular, its degree of independence from government—will be a matter of debate in the coming months, as efforts are made to move the struggle against corruption from rhetoric to action.

**Senegal: gross domestic product**
% change, year on year




**Senegal: CFA franc real exchange rates (c)**
1990=100




(a) EIU estimates. (b) EIU forecasts. (c) Nominal exchange rates adjusted for changes in relative consumer prices.
Sources: EIU; IMF, *International Financial Statistics*.

# The political scene

Election day passes off peacefully

Some 2.7m voters were entitled to vote at some 8,000 polling stations in the presidential election on February 27th. The turnout was quite high, at 62%, but there was also a high number of spoilt papers, 23,000 in all, equivalent to 1.4% of the national vote. The electoral watchdog, Observatoire national des élections (ONEL) and international observers did not record any major voting irregularities and the election was judged to be fair and transparent. Early results gave a strong showing to the opposition, and the prospect of a second round soon became apparent. This was later confirmed by the Constitutional Court, which announced the provisional results in early March, giving President Abdou Diouf 43% of the national vote and Abdoulaye Wade 39%. Mr Diouf declared that the presidential run-off, a first in Senegal, was an indication of "healthy democracy" and said that he was optimistic about winning.

Senegal: presidential election first round, Feb 2000

| | Number of votes | % of total |
|---|---|---|
| Abdou Diouf | 690,886 | 41.31 |
| Abdoulaye Wade | 517,642 | 30.97 |
| Moustapha Niasse | 280,885 | 16.76 |
| Djibo Kâ | 118,487 | 7.09 |
| Iba der Thiam | 20,163 | 1.20 |
| Ousseynou Fall | 18,676 | 1.12 |
| Cheikh Abdoulaye Dièye | 16,216 | 0.97 |
| Mademba Sock | 9,318 | 0.58 |

Source: press reports.

Parts of the electoral system are again under attack—

The opposition frequently accused the administration of attempting to manipulate the election. Indeed, there was some evidence of misconduct. Although consultation between the parties and electoral reforms resolved many of the opposition's concerns, new issues, including problems with the revision of voting lists and over the number of opposition observers at polling stations, emerged as the presidential campaign got under way. Nevertheless, the atmosphere remained only moderately charged until late December, when new voting cards began to be distributed to local polling offices.

Leaders of the Alliance des forces de progrès (AFP), the party of the former Parti socialiste (PS) leader Moustapha Niasse, who was running against Mr Diouf, noticed that the cards were not the colour specified in the enabling legislation, giving rise to concern about possible falsification. The interior minister, Lamine Cissé, explained that his ministry had ordered the cards from an Israeli printing firm having had cards printed originally by a local company. General Cissé offered various explanations: that the second order was placed as a backup in case the first could not be completed in time; and the Israeli-printed cards—unlike those of the local printer—could not be duplicated or forged. The more secure Israeli cards were the ones actually distributed, he said, and the other cards would be destroyed.

Whatever the merits of these explanations, General Cissé aroused suspicion by failing to inform either the opposition parties or ONEL about the printing decision beforehand. Alleging that the existence of two sets of voting cards were part of a PS plot to permit double voting for Mr Diouf, the Front pour la régularité et la transparence des élections, representing 17 opposition parties, called for General Cissé's resignation and began organising a series of protest meetings and marches. PS leaders denied the existence of a plot, and claimed that the opposition was simply preparing a justification for its electoral defeat.

—though the opportunity for fraud has been reduced

One reason why the voting card issue drew so much attention was that the opportunities for electoral fraud were thought to have been greatly reduced since previous elections. Most importantly, all parties had agreed to a revision of the electoral register in order to eliminate a large number of dubious or ineligible names. Starting with the core voters who actually voted in the May 1998 legislative election, new electors were added who could prove their identity and eligibility. At the end of the process in early November, some 2.6m Senegalese had been registered to vote in the presidential election, down from the 3m names on the voters' list in 1998. Since many younger voters signed up to vote for the first time—there were 1m newly registered voters in 1999—the final tally reflected a major clear-out of "dead wood" from the old list.

Mr Diouf campaigns for continuity with change—

Although the PS had been actively campaigning for President Diouf's re-election for some months, it was not until the nominating convention in Dakar on December 18th —a US-style extravaganza which included confetti, coloured balloons and musical entertainment—that it formally adopted him as the party's candidate. Mr Diouf used the opportunity to reiterate his central campaign themes. Aware of the diminished popularity of the ruling party, he carefully presented himself as a candidate for all Senegalese, regardless of their political affiliation. In particular, he emphasised the economic record of his past term in office, noting that GDP had grown by an annual average of 5.2%—nearly twice the population growth rate—between 1995 and 1999, and citing a long list of other economic and social achievements and programmes for the future.

Social achievements were also emphasised, and symbolised by the high profile given to women at the convention. For example, Aminata Mbengue Ndiaye, president of the PS's national women's movement, chaired the convention—the first time in the party's history that a woman had presided over such a national gathering. Throughout the event, PS organisers trumpeted the goal of gaining 60% of the vote, or at least more than the 50% needed to secure a first-round victory and thus avoid a bruising run-off with the best-placed opposition challenger.

—and seeks to retain the support of the Islamic brotherhoods—

For decades, the PS has counted on the political support of the leaders of Senegal's powerful Islamic brotherhoods, who have routinely issued religious decrees (*ndigel*) instructing their followers to vote for PS candidates. But with the decline of the groundnut industry (which helped sustain the brotherhoods financially), the rise of opposition parties, and persistent bouts of factionalism and dissidence within the PS itself, such explicit support has been wavering in recent elections. During the course of this campaign, Mr Diouf and other PS leaders visited scores of prominent Islamic figures to solicit their backing. Some expressed their support for Mr Diouf's re-election, as a personal preference, while others continued to issue *ndigel* to vote for him. But several opposition candidates also managed to win the backing of Islamic leaders. The difficulties for the PS were exemplified in late November, when a PS campaign rally in the holy city of Touba was stoned by political opponents. Serigne Saliou Mbacké, the khalif-general of the Mouride brotherhood which dominates Touba, subsequently declared a ban on all political meetings in the city.

Some Islamic leaders took a more direct role in the presidential election: two of them stood as candidates. These were Cheikh Abdoulaye Dièye, who already leads his own political party, the Front pour le socialisme et la démocratie (FSD), and has been a member parliament since 1998, and Ousseynou Fall of the influential Mouride brotherhood. Moustapha Sy the leader of the infamous Islamic brotherhood Moustarchidina wal Moustarchidati withdrew his candidacy in late January

—while winning the backing of some smaller parties

In addition to the endorsements obtained from several tiny parties and from a range of support committees not directly run by the PS, Mr Diouf scored a more significant success when a coalition of four parties came together in November to back his candidacy. Known as the Convergence patriotique, it comprised the Bloc des centristes Gaïndé (BCG), led by Jean-Paul Dias, the Parti libéral sénégalais (PLS), led by Ousmane Ngom, Serigne Diop's Parti démocratique sénégalais-Rénovation (PDS-R) and the Parti africain de l'indépendance (PAI) of Majmouth Diop. The PAI was once Marxist-inclined, while the three others originally emerged from splits in the centrist Parti démocratique sénégalais (PDS), historically the largest opposition party.

In calling on their followers to vote for Mr Diouf's re-election, they described their position as one of "political realism" and characterised the incumbent as the "most viable" candidate. However, critics insisted that the leaders of the Convergence patriotique are simply opportunists, declaring their support for Mr Diouf in the hopes of winning cabinet seats in a post-election government. Such an interpretation gained credence with statements by Abdoulaye Maktar Diop, a PS national secretary, that the party would form a new government "with those who supported us in the elections". Serigne Diop is already justice minister, and Mr Ngom was a minister for several years in the mid-1990s when the PLS was in government. The latter's decision to back Mr Diouf has provoked dissension within the PLS, however, leading to the resignation of some leading figures, clashes and heckling at party meetings, and the return of some PLS members to the PDS.

The PS scorns the left's support for Mr Wade

In late October the general secretary of the PS, Ousmane Tanor Dieng, publicly criticised the support of Mr Wade's candidacy by the Pôle de gauche, a left-wing grouping including the And-jëff/Parti africain pour la démocratie et le socialisme (AJ/PADS), the Ligue démocratique-Mouvement pour le parti du travail (LD-MPT) and the Parti de l'indépendance et du travail (PIT). As Mr Wade's party generally favours economic liberalism, Mr Dieng characterised the left-wing parties' support for him as an alliance "against nature" and suggested that they instead join in a "pluralistic regrouping of all leftist political sensibilities", including the PS. The parties promptly rejected Mr Dieng's offer, stating that they had little in common with the PS, and that a victory by Mr Wade would create the best conditions for democratic change and social progress.

### Presidential candidates, 2000

Abdou Diouf (Parti socialiste, PS): Mr Diouf was for 10 years prime minister under Senegal's first president, Léopold Sédar Senghor, and then stepped into the presidency in January 1981 when Mr Senghor retired.

Abdoulaye Wade (Parti démocratique sénégalais, PDS): Mr Wade has contested every presidential election since 1974. His relationship with the PS-led government has been erratic, alternating between hostility and periods in which he has sat in cabinet; he was last a member of the government in March 1998. At 74, the February election is probably his last chance to defeat his long-time arch-rival.

Djibo Kâ (Union du renouveau démocratique, URD): Mr Kâ was one of the most powerful barons of the PS until losing to Ousmane Tanor Dieng in a contest to become the first secretary of the party in 1996. He left the PS in 1998 to form his own party, which received 13% of the vote in the 1998 legislative election.

Moustapha Niasse (Alliance des forces de progrès, AFP): Mr Niasse, also a former leading member of the ruling party, who served twice as minister of foreign affairs, left the PS in June 1999 to form his own party, after denouncing the PS leadership in the independent press.

Iba der Thiam (Convention des démocrates et des patriotes-Garab Gi, CDP-Garab Gi): A professor of history, Mr der Thiam ran in the 1993 presidential election, winning 1.6% of the national vote.

Mademba Sock (independent): Mr Sock is the leader of the trade union, Union nationale des syndicats autonomes du Sénégal (UNSAS). He became a hero of the labour movement in 1998 when he led a strike against the privatisation of the state electricity company and was imprisoned for six months.

Cheikh Abdoulaye Dièye, (Front pour le socialisme et la démocratie-Benno Jubël, FSD-BJ): A former PS militant, he created the FSD-BJ and was elected member of parliament in the 1998 legislative election. He is an influential Islamist leader.

Ousseynou Fall (independent): Also an Islamic religious leader, Mr Fall is the grand-son of Cheikh Ibra Fall, co-founder of the powerful Mouride Islamist brotherhood.

#### Mr Wade returns home to a massive welcome—

Mr Wade's continued drawing power was amply demonstrated on October 27th, when he returned to Senegal after a 12-month absence in France. He was greeted by huge crowds (although less than the 1m people claimed by the PDS), a fact conceded even by the official and strongly pro-PS daily, *Le Soleil*. The state-owned television, however, did not cover the event, which drew protests from opposition parties and from some media workers' associations about the television network's partisan coverage of the campaign.

Like most of the leading presidential candidates, Mr Wade confidently presented himself as the assured victor during the campaign. Mindful that the PDS's alliance with several other parties, mostly leftist, within the Coalition Alternance 2000 was crucial to his campaign, he affirmed that the coalition had drawn up a one-year transitional programme for government, and that he would not insist on the PDS's own particular programme (which is a mixture of both free-market and welfarist policies). Mr Wade also raised a number of issues with immediate voter appeal, including the creation of jobs for young people, relief aid for the many victims of flooding around the country and new projects to improve the water supply in towns.

#### —and denies rumours of a vice-presidential deal—

In early November the independent *Le Matin* newspaper published a report claiming that President Diouf and Mr Wade had brokered a secret deal offering the latter the position of vice-president if he lost the February 27th election. The mediator of the deal was supposedly Alain Madelin, head of Démocratie libérale in France, with which the PDS is allied within the Liberal International. PDS spokesmen vigorously denied the report, although rumours persisted, unsurprisingly given the party's participation in two previous governments. (Some variants of the rumour postulated a similar vice-presidential deal with Mr Niasse of the AFP.) For his part, Mr Wade said that, if elected, he would appoint a "broad national union" government, including the PS.

—while two former PS leaders continue to campaign separately

Despite hopes that Mr Niasse and Djibo Kâ, the candidate of the Union du renouveau démocratique (URD), would join forces in the first round of the election to present a united opposition front, neither was willing to step down for the other, and both parties—the AFP and the URD—seemed eager to test the strength of their electoral base before talking seriously about a possible alliance or merger. Both candidates campaigned actively and drew respectable crowds, often attracting support away from the PS, but sometimes picking up once-prominent figures from the PDS or other opposition parties as well. At the AFP's nominating convention on January 15th, Mr Niasse secured the formal endorsement of the Alliance pour le progrès et la justice/Jëf Jël, whose leader, Talla Sylla, is close to prominent figures in the powerful Mouride brotherhood.

Casamance peace talks begin—

On December 26th direct peace negotiations were opened in the Gambian capital, Banjul, between the government and the Mouvement des forces démocratiques de Casamance (MFDC)—the first direct talks during 17 years of armed insurgency in the southern region of Casamance. On the same day Father Augustin Diamacoune Senghor, the movement's political leader, and General Lamine Cissé, the Senegalese interior minister, signed a formal ceasefire agreement. During a second day of talks both sides also agreed on the issues that would be discussed in future negotiations, and stated that they would meet regularly on the 15th of each month. The second round of talks was postponed until January 24th, however, because of the elections in Guinea-Bissau, which is acting as an official mediator along with The Gambia.

—maintaining the ceasefire will be the first challenge

Formally, the ceasefire agreed in Banjul is not a new agreement to stop fighting but a call to respect the July 1993 ceasefire declaration signed by Father Diamacoune. During the Banjul talks, the MFDC leader accused the government of having violated the earlier ceasefire, and therefore being responsible for the violence that has taken place subsequently. In fact, the MFDC's hard-line Southern Front continued to favour armed insurgency and repeatedly launched attacks through much of Casamance, as well as plunging directly into the 1998 civil war in Guinea-Bissau. It was only at the MFDC's consultations in June 1999 that the Southern Front agreed to Father Diamacoune's peace option.

No representatives of the Southern Front actually took part in the Banjul talks, raising concerns about its commitment to negotiations. However, the MFDC argued that it was inappropriate for the military wing to take part in a process that should be left to the movement's political leaders, while the main Southern Front commander, Salif Sadio, let it be known through intermediaries that his forces would observe the ceasefire. Such an assurance was important following a series of armed clashes near Ziguinchor and Samine in early

December. It is not clear whether regular MFDC forces actually were involved, or whether the fighting was started by maverick rebel units or armed drug gangs, which have proliferated in recent years and could complicate the peace process. In the wake of the Banjul ceasefire agreement, General Cissé acknowledged that one of the first tasks facing the negotiators would be to develop an effective ceasefire monitoring mechanism.

The MFDC develops its bargaining position—

The continuing influence of MFDC hardliners probably accounted for some of Father Diamacoune's sharp statements during the Banjul talks, nevertheless he carefully avoided using the word "independence". This may be significant: the government has long made it clear that it will never countenance the country's break-up, and an MFDC compromise on this issue would bring a negotiated settlement within reach.

The movement's new interest in "regionalisation" is another sign that it may be moving away from its long-cherished goal of outright independence. General Cissé commented that this could only be undertaken within the framework of Senegal's existing regional structures (of the current ten regions, two, Ziguinchor and Kolda, comprise Casamance). But if the MFDC confirms its acceptance of Senegal's existing borders, a number of alternatives—including a federal solution—could be discussed. In addition, the MFDC has indicated that it would like to be recognised as a legal political party, which would require its acceptance of national sovereignty as defined in the Senegalese constitution.

—and an agenda for future talks is elaborated

Even if the ceasefire holds and no other difficulties derail the talks, negotiators accept that it is likely to take months to reach agreement on the numerous points of a comprehensive peace settlement. A provisional agenda agreed by both sides grouped matters for negotiation into two categories: those of a directly political nature and "accompanying activities" that would help create and support the peace process. The first includes defining the conditions for a lasting peace, regionalisation as a response to the party's political demands, recognition of the MFDC as a political movement, and full freedom of movement and speech for the MFDC's leaders. The second category includes the de-mining of the war zones, the withdrawal of Senegalese military forces, the return of and assistance to refugees and displaced people, the identification of former rebels and political prisoners and their reintegration into economic activities, the reconstruction and rehabilitation of schools, health clinics and other rural infrastructure damaged by the war, and the effective revival of a normal territorial administration.

# Economic policy

A modestly expansionary budget is passed—

The government's annual budget was approved by Senegal's National Assembly in late November—following two weeks of debate—and y the Senate in early December. It projects a 5.4% increase in ordinary receipts to CFAfr516.6bn ($861m) in 2000, while expenditure on salaries, other ordinary expenses and capital expenses are projected at CFAfr417bn—11.1% up on the previous year's total. Debt servicing in 2000 is expected to fall slightly to CFAfr132bn, compared with CFAfr133.7bn in 1999. The consolidated investment budget increases by 9.8%, to CFAfr341.6bn, CFAfr245.7bn of which will be financed by external sources, including CFAfr145bn in loans. The portion of the investment budget financed from Senegal's own resources, CFAfr95.9bn, is an impressive 19% higher than in 1999.

Inevitably, opposition MPs claim that the increased budget spending is motivated by electoral considerations, while ministers insist that it reflects steady improvements in government revenue collection and the prospect of stronger economic growth in 2000.

—with a quality deficit—

The overall budget deficit is projected at CFAfr25.1bn, down from CFAfr36.8bn in 1999, and will be covered by donor assistance and drawings from the IMF. According to the budget minister, Aissatou Niang Ndiaye, this represents a "deficit of quality", since the government has chosen to increase public investments, to strengthen the prospects for sustained economic growth.

—and expectations of stronger tax collection—

Receipts are expected to increase in 2000, despite the substantial loss to the Treasury caused by the lowering on January 1st of customs tariffs as a move towards free trade within the Union économique et monétaire ouest-africaine (UEMOA). Trade within the region will be duty-free for a range of industrial goods manufactured within member countries, while the maximum tariff on goods from outside will decline from 25% to 20%. For Senegal, this will mean a drop of some CFAfr30bn in customs revenue. However, further improvements in the collection of taxes on goods and services may outweigh the loss, especially if the government succeeds in bringing more of the notoriously elusive informal sector within the tax net.

—as public-sector salaries are raised

Despite the denials of ministers, the decision to raise public-sector salaries in 2000 has undoubtedly been made for electoral reasons. The increase will range from 5.5% for the highest-paid employees to 10-12% for those in the lowest grades. The move comes in response to the wage demands made by unions during a two-day strike in June. At the time the government refused to countenance any salary increases above the economic growth rate, but with voters due to go the polls in February it has changed its mind. Madia Diop, general secretary of the PS-affiliated Confédération nationale des travailleurs du Sénégal, was certainly fulsome in his praise of the wage increase, and indicated that his federation would now work wholeheartedly for Mr Diouf's re-election.

Corruption returns to the agenda—

A number of new scandals have come to light in recent months, highlighting corruption within the Senegalese administration. In a routine inspection by a finance ministry unit in late October, five Treasury employees were found to have embezzled more than CFAfr200m ($308,000), although the amount is just a provisional estimate. The five were dismissed and charges were preferred against them. In a case which drew particular national attention, a regional government official in Kaolack and the permanent secretary of the local Red Cross were found guilty of diverting to private traders rice intended as relief aid for flood victims. They received suspended sentences of six months and fines of CFAfr100,000 each. Just a few days after the end of the trial, a diversion of relief aid was exposed in Kolda, implicating the chief of staff of the regional governor's office. He and six others were fined CFAfr50,000 each and given six-month suspended sentences.

—as Senegal performs poorly in an annual corruption index

Against this background, the release of Transparency International's annual Corruption Perceptions Index in late October attracted considerable interest. According to the index, a composite measure derived from 17 international surveys, Senegal ranked 58th out of 99 countries and was deemed moderately corrupt. By comparison, Nigeria and Cameroon were deemed very corrupt, and Mozambique and Zambia were judged to be less prone to corruption. Discussing the index's findings at a press conference in Dakar, Mame Adama Guèye, president of the Forum civil, the Senegalese chapter of Transparency International, noted that the country had not improved its position since the previous year, and that further institutional and judicial reforms were needed.

Mr Diouf promises more resolute action against corruption—

Although Senegal did not send a high-level representative to the International Anti-Corruption Conference held in Durban in October, there are signs that the government is taking the problem of corruption more seriously. President Diouf, in a keynote address in early November, emphasised corruption's damaging effect on economic development and business practices, and noted that the uncertainties and distortions it introduces tend to discourage foreign investors. Most significantly, Mr Diouf said that it was time for Senegal to establish an independent anti-corruption commission, inter-ministerial in nature and linked to the prime minister's office. Other possible new steps that could be taken included extending anti-corruption laws to cover employees of private companies, introducing measures to protect whistle-blowers, and improved the training of magistrates to deal with white-collar crime.

—but the opposition remains sceptical

The opposition parties and independent press dismissed the president's speech. They noted that a number of earlier anti-corruption campaigns had had few tangible results, and that recent proposals by opposition deputies to establish a parliamentary commission of inquiry into corruption had been opposed by the PS majority. Equally, the courts' relative leniency toward the officials who had stolen food aid from the flood relief effort in Kaolack and Kolda showed that the judicial system was still not willing to deal firmly with high-ranking officials or PS members convicted of corruption.

Planning confusion highlights rifts within the administration

In early December the Dakar regional governor's office ordered the destruction of foundations and partly constructed buildings at a site being developed by the Société immobilière du Cap-vert (Sicap), which is 90% government-owned. The action highlighted the lack of co-operation between different sectors of the national administration: the regional authorities maintained that title to the land had not been established, but Sicap, which subsequently filed a legal action against the government, produced building permits signed by the minister of urbanism and housing. On the basis of this authorisation, it had signed a contract with an Italian-American construction firm. Executives of Sicap, which had already spent CFAfr2bn ($3.1m) on the site, said they had not received prior notice of the demolition nor of any legal problems.

Press reports indicate that the conflict over the construction site may be mixed up with broader political and policy disputes. The director-general of Sicap, Assane Diagne, is known to be on poor terms with the PS general secretary, Ousmane Tanor Dieng. Mr Diagne and other Sicap executives have also been critical of the way the government is handling Sicap's planned privatisation; some have complained that because of government payment arrears the enterprise has been forced to seek external financing, and others have suggested that members of the PS are lining up to buy properties built by Sicap villas that have been valued at well below their current market price.

# The domestic economy

## Agriculture

A cereal harvest of 1m tonnes is expected—

The severe flooding along the Senegal River following torrential rains in late September inundated rice fields and caused severe disruption to the city of St Louis and its environs, but overall it appears to have had little serious effect on national grain production. Most of the country has received higher than average and well-distributed rainfall, while in the north the flooding has actually improved the prospects for rice and groundnuts in the Senegal River valley. In late October a crop assessment team from the UN Food and Agriculture Organisation estimated that rain-fed cereal production would reach about 962,000 tonnes in the 1999/2000 crop year (September-August), some 7% above the five-year average. With another 47,000 tonnes expected from recession and off-season crops, this would raise the national grain output to just over 1m tonnes (4th quarter 1999, page 19).

—but projections of the cotton crop are lowered—

By late December, the cotton parastatal Société de développement des fibres textiles (Sodefitex) was projecting a harvest of 23,000 tonnes of seed cotton during the 1999/2000 season. This is well down on its earlier—unrealistic—projection of 45,000 tonnes, but would still mark a significant improvement on the 1998/99 total of just 11,500 tonnes, suggesting that the sector is gradually recovering from several years of setbacks, including successive pest infestations, labour shortages at harvest time and heavy indebtedness among cotton farmers.

Despite poor cotton prices on the world market, Sodefitex is maintaining its buying price at CFAfr185/kg to give farmers some incentive to keep growing the crop. Nevertheless, it is providing seeds and credits only to some 50,000 cotton farmers this year, down from 70,000 in 1998/99. The area planted with cotton has dropped even more sharply, from 50,000 ha in 1998/99 to 23,000 ha in 1999/2000. But higher yields should more than compensate for the decline in cultivated area, Sodefitex believes. With improved rains and greater effectiveness in getting inputs to a reduced number of farmers over a smaller area, yields may rise to an average of 900 kg/ha, compared with the disastrously low 250 kg/ha achieved in 1998/99.

—and groundnut farmers are upset over lower prices

The liberalisation of the groundnut sector is more advanced than that of cotton, and groundnut farmers are therefore more vulnerable to the vagaries of the world market. In response to the decline in international prices, the Comité national interprofessionnel de l'arachide, which determines the floor price in negotiation with producers and buyers, announced in November that the minimum guaranteed price would be CFAfr145/kg in 1999/2000—down from CFAfr160/kg the previous season. This is still above the world price (currently about CFAfr120/kg) because of a partial subsidy provided by a fund financed by the Société nationale de commercialisation des oléagineux du Sénégal (Sonacos), the groundnut-processing parastatal which is due to be privatised. Groundnut farmers' organisations have nevertheless criticised the lowering of the floor price, and some opposition candidates in the presidential election seized on the move, pointing to the discrepancy between the government's agreement to raise public-sector salaries and its failure to increase its support to an industry that affects many rural livelihoods.

## Energy

Two new power stations come on line—

Two new gas turbine power stations have been opened, significantly improving the capacity of the Société nationale sénégalaise d'électricité (Senelec), privatised in 1999, to supply the national grid and raising hopes that the country's frequent power cuts will be significantly reduced. The economic disruption caused by the power cuts has been singled out as one of the factors contributing to the slowdown in Senegal's growth in 1999. In late September a new 30-mw generator came on stream in Bel Air, and in early November it was formally inaugurated by the president, Abdou Diouf, at a ceremony attended by the Canadian prime minister, Jean Chrétien; the Canadian International Development Agency and Hydro Québec of Canada are underwriting the training of personnel for the plant, provided by Hydro Québec. In early October another gas turbine, at Cap des Biches, began the first phase of operation. This is to supply Senelec with 34 mw, and work is in train to expand its capacity to 54 mw during the first quarter of 2000. Built by an affiliate of the US energy giant General Electric (GE) at a cost of $65m—the single largest American investment in Senegal—it will be operated by GE for 15 years before it is handed over to the government, in Senegal's first major build, operate, transfer scheme.

With the two plants in operation, Senelec's national capacity is now 230 mw, comfortably above the current national demand of about 205 mw. Senelec's director-general, Jean-Claude Simard, has confidently proclaimed that power cuts are finished in Senegal. However, public confidence in such claims was shaken by occasional power cuts in Dakar in December, although Senelec maintains that these were caused by maintenance work.

—but the cost of the Bel Air deal is questioned—

The Senegalese government originally ordered the Bel Air turbine, at a cost of CFAfr9bn, in 1998. Critics of the deal note that Hydro Québec—whose price was higher than those of two other bidders—won the contract on the basis that it would deliver a fully functional station within three months. Quick delivery was considered a priority because of the increasing power cuts, but in the event Hydro Québec was nine months late. It is unlikely to be penalised for the delay, however, since a consortium led by Hydro Québec has in the meantime acquired a 34% share in Senelec and has taken over its management as part of the utility's partial privatisation.

—while Senelec's financial difficulties stimulate debate on recapitalisation

According to a report discussed at a management meeting in late October, Senelec carried CFAfr75.2bn in liabilities in 1998. Although the precise extent of the debt and the reasons for it are matters of dispute, it appears that short-term loans account for a large portion of the total, and Senelec's creditors are beginning to press for repayment. In its current state, the utility would find its investment plans seriously jeopardised if it met its obligations to the banks. A CFAfr30bn recapitalisation would solve the immediate dilemma; this could be achieved by all partners contributing a proportionate share, but Hydro Québec has made little secret of its desire to increase the consortium's stake from 34% to 51%, and the recapitalisation could provide an opportunity for such a reconfiguration, although Senelec's unions strongly oppose such an idea. Hydro Québec officials have also said that Senelec was overvalued at the time of the sale, and that a rebate—possibly in the form of a transfer of government shares—may be due on the CFAfr40bn the consortium paid for its stake.

Oil exploration agreements prompt a warning from the Casamance rebels

Visiting Dakar in late September, Venezuela's minister of energy and mines, Ali Rodríguez Araque, signed a protocol agreement with his Senegalese counterpart, Magued Diouf. Among other things, this provides a framework for direct Venezuelan involvement in Senegalese oil exploration and exploitation, and for increased technical collaboration between the two countries' oil enterprises. Senegal had already requested Venezuelan assistance in exploiting the crude deposits in Dômes Flore, in Casamance, and is now promising to expedite Venezuelan requests for oil exploration permits. Announcement of the Venezuelan accord—which followed a similar agreement with Austria—brought a protest from the Casamance rebel movement, which warned both Venezuela and Austria that it would not accept any foreign presence in the region without its prior approval. Although issued before the opening of direct peace talks between the MFDC and the government, the warning may indicate the need for a cautious approach by Senegal's foreign partners.

## Foreign trade and payments

Rice heads the import list

During the first 11 months of 1999 imports totalled CFAfr727.3bn ($1.2bn), according to a report in *Sud Quotidien*, one of the main independent dailies. This compares with the CFAfr730.1bn figure cited in the most recent Banque de France report on the Franc Zone, which put Senegalese exports in 1998 at CFAfr569.2bn. The *Sud Quotidien* report did not cite a source, but did include a detailed breakdown of 1999 imports. Rice accounted for 10.2% (CFAfr74.4bn) of the total, with Thailand supplying 187,000 tonnes of the 500,000-tonne total. Crude oil and oil products worth CFAfr39.7bn were imported during the first 11 months of 1999, followed by vegetable oil (CFAfr26.7bn) and passenger vehicles (CFAfr22bn).

# The Gambia

## Political structure

| | |
|---|---|
| Official name | Republic of The Gambia |
| Form of state | Unitary republic |
| Legal system | Based on English common law and the 1996 constitution |
| National legislature | House of Assembly: installed on January 16th 1997, having been suspended since the military coup of July 1994; 49 members, 45 elected by universal suffrage, 4 nominated by the president; all serve a five-year term |
| National elections | September 1996 (presidential), January 1997 (legislative); next elections due in September 2001 (presidential) and January 2002 (legislative) |
| Head of state | President, elected by universal suffrage for a five-year term |
| National government | The president and cabinet; last reshuffle January 2000 |
| Main political parties | The ban on political activity was lifted in August 1996, but three pre-coup parties (the People's Progressive Party, the Gambia People's Party and the National Convention Party) remain proscribed. The ruling party is the Alliance for Patriotic Reorientation and Construction (APRC); the United Democratic Party (UDP) and the National Reconciliation Party (NRP) are the main opposition parties |

| | | |
|---|---|---|
| | President & minister for defence | Yahyah Jammeh |
| | Vice-president & minister for health, social welfare & women's affairs | Isatou Njie Saidy |
| Key ministers | Agriculture | Hassan Sallah |
| | Civil service | Mustapha Wadda |
| | Culture & tourism | Susan Waffa-Ogoo |
| | Education | Thérèse Ndong Jatta |
| | External affairs | Lamine Sedat Jobe |
| | Finance & economic affairs | Famara Jatta |
| | Interior | Ousmane Badjie |
| | Justice & attorney-general | Fatou Bensouda |
| | Local government & lands | Lamin Kaba Bajo |
| | Presidential affairs, House of Assembly, civil service, fisheries & natural resources | Edward Singhateh |
| | Public works, communications & information | Sarjo Jallow |
| | Trade, industry & employment | Musa Sillah |
| | Youth & sports & religious affairs | Yankuba Touray |
| Central Bank governor | Clarke Bajo | |

# Economic structure

## Annual indicators

| | 1995 | 1996 | 1997 | 1998 | 1999[a] |
|---|---|---|---|---|---|
| GDP at market prices (D m) | 3,492[b] | 3,800[b] | 4,151 | 4,424 | 4,725 |
| Real GDP growth (%) | –3.4[b] | 5.3[b] | 4.9 | 4.7 | 4.2[c] |
| Consumer price inflation (%) | 7.0 | 1.1 | 2.8 | 1.1 | 2.5[c] |
| Population (m) | 1.11 | 1.14 | 1.17 | 1.20 | 1.23 |
| Exports fob ($ m) | 123[b] | 119[b] | 114 | 132[d] | n/a |
| Imports fob ($ m) | 163[b] | 217[b] | 186 | 201[d] | n/a |
| Current-account balance ($ m) | –8[b] | –48[b] | –46 | –16[d] | n/a |
| Reserves excl gold ($ m) | 106 | 102 | 96 | 106 | 107[e] |
| Total external debt ($ m) | 425 | 456 | 430 | n/a | n/a |
| External debt-service ratio, paid (%) | 14.7 | 12.4 | 11.6 | n/a | n/a |
| Groundnut production ('000 tonnes)[b] | 79.7 | 78.8 | 78.1 | 83.7 | 90.0[c] |
| Charter tourists ('000)[b] | 42.9 | 72.1 | 75.9 | 92.4 | n/a |
| Exchange rate (av; D:$) | 9.55 | 9.78 | 10.20 | 10.64 | 11.31 |

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| Origins of gross domestic product 1998 | % of total |
|---|---|
| Agriculture | 21 |
| Industry | 12 |
| Services | 67 |
| GDP at factor cost | 100 |

| Components of gross domestic product 1998 | % of total |
|---|---|
| Private consumption | 76 |
| Government consumption | 17 |
| Gross domestic investment | 18 |
| Exports of goods & services | 51 |
| Imports of goods & services | –62 |
| GDP at market prices | 100 |

| Principal exports 1997 | $ m |
|---|---|
| Groundnuts (shelled) | 5.1 |
| Fish & fish preparations | 4.6 |
| Re-exports | 99.9 |

| Principal imports cif 1997 | $ m |
|---|---|
| Food & beverages | 74.4 |
| Machinery & transport equipment | 44.7 |
| Manufactures | 26.3 |
| Minerals & fuel | 17.8 |

| Main destinations of exports 1998[f] | % of total |
|---|---|
| Belgium-Luxembourg | 72.0 |
| France | 7.1 |
| Japan | 6.3 |
| UK | 3.1 |

| Main origins of imports 1998[f] | % of total |
|---|---|
| China (incl Hong Kong) | 28.1 |
| Netherlands | 7.9 |
| UK | 7.8 |
| Belgium | 5.9 |
| Senegal | 5.3 |

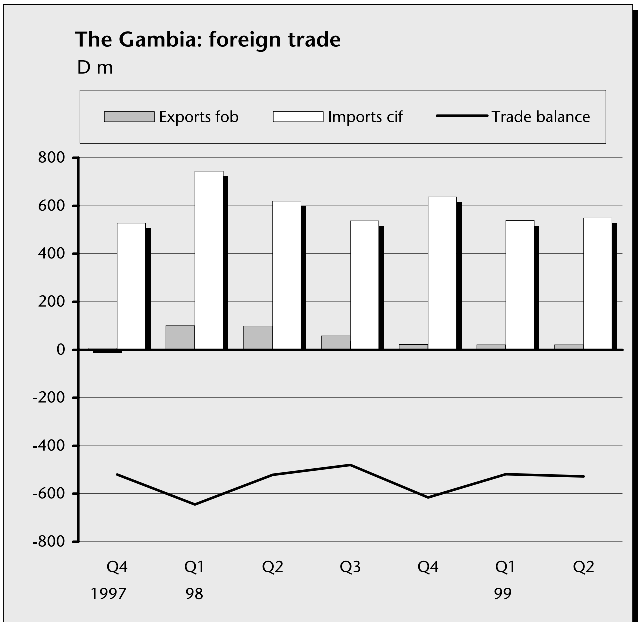
[a] EIU estimates. [b] Fiscal year ending June 30th. [c] Official estimate. [d] IMF estimate. [e] August. [f] Derived from partners' trade returns; subject to a wide margin of error.

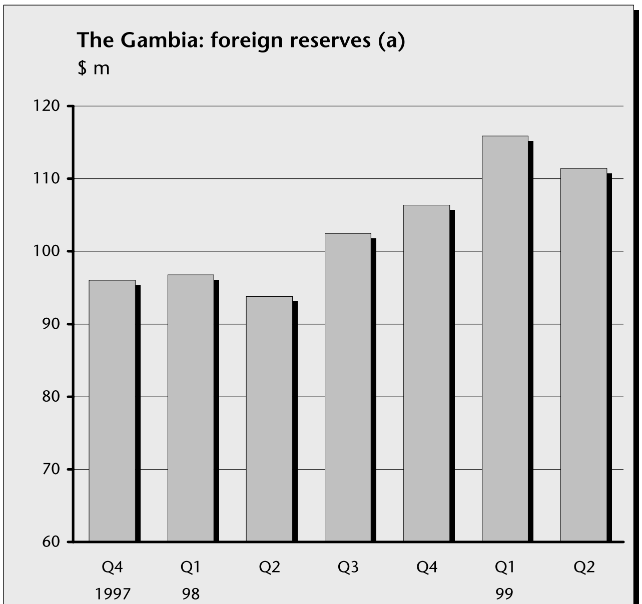
# Quarterly indicators

| | 1997 | 1998 | | | | 1999 | | |
|---|---|---|---|---|---|---|---|---|
| | 4 Qtr | 1 Qtr | 2 Qtr | 3 Qtr | 4 Qtr | 1 Qtr | 2 Qtr | 3 Qtr |
| **Prices** | | | | | | | | |
| Consumer prices (1995=100) | 103.3 | 100.8 | 103.9 | 107.4 | 108.1 | 108.3 | 108.4 | n/a |
| % change, year on year | 0.7 | –2.0 | –0.4 | 2.1 | 4.6 | 7.4 | 4.3 | n/a |
| **Financial indicators** | | | | | | | | |
| Exchange rate | | | | | | | | |
| D:$ (av) | 10.422 | 10.539 | 10.558 | 10.651 | 10.824 | 11.078 | 11.295 | 11.551 |
| D:$ (end-period) | 10.530 | 10.536 | 10.583 | 10.679 | 10.991 | 11.072 | 11.301 | 11.658 |
| Interest rates (%) | | | | | | | | |
| Deposit (av) | 12.50 | 12.50 | 12.50 | 12.50 | 12.50 | 12.50 | 12.50 | n/a |
| Discount (end-period) | 14.00 | 14.00 | 14.00 | 14.00 | 12.00 | 12.00 | 12.00 | n/a |
| Lending (av) | 25.50 | 25.50 | 25.50 | 25.50 | 25.00 | 24.00 | 24.00 | n/a |
| M1 (end-period; D m) | 629.4 | 600.4 | 575.4 | 591.8 | 626.6 | 755.2 | 676.8 | n/a |
| % change, year on year | 38.8 | 25.1 | 10.3 | 22.5 | –0.5 | 25.8 | 17.6 | n/a |
| **Foreign trade (D m)** | | | | | | | | |
| Exports fob | 7.54 | 100.42 | 98.32 | 57.31 | 21.38 | 20.43 | 20.77 | n/a |
| Imports cif | 527.29 | 744.51 | 619.62 | 537.52 | 637.33 | 538.54 | 548.67 | n/a |
| Trade balance | –519.75 | –644.09 | –521.30 | –480.21 | –615.95 | –518.11 | –527.90 | n/a |
| **Foreign reserves** | | | | | | | | |
| Reserves excl gold | | | | | | | | |
| (end-period; $ m) | 96.04 | 96.77 | 93.79 | 102.45 | 106.36 | 115.86 | 111.39 | n/a |

Source: IMF, *International Financial Statistics*.




Source: IMF, *International Financial Statistics*.




(a) Excluding gold.
Source: IMF, *International Financial Statistics*.

# Outlook for 2000-01

The coup gives a pretext for increased internal security measures

The alleged coup attempt on January 15th does not bode well for The Gambia. Although it is certainly possible that some members of the military tried to stage a coup, it is more likely that the whole affair was stage-managed by the regime to allow the president, Yahyah Jammeh, to tighten his grip on the country. Public disquiet had noticeably increased since the passage of a law requiring all citizens to carry an identity card—a move that prompted some over-zealous police officers to step up their day-to-day harassment of the population—and the coup attempt gives the army and paramilitary a reason to step up patrols still further. Even though Colonel Jammeh legitimised his position in 1996, when he won a democratic presidential election, the military remains by far the strongest force in the country—as well as being the president's most important constituency. As commander-in-chief, Colonel Jammeh will keep a close grip on the military leadership, promoting some and dismissing others.

The APRC is set for restructuring

In the same vein, President Jammeh seems poised to carry out a long-overdue restructuring of the ruling Alliance for Patriotic Reorientation and Construction (APRC). He is unlikely to brook any dissent given recent problems, including the disappearance of the party's secretary-general, Phodey Makalo, with most of its funds. The July 22nd movement, which in effect acted as a pro-Jammeh militia, has already been reintegrated into the APRC's formal structure in an attempt to reconstitute the government's power base and centralise power.

Corruption allegations are aired—

President Jammeh is also keen to find ways of distancing himself from embarrassing allegations of corruption. These centre on the alleged embezzlement of some $2m-3m of Nigerian oil aid, but also the siphoning off of millions of dollars of a Taiwanese loan following the opening of diplomatic relations between the two countries in 1996. Diverting public attention from such allegations—for which evidence abounds—has been made all the more necessary by official pronouncements that any official suspected of involvement in financial malpractice will be sacked. In a quest for good governance, the attorney-general in late 1999 released a report concerning some 600 cases of financial mismanagement in public administration. Clearly such actions provide the right sort of signals for donors, but they will count for little if the regime is unable to shake off allegations of corruption at the very top.

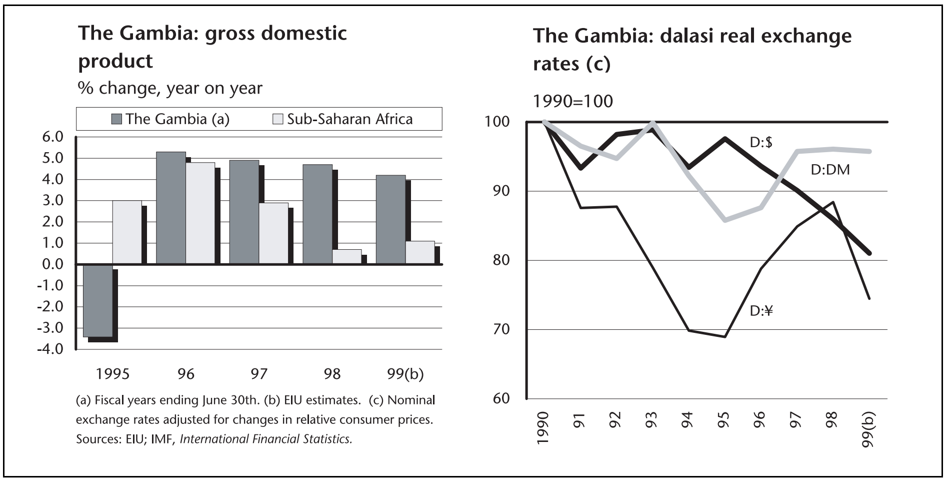
—adding to donors' doubts

The IMF's approval of a second annual loan under the $27m enhanced structural adjustment facility (ESAF) will help strengthen the government's position, but the Fund, which withheld payment for more than six months after its last mission in mid-1999, will still need clear evidence that the authorities are keen to push through the economic reform programme. In addition, the dispute between the government and the privately owned Gambian Groundnut Corporation over alleged money-laundering needs to be addressed urgently. With no appropriate measures to ensure the smooth marketing of the crop, much of the 1999/2000 harvest, estimated at 90,000 tonnes, may be smuggled across the border to Senegal. This might have a dramatic effect on the country's balance of payments.

**Cereals production up 20%**

The government is estimating real GDP growth of 4.2% in 1999—marginally below IMF projections of 4.7%—accelerating to 5% in 2000. Cereals production is thought to have increased by around 20% despite poor weather conditions last year, and the positive knock-on effect on both trading activities and private consumption should last into this year. However, the government's domestic debt stock, which is equivalent to 26% of GDP, continues to hinder private investment.

Projected inflation in 2000 is 2.5%. This should be attainable provided that the government maintains sound monetary policy and contains the effects of a 6% increase in the price of petroleum products, which was introduced in January.




(a) Fiscal years ending June 30th. (b) EIU estimates. (c) Nominal exchange rates adjusted for changes in relative consumer prices.
Sources: EIU; IMF, *International Financial Statistics*.

## The political scene

**Further allegations of corruption—**

Pressure on the president, Yahyah Jammeh, increased in the first two weeks of January with the emergence of new evidence to support opposition claims that millions of dalasis had been embezzled from a Nigerian crude oil deal between 1996 and 1999. In his New Year's speech, the leader of the opposition United Democratic Party (UDP), Ousainou Darboe, divulged that the High Court in London had ordered President Jammeh to pay $600,000 to a French oil contractor, Chandrils Commercial, in April 1999 for breach of contract. The deal involved the sale of some 15,000-20,000 barrels/day of crude oil—a present from the late Nigerian leader, Sani Abacha. According to Mr Darboe, the money from this went directly into a private bank account in Switzerland.

**—are backed by outside sources**

Such allegations are hardly new in The Gambia—shortly after being ousted by Colonel Jammeh in July 1994, Sir Dawda Jawara was also accused of embezzling some $40m of Nigerian oil aid. However, government denials were undermined by contradictory statements to the press, and by Patrick Smith, the editor of the UK-based newsletter *Africa Confidential*. According to

Mr Smith, the oil deal was signed after the Gambian leader gave his support to General Abacha at a Commonwealth summit in November 1995; the Abacha government was facing international ostracism at the time, because of the execution of nine minority rights activists, including Ken Saro-Wiwa. Mr Smith added that the oil-trading agreement, which was renewed until Sani Abacha's death in mid-1998, would have been legal had the $2m-3m annual proceeds of the sale been paid to the Treasury.

An alleged coup attempt—

On January 15th the interior minister, Ousmane Badjie, alleged that a plot to overthrow President Jammeh had been foiled. The security forces had intercepted two of the supposed ringleaders, Almamo Manneh and Landin Sanneh, both officers of the state guard. Lieutenant Manneh was shot dead and Lieutenant Sanneh—the commander of the State guard—wounded and arrested. This sort of story is only too familiar to Gambians: President Jammeh claims to have survived a succession of other armed attempts, the most recent being in July 1997.

On this occasion, President Jammeh claimed that the plotters of the coup had been under surveillance for four months by the National Intelligence Agency, and that, with troops from the Fajara and Yundum military barracks, they planned to take over Gamtel, the telecommunications utility, the state radio and the airport. Once in power, they allegedly intended to kill senior members of the government, as well as all army officers above the rank of lieutenant and any supporter of the ruling party, the Alliance for Patriotic Reorientation and Construction (APRC). Further arrests followed, and a shoot-out in Banjul's Albert market led to the death of another of the conspirators, Corporal Momodou Dumbuya.

—proves convenient for the regime

However, many Gambians suspect that the coup was in fact designed to eliminate army officers suspected of having opposition sympathies and distract public attention from the Nigerian crude oil scandal. The interior minister dismissed the idea, but doubts persist, not least because there is little evidence of an actual coup plot.

None of the plotters has yet to testify in public, and it is clear is that, disregarding the matter of loyalty to the government, morale in the country's 1,000-strong army is fragile. Rivalry for senior positions is fierce, no doubt fuelled by President Jammeh's shake-up of the army leadership twice in 1999 (1st quarter 1999, page 28; 2nd quarter 1999, page 24). Two senior army officers were dismissed in October, with no official reason given.

Further fraud embarrasses the APRC

In late October Phodey Makalo, secretary-general of the APRC and one of President Jammeh's close allies, was reported to have absconded with the party's funds. The police have issued a warrant for the arrest warrant of Mr Makalo, who in the early 1990s spent two years in jail in the UK for drug-trafficking. Mr Makalo's deputy, Pa Mamadu Njye, was swiftly appointed to succeed him, but at the APRC's national congress in mid-November President Jammeh was virulent in his denunciations of the "ineffective, sluggish and self-complacent" party secretariat.

**The July 22nd Movement is broken up**

Also in late October, the government announced that, in compliance with the constitution, the July 22nd Movement had officially been disbanded. The movement, which was the sole legal political organisation during Colonel Jammeh's military regime, was purportedly a non-governmental development organisation. In fact, it was closely associated with the activities of the ruling APRC, and its youth wing—which chiefly acted as a pro-Jammeh vigilante group harassing the opposition—had become increasingly unpopular over the years. The government often had to deny responsibility for the movement's actions but, by deciding to dissolve it on constitutional grounds, the regime has implicitly recognised that the movement was indeed a pro-Jammeh grouping acting outside the formal political arena.

**The agriculture minister is sacked**

The minister of agriculture, Fa Sainey Dumbya, was sacked in December after less than a year in office. No official reason was given, but his failure to resolve the groundnut crisis was clearly a contributory factor. The crisis began in February 1999 with the government's seizure of the main groundnut company, the Gambian Groundnut Corporation (GGC), amid accusations of money-laundering (1st quarter 1999, pages 34-35). This halted most processing and marketing operations, and farmers in the country had to smuggle what was still left of the 1998/99 harvest to Senegal. Almost 12 months later the authorities have yet to settle their differences with GGC's Swiss-based parent company, Alimenta, and the 1999/2000 harvest is now at stake. Mr Dumbya's replacement, Abdoulie Sallah, had even less staying power and lasted only two weeks in the job. He was appointed health minister in early January, and was replaced by Hassan Sallah, an agricultural communications specialist.

**Banjul hosts Casamance talks**

In late December peace negotiations between the Senegalese government and the separatist Mouvement des forces démocratiques de Casamance (MFDC) opened in Banjul. Different MFDC factions had met in the Gambian capital in June 1999 to agree a common position (3rd quarter 1999, page 26). Since taking power in 1994 the Gambian president, who is a Diola like most Casamançais, had repeatedly offered to mediate in the 17-year-old conflict, and appeared to regard the signature of a formal ceasefire between the two sides as a personal achievement.

The second round of talks took place in late January, with both The Gambia and Guinea-Bissau acting as mediators. Both countries have in the past been accused of harbouring Casamançais rebels, but the desire to resolve the insurgency has increased in the region since allegations of arms smuggling to Casamance set off an 11-month civil war in Guinea-Bissau in 1998.

# Economic policy and the economy

**The IMF agrees a second annual loan—**

Fears that the IMF might withhold payments under the 1998/2001 enhanced structural adjustment facility (ESAF) because of the authorities' failure to solve the dispute with the national groundnut company receded in November, when the Fund agreed to the second annual loan, worth SDR8.6m ($11.8m). The last tranche of the first loan was disbursed in November after a six-month delay.

### The Gambia: planned ESAF payments
(SDR m)

| | |
|---|---|
| 1998/99[a] | 6.9 |
| 1999/2000[a] | 8.6 |
| 2000/01[a] | 5.1 |
| Total | 20.6 |

[a] June-May.

Source: IMF.

**—as the government seeks to ease concern over fiscal policy**

Excessive domestic borrowing and lax fiscal policy are among the Fund's main concerns. However, the government is keen to address this, and submitted a draft budget for 2000 that aims to tighten expenditure and enhance tax collection, and which reduces the overall budget deficit from 4.5% of GDP in 1998 to 2.5% in 2000. Total expenditure and net lending are expected to total D1.1bn ($95.7m), while the administration aims to repay 5.1% (D59m) of total domestic debt by the end of this year. GDP growth, meanwhile, is forecast to accelerate to 5% from an estimated 4.2% in 1999.

### The Gambia: fiscal targets, 2000
(% of GDP)

| | |
|---|---|
| Total revenue | 21.6 |
| of which: | |
| grants | 1.6 |
| Total expenditure | 22.5 |
| of which: | |
| recurrent expenditure | 16.3 |
| Deficit (excl grants) | 2.5 |
| Deficit (incl grants) | 0.9 |

Source: IMF.

**Accelerated privatisation is sought**

The Fund is also urging the government to settle its dispute with Alimenta, speed up its privatisation and restructuring programme, and overhaul the regulatory framework to help create a business-friendly environment. Progress is being made on privatisation: the government intends to halt all subsidies and transfers to public enterprises by the end of 2000. The National Water and Electricity Company should be opened to private capital by end-2000, and Gambian Telecommunications should be restructured this year—the telecoms business separated from radio and television activities—before being privatised in 2001. In early November the Atlantic Hotel (4th quarter 1998, page 29) was finally sold to a Libyan company, Lafico, for some $9m.

**Groundnut prices remain higher in Senegal**

The purchasing season for groundnuts started officially on December 15th. The Ministry of Agriculture announced a producer price of D2,700 ($227) per tonne, claiming that this was high by sub-regional standards and urging farmers to sell their produce through their primary co-operatives. But conditions still seem to be more favourable across the border in Senegal, where markets pay up to D3,500/tonne. In addition, many Gambian farmers claim that they have yet to be paid by the government for last season's harvests. The ministry's undertaking to prevent any disruption in the marketing of groundnuts may be difficult to fulfil if GGC does not resume operations soon.

The Gambia: cereals production in Sahel countries, 1999

| | '000 tonnes | % change, year on year |
|---|---|---|
| Burkina Faso | 2,448 | –7.9 |
| Cape Verde | 26 | 420.0 |
| The Gambia | 137 | 20.3 |
| Guinea-Bissau | 139 | 6.1 |
| Mali | 2,952 | 17.0 |
| Mauritania | 251 | 28.7 |
| Niger | 2,833 | –4.9 |
| Senegal | 1,002 | 37.3 |
| Chad | 1,153 | –14.8 |
| Total | 10,900 | 2 |

Source: *Marchés tropicaux et méditerranéens*, December 1999.

The food situation is satisfactory despite flooding

A joint mission by the Food and Agriculture Organisation and the Comité Inter-Etats de lutte contre la sécheresse au Sahel (CILSS) has announced that, despite heavy rains in August, the overall food situation in The Gambia is satisfactory (4th quarter 1999, page 30). In fact, total cereals production was estimated at 137,144 tonnes, 20% up on 1998. There were risk zones in the North Bank, MacCarthy Island and Upper River divisions but, with the cereals harvest in neighbouring Senegal recording a 37% increase, any food supply problem should be easily overcome. However, livestock production and lowland rice and millet production were affected by the floods in August.

## Foreign trade and payments

The African Development Bank (AfDB) approved a $7.04m loan to finance a peri-urban smallholder project in October. In February the AfDB approved a $6.03m loan and a $1.98m grant to finance a project for improving community skills through training and access to micro-credit facilities. The two loans are to be reimbursed over 50 years, with a ten-year grace period and an annual interest rate of 1.25%. This takes the AfDB's total disbursements to The Gambia between 1967 and 1998 to $172.2m.

The government estimates that its external debt stock stood at D4.9bn ($413m) at the end of June 1999, slightly less than the World Bank's estimate of $430m in 1997. According to the Bank, the country's debt-service ratio was 11.6% in 1997, while the total debt/GNP ratio reached 107.6%. So far, The Gambia's debt burden has been considered to be sustainable, but the country could now become eligible for debt relief under the enhanced heavily indebted poor countries (HIPC) initiative. A debt sustainability analysis using the HIPC initiative's revised, and more generous, criteria is to be carried out.

# Mauritania

## Political structure

| | |
|---|---|
| Official name | République Islamique de Mauritanie |
| Form of state | Arab and African Islamic republic |
| Legal system | Strongly influenced by the sharia (Islamic law), based on the 1991 constitution |
| National legislature | The bicameral parliament consists of the Senate, with 54 members, one-third of whom are indirectly elected for a six-year term every two years, and the National Assembly, lower house whose 79 deputies are directly elected every five years |
| National elections | October 1996 (National Assembly); December 1997 (presidential); next elections due in October 2001 (National Assembly) and December 2003 (presidential) |
| Head of state | President, elected for a renewable six-year term of office |
| National government | The president and his appointed Council of Ministers; last reshuffle November 1998 |
| Main political parties | Of the 22 registered political parties, the largest are: Parti républicain démocratique et social (PRDS, the ruling party); Action pour le changement (AC); Rassemblement pour la démocratie et l'unité (RDU); Union des forces démocratiques-Ere Nouvelle (UFD-EN); Union des force démocratiques (UFD) |

| | | |
|---|---|---|
| | President (re-elected Dec 12th 1997) | Maaouya Ould Sid'Ahmed Taya |
| | Prime minister (appointed Nov 16th 1998) | Cheikh El Avia Ould Mohamed Khouna |
| Key ministers | Secretary-general of the Presidency | Sidi Mohamed Ould Boubacar |
| | Foreign affairs & co-operation | Ahmed Ould Sid'Ahmed |
| | National defence | Kaba Ould Elewa |
| | Justice | Mohamed Salem Ould Merzo |
| | Interior, posts & telecommunications | Dah Ould Abdel Jelil |
| | Finance | Camara Aly Galadio |
| | Economic and development affairs | Mohamed Ould Nani |
| | Fisheries & maritime economy | Mohamed El Moctar Ould Zamel |
| | Trade, crafts & tourism | Ahemdy Ould Hammady |
| | Mines & industry | Ishagh Ould Rajel |
| | Rural development & environment | Mohamed Ould Sid'Ahmed Lekhal |
| | Transport & equipment | N'Gaïdé Lamine Kayou |
| | Water & energy | Cheikh Ahmed Ould Zahav |
| | Health & social affairs | Diyé Bâ |
| | Education | S'Ghaïr Ould M'Bareck |
| | Civil service, labour, youth & sports | Baba Ould Sidi |
| | Culture & Islamic affairs | Isselmou Ould Sid'El Moustaph |
| | Information & parliamentary relations | Rachid Ould Saleh |
| | Secretaries of state civil registry | Khadijetou Mint Boubou |
| | Maghreb affairs | Cheyakh Ould Ely |
| | Literacy and primary schooling | Mohamed Lemine Ould Mohamed Vall |
| | Women's affairs | Mintata Mint Hedeid |
| Central Bank governor | Mahfoud Ould Mohamed Ali | |

# Economic structure

## Annual indicators

| | 1995 | 1996 | 1997 | 1998 | 1999[a] |
|---|---|---|---|---|---|
| GDP at market prices (UM bn) | 137.3 | 150.1 | 166.7 | 187.8 | 203.1 |
| Real GDP growth (%) | 4.6 | 4.7 | 4.5 | 3.5 | 4.1 |
| Consumer price inflation (av; %) | 6.6 | 4.7 | 4.5 | 8.0 | 5.4 |
| Population (m) | 2.28 | 2.35 | 2.39 | 2.42 | 2.45 |
| Exports fob ($ m) | 476 | 484 | 413 | 369 | 375 |
| Imports fob ($ m) | 293 | 438 | 386 | 389 | 398 |
| Current-account balance ($ m) | 22 | –144 | –99 | –113 | –109 |
| Reserves excl gold ($ m) | 86 | 141 | 201 | 203 | 225[b] |
| Total external debt ($ m) | 2,350 | 2,412 | 2,453 | 2,135 | 2,082 |
| External debt-service ratio, paid (%) | 22.9 | 22.2 | 25.6 | 18.6 | n/a |
| Iron ore exports (‘000 tonnes) | 11,514 | 11,158 | 11,689 | 11,850 | 11,042 |
| Fisheries exports (‘000 tonnes) | 287 | 366 | 198 | 183 | n/a |
| Exchange rate (av; UM:$) | 129.8 | 137.2 | 151.7 | 189.0 | 206.0 |

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| Origins of gross domestic product 1997 | % of total |
|---|---|
| Agriculture & fishing | 24.7 |
| Manufacturing | 10.9 |
| Mining | 10.7 |
| Construction | 9.5 |
| Services & others | 44.1 |
| GDP at factor cost | 100.0 |

| Components of gross domestic product 1997 | % of total |
|---|---|
| Private consumption | 78.0 |
| Public consumption | 13.4 |
| Gross fixed investment | 17.5 |
| Exports of goods & services | 39.6 |
| Imports of goods & services | –48.6 |
| GDP at market prices | 100.0 |

| Principal exports 1997 | % of total |
|---|---|
| Iron ore | 52.4 |
| Fish & fish products | 47.6 |

| Principal imports 1996 | $ m |
|---|---|
| Energy & mineral products | 129 |
| Food & agricultural products | 116 |
| Machinery & equipment | 67 |
| Consumer goods | 22 |

| Main destinations of exports 1998[c] | % of total |
|---|---|
| Japan | 18.2 |
| France | 17.0 |
| Italy | 15.8 |
| Spain | 10.6 |

| Main origins of imports 1998[c] | % of total |
|---|---|
| France | 26.8 |
| Belgium-Luxembourg | 8.9 |
| Germany | 7.4 |
| Spain | 6.9 |

[a] EIU estimates. [b] October. [c] Derived from partners’ trade returns; subject to a wide margin of error.

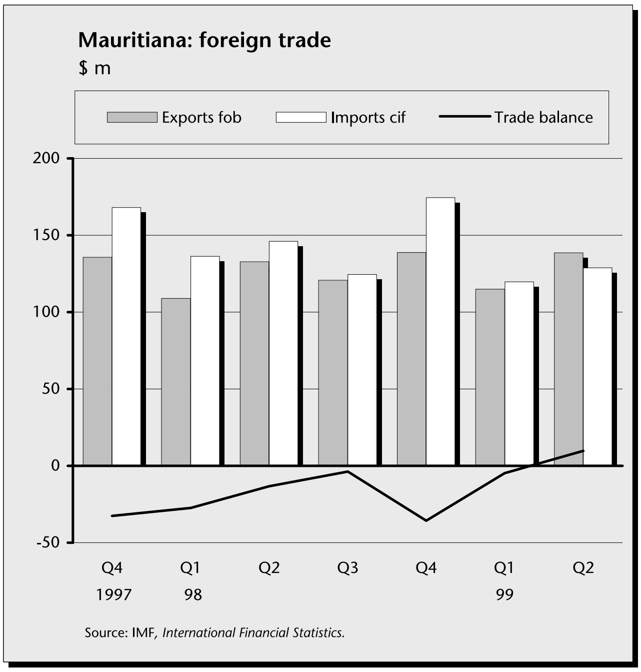
 

## Quarterly indicators

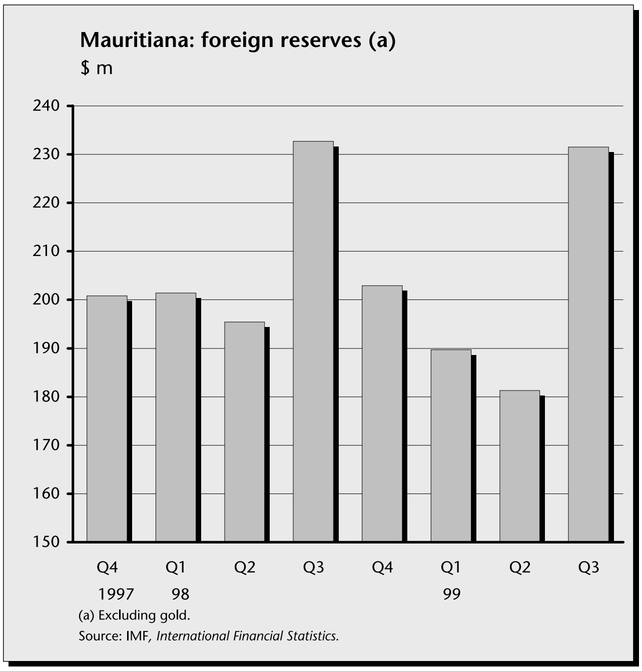
| | 1997 | 1998 | | | | 1999 | | |
|---|---|---|---|---|---|---|---|---|
| | 4 Qtr | 1 Qtr | 2 Qtr | 3 Qtr | 4 Qtr | 1 Qtr | 2 Qtr | 3 Qtr |
| **Prices** | | | | | | | | |
| Consumer prices | | | | | | | | |
| Mauritanian households | | | | | | | | |
| (1995=100) | 112.0 | 115.5 | n/a | n/a | n/a | n/a | n/a | n/a |
| % change, year on year | 4.9 | 7.1 | n/a | n/a | n/a | n/a | n/a | n/a |
| **Financial indicators** | | | | | | | | |
| Exchange rate | | | | | | | | |
| UM:$ (av) | 165.36 | 171.98 | 176.89 | 200.87 | 204.16 | 205.11 | 206.74 | 210.51 |
| UM:$ (end-period) | 168.35 | 177.04 | 179.11 | 205.52 | 205.78 | 207.22 | 209.33 | 213.54 |
| M1 (end-period; UM m) | 17,159 | 17,884 | 17,786 | 23,466 | 18,504 | n/a | n/a | n/a |
| % change, year on year | 8.3 | 5.7 | 4.1 | 32.4 | 5.3 | n/a | n/a | n/a |
| **Foreign trade[a] ($ m)** | | | | | | | | |
| Exports fob | 135.6 | 109.0 | 132.8 | 120.8 | 138.8 | 115.0 | 138.5 | n/a |
| Imports cif | 168.1 | 136.3 | 146.1 | 124.5 | 174.5 | 119.8 | 128.8 | n/a |
| Trade balance | –32.5 | –27.3 | –13.3 | –3.7 | –35.7 | –4.8 | 9.7 | n/a |
| **Foreign reserves** | | | | | | | | |
| Reserves excl gold | | | | | | | | |
| (end-period; $ m) | 200.8 | 201.4 | 195.4 | 232.7 | 202.9 | 189.7 | 181.3 | 231.5 |

[a] *DOTS* estimates, figures are subject to revision.

Sources: IMF, *International Financial Statistics*; *Direction of Trade Statistics*, quarterly.




Source: IMF, *International Financial Statistics*.




(a) Excluding gold.
Source: IMF, *International Financial Statistics*.

# Outlook for 2000-01

A geo-political reorientation takes place—

Shifts in foreign policy continue to dominate Mauritania's political agenda. Since an agreement to establish full diplomatic relations with Israel—which would suggest a downgrading of the country's links with the Arab League—Mauritania has given notice of its intention to quit the Economic Community of West African States (ECOWAS) at the end of 2000. The administration fears that the free movement of people between member states and the introduction of a common currency (in 2004) will lead to uncontrolled immigration. However, the move also reflects the government's desire to improve its links outside Africa: it has already used its relations with neighbours in the Arab Maghreb Union (UMA) to improve its ties with Europe.

The end of formal economic relations with West Africa will have serious implications for the thousands of Mauritanians engaged in informal cross-border trade, and for the future of the Senegal River development organisation, Organisation pour la mise en valeur du fleuve Sénégal (OMVS). It is possible, however, that the president, Maaouya Ould Sid'Ahmed Taya, will reconsider his decision: the announcement, coming so soon after difficulties with the Arab League, may be an attempt to demonstrate continued commitment to the Arab world, and may be reconsidered in the coming months.

—as the PRDS reviews strategy

The ruling Parti républicain démocratique et social (PRDS) held its party congress towards the end of 1999. This was less an exercise in policymaking than in self-congratulation, but did effect some changes to the political bureau and other senior positions, suggesting that there may be a government reshuffle after the partial Senate election in April. The cabinet, appointed in late 1998, has proved unusually long-lived by Mauritanian standards, and many observers consider a reshuffle long overdue. The renewed repression of radical Arab nationalists (with the banning of a pro-Iraq party; see The political scene) may signal the departure of one or two ministers with known pro-Iraq sympathies; ministers who have failed to keep donor-backed reform programmes on schedule may also be under threat.

The Senate election is a foregone conclusion

One-third of the Senate faces election in early April; 19 of the seats are to be contested. Municipal councillors and other elected representatives are entitled to vote in this biennial election, and will certainly return a large majority of senators representing the ruling PRDS.

The budget predicts 4.8% GDP growth in 2000

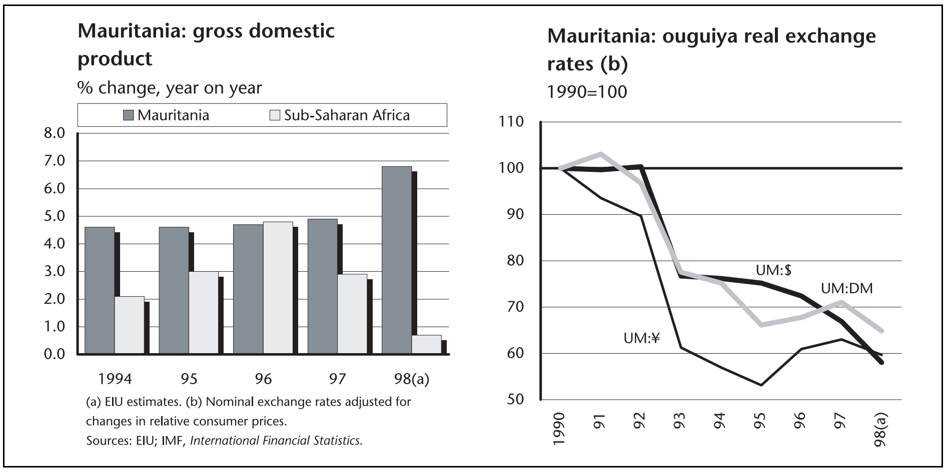
Economic policy continues to be shaped by the programme agreed with the IMF and World Bank and outlined in Mauritania's 1999-2002 medium-term economic and financial policy framework paper. Thus the 2000 budget, while stressing poverty alleviation in accordance with the new guidelines, retains the over-arching principle of prudence in economic management and promoting growth through stimulation of the private sector. To this end, the government has promised that a draft law on investment, designed to reduce bureaucracy, will be presented to parliament in the near future. This will be coupled with initiatives to streamline the customs regime (by reducing the number of tariff rates) and the tax system.

For the time being, the mining sector remains the primary area of interest to foreign investors, and new discoveries of precious stones and minerals happen frequently. The commercial exploitation of these resources is still in the future, however, and the country's narrow export base (currently almost exclusively fish and iron ore) is not expected to widen during the next two years. Diversification is becoming an increasingly urgent priority, however: the fisheries treaty with Europe is to be renegotiated later this year and the terms are unlikely to be as favourable as at present. Despite this, the government predicts that policies aimed at expanding the productive base of the economy will help produce GDP growth of 4.8% in 2000.

Debt relief may undermine austerity programmes

The agreement to admit Mauritania to the small club of countries qualified for debt reduction under the heavily indebted poor countries (HIPC) initiative will relieve pressure on the balance of payments in the medium term. The cancellation of $622m of debt implies a reduction in external payments of $36m over the next ten years, equivalent to just under 1% of the import bill and 4% of the current-account deficit excluding transfers.

However, although the impact on cash flow will be relatively small, there is concern that the granting of debt relief may lead to some relaxation of economic austerity. The timetable for the privatisation of electricity and water utility, Société nationale d'eau et d'électricité (Sonelec) will be an indicator of the government's commitment to reform. Preliminary studies of the utility, which is due to be privatised by mid-2001, are scheduled for completion within the next few months.



(a) EIU estimates. (b) Nominal exchange rates adjusted for changes in relative consumer prices.
Sources: EIU; IMF, *International Financial Statistics*.

# The political scene

Israel and Mauritania exchange ambassadors—

In late October Mauritania became the third member of the Arab League to give full diplomatic recognition to Israel. Ahmed Ould Sid'Ahmed, Mauritania's foreign minister, and David Levy, the Israeli foreign minister, signed the agreement at a ceremony in Washington attended by the US secretary of state, Madeleine Albright. Mr Sid'Ahmed used the occasion to reiterate Mauritania's position on the Middle East peace initiative, saying that Palestinians should enjoy full rights and Israel should give back all occupied Arab lands. Despite this, the decision to exchange ambassadors provoked a wave of protest; opposition leaders were almost unanimous in condemning the move. Ahmed Ould Daddah, leader of the more radical of the two parties with the same name, Union des forces démocratiques-Ere Nouvelle (UFD-EN), termed the agreement a "black spot in the history of our country", saying that the rapprochement with Israel reflected the government's contempt for the feelings and religious values of the Mauritanian people, while Messoud Ould Boulkhair, the leader of Action pour le changement, claimed that the decision was dictated by the government's wish to strengthen its links with Washington and pro-Zionist forces in the West.

Protests, stirred up by the opposition parties, gathered pace in the following weeks. Classes were disrupted in several schools and at Nouakchott University, where a dozen students were wounded in clashes with the security services, while police on several occasions used tear gas to disperse angry crowds. In mid-November the Ministry of the Interior banned a protest demonstration planned by opposition parties grouped in the Front des partis d'opposition.

—prompting a cooling of relations with Algeria—

In mid-November the prime minister, Cheikh El Avia Ould Mohamed Khouna, travelled to Algiers to explain his country's decision. However, he was denied a meeting with the Algerian president, Abdel Aziz Bouteflika, and also failed to meet any senior member of the government. This slight may not have been solely due to the establishment of full diplomatic relations with Israel—Mr Khouna had visited Rabat on a similar mission one week earlier, and Algeria may have resented the apparent preference given to Morocco. Relations were still strained in early February, when the Mauritanian representative refused to attend the opening dinner of the 17th meeting of Arab ministers of the interior, held in Algiers.

This cooling of relations with Algeria has potentially serious economic implications. The two countries are partners in the Nouadhibou oil refinery, the sole local producer of fuel and cooking gas for the Mauritanian market, and a sudden shortage of these commodities sent prices soaring in the early part of the year.

—and calls for Mauritania's expulsion from the AMU

Libya, meanwhile, condemned Mauritania's action as a "dangerous violation" of the spirit of Arab unity and called for its expulsion from the Arab Maghreb Union (AMU—the regional economic group comprising Algeria, Libya, Mauritania, Morocco and Tunisia). The organisation's secretary-general visited Mauritania in mid-November to ask why it had not been informed or consulted before Mauritania signed the agreement with Israel. After brief talks he stated that Mauritania remained committed to the AMU and would do all in its power to help the group "regain its strength and position in order to serve the interest of its peoples". However, individual member states remained angry. In November, for example, the Libyan leader, Muammar Qadhafi, asked Mauritania to stop exporting fish to his country, and requested that the Mauritanian leader not allow his "new Israeli brothers", in the service of Washington, use his country to destabilise his "former brothers in the

Maghreb". The Libyan leader proposed a meeting in Tripoli to effect the "reconciliation" of Mauritania and Iraq.

Some countries express support—

Not all Arab comment on the Mauritanian move was negative. Jordan stated that it understood and respected Mauritania's sovereign decision, a sentiment that was echoed by Oman (unsurprising, since both countries have diplomatic or trade relations with Israel). In Morocco King Mohammed was less understanding, saying that he thought the move "hasty", but refused to condemn it outright.

—and the Arab League is asked to show understanding

In late December Mauritania sent a message to the Arab League reaffirming its commitment to the organisation and to building Arab unity. Reacting to criticism that the decision over Israel was a dangerous breach in Arab Unity, Muhammad Wild Heibah, Mauritania's new ambassador to the League, said his country's decision was a logical step in the overall Middle East peace process and within the "framework of the exerted Arab efforts to strengthen confidence on all sides for achieving genuine progress towards a just and comprehensive peace in the region".

The ambassador to Baghdad is recalled

The pro-Iraq Parti de l'Avant Garde (Ataliaa) was officially banned in early November—the first time a political grouping has been proscribed since the abandonment of military rule in Mauritania. Announcing the decision, the minister of the interior, Dah Ould Abdel Jelil, stated that there was clear evidence linking the party to an Iraqi attempt to destabilise the government. The party, vehemently opposed to the opening of diplomatic relations with Israel, is suspected of being behind a wave of violent student demonstrations. The announcement followed the arrest of a number of known Ba'ath sympathisers, and the recall of the country's ambassador to Iraq.

Mauritania is to withdraw from ECOWAS—

Meanwhile, Mauritania has given notice that it intends to withdraw from the 16-member Economic Community of West African States (ECOWAS). The decision, announced in late December, will become effective within 12 months, during which time the country will be able to reconsider its position. A founding member of the community—formed in 1975 to promote regional integration—Mauritania is apparently reacting to the decision in December 1999 to create a common currency zone for the six members that do not belong to the Franc Zone. According to a senior official, the administration fears that the introduction of measures guaranteeing free circulation of goods, capital and labour will lead to a massive influx of goods and people upsetting Mauritania's "delicate political balance".

—prompting criticism from business leaders—

Lansana Kouyate, ECOWAS's executive secretary, was not particularly surprised at the move, noting that Mauritania had been in arrears on its dues for more than 16 years, and that its representation at meetings had not been at the highest level. However, the decision has been strongly criticised by business leaders, who point out that Mauritania will be severing links with markets where domestic producers are most competitive, in favour of Arab markets where the comparative advantage is less. In addition, after withdrawal

Mauritanians are likely to have to pay ten times more for work permits and residence visas in West Africa.

—and opposition politicians

Opposition politicians have also condemned the move. Tidjan Koïta, the leader of the small Union national pour la démocratie et le développement—a party with a predominantly black following—stated that the country should serve as a link between North and Sub-Saharan Africa, while Ahmed Ould Daddah of the UFD-EN, expressed concern for the fate of the estimated 300,000 Mauritanian nationals living in West Africa, and ascribed the decision to "security paranoia".

Relations with France may be on the turn

Perhaps weary of losing friends, Mauritania seems to be softening its hostile attitude towards France. Charles Josselin, the French minister for co-operation, claimed in late November that relations with Mauritania were on the mend following a cool period in the wake of the arrest of Captain Ely Ould Dah (3rd quarter 1999, page 34; 4th quarter 1999, page 36).

The PRDS closes ranks

The second congress of the governing Parti républicain, démocratique et social (PRDS) took place in Nouakchott in mid-November, under the slogan Knowledge For All. Opening the meeting, the president, Maaouya Ould Sid' Ahmed Taya, praised his government's efforts and pledged to strengthen the rule of law, eradicate poverty and improve living standards. The president was unanimously re-elected to head the party and granted additional powers allowing him to take decisions on the congress's behalf.

No dissent was evident in the choice of other party officers. Rather, the changes reflect the strategy often adopted by the party: to reward, by rotation, local leaders who produce good election results and expand the party's influence. The only discordant note arose from the absence of members of the Haratine (Arabic-speaking black Africans) and negro-Mauritanian communities. Although all political parties were formally invited to send representatives, the only grouping to accept, other than those openly allied to the PRDS, was the less radical of the two UFD-ENs, led by Ould Maouloud.

The UDP remains leaderless—

The Union pour la démocratie et le progrès has still to appoint a new president five months after the death of its charismatic founder and guiding spirit, Hamdi Ould Mouknass. Officially the interregnum is due to an unwillingness to discuss the problems of succession immediately after Mr Mouknass's death, and subsequently because of the fasting month of Ramadan. Article 11 of the party's constitution, which requires elections to be held within 60 days if the post falls vacant, has been amended accordingly. However, there are clear signs that Mauritania's second largest political party (in terms of municipal councillors and mayors) is deeply divided over who should become its leader. Favourites to take the presidency include Sanghott Ousmane Racine, the second vice-president, and the doyen of the leadership, Bamba Ould Yezid. The party spokesman, Isselkou Ould Ahmed Izidbih, is also well placed, not least because his role as advisor to the head of state gives him considerable advantage.

**—while the FP calls for the overthrow of the government**

A joint press statement issued by Chbih Ould Cheikh Melainine, leader of the Front Populaire (FP), and an ex-president (in exile) Mokhtar Ould Daddah, was an appeal for more vigorous opposition action to effect political change in Mauritania. Issued in late November, it called on "the democratic opposition, civil society, the armed forces and all patriots" to prepare for social change. Condemning Mauritania's current isolation and a number of "serious errors" in foreign policy—including the establishment of diplomatic relations with Israel, the rupture of contacts with Libya and Iraq, and the continued tense situation with France—the FP leader explicitly called for the overthrow of the government.

**Houses are to be numbered**

In mid-December the authorities launched a project to name all the streets and number all the houses on the streets of the capital. While unquestionably welcome—finding addresses in Nouakchott is more a matter of luck rather than of map-reading—the 36-month deadline for completing the project is ambitious, as some 12,000 streets and 300,000 buildings have to be identified.

**An anti-drugs campaign is announced**

Mauritania announced its first anti-drugs action plan in mid-January. The campaign is backed by the EU, through its Projet Africain Anti-Drogue, which is providing more than $3m to help develop a coherent anti-drugs policy. A national committee will present its priorities to the donor community in June. Mauritania is reputed to be a cannabis-growing country whose crop is sold within West Africa and in Europe. The country is also thought to be a staging-post for narcotics coming from South America and Asia en route to North America and Europe.

**Morocco is unhappy with Sahrawi voter identification**

The prospects for a smooth resolution to the question of the sovereignty of Mauritania's northern neighbour, Western Sahara, receded in early January, when Morocco expressed its disappointment at the results of a UN voter-registration programme. Three tribal groups, which supported Morocco's claim to the territory, were largely found to be ineligible to vote in the sovereignty referendum. Recent delays will be no surprise to the UN: its secretary-general, Kofi Annan, recently stated that there was little possibility of holding the referendum before 2002 because many of those ruled ineligible will probably appeal.

The referendum, originally set for January 1992, is to decide whether the former Spanish colony should be incorporated into Morocco, which largely controls the territory, or become independent, as demanded by the Algeria-based Polisario Front. Differences over who should be eligible to vote, in which each side has accused the other of trying to manipulate the electoral register, has caused repeated delays in holding the referendum. In mid-January UN officials began listening to appeals at offices established in Morocco, Algeria, Western Sahara and northern Mauritania.

# Economic policy

**Some taxes are cut—**

The 2000 budget was approved by both houses of parliament in early January. It projects both income and expenditure at UM58.7bn ($258m), of which UM31.8bn is allocated to current spending and the remainder to public investment. According to the finance minister, Camara Aly Galadio, the main thrust of the budget is to promote economic development and eradicate poverty, policies that will entail additional state spending. However, the overall tax burden is to fall in accordance with the World Bank-backed reform programme. Indeed, the budget provides for an immediate reduction in company taxes, customs tariffs (down from 22% to 7%), property transfer tax (from 7% to 4%) and stamp duty (from 5% to 4%). The resulting shortfall in fiscal revenue should be partly offset by improved tax collection.

**—but there will be increased spending on education—**

On the expenditure side, investment (25.4% of it funded from domestic resources) is set to rise by 7.35%, while the amount dedicated to poverty alleviation will double, to UM3bn.

According to a government spokesman, Rachid Ould Saleh, UM2.75bn ($12m) will be spent on the social sectors, with UM1bn going towards programmes managed by the Commission for Human Rights and Poverty Alleviation. Both health and education will receive a 15% increase in their allocation, providing for the recruitment of additional staff and the construction of new facilities.

**—and the rural sector**

The rural sector, meanwhile, is set to receive 22% (UM5.86bn) of public investment outlay. The bulk of this will be used to fund some 2,000 projects to promote integrated irrigation, provide new water supplies in rural areas and protect the environment.

Much of the UM3.93bn allocated to the industrial sector will be used to develop fisheries controls, and to build a new pipeline linking the refinery at Nouakchott port with the artisanal fishing port of Tanit 50 km to the north. Expansion of the thermal power station serving the capital and institutional support for the mining industry is also planned, while projects to decentralise administration and the provision of government services will receive UM6.95bn.

**Privatisation plans forge ahead—**

The imminent privatisation of Nouakchott's main fish market was announced in late January. Some 10% of the shareholding in the Société du marché au poisson du Nouakchott is being offered to private investors, reducing the state's holding to a minority. This is just the first in a list of companies destined for partial or complete privatisation under the government's long-delayed sell-off programme. Next on the block is Air Mauritanie. The state aims to sell 65% of its 75% shareholding for $3.75m; the rest of the capital is held by Air Afrique and private Mauritanian businessmen. A call for offers for Air Mauritanie was launched in mid-January.

The Banque de l'habitat, the Société de promotion de la pêche and the state telecommunications company, Mauritel, are also scheduled for privatisation, while the government has invited bids for a license to operate a private cellular telephone network. The programme is expected to move forward quickly.

—as the OPT is split

A step towards privatising the telephone service was completed in early January when the reorganisation of the now-defunct postal service, Office des postes et télécommunications (OPT), was completed. The company has been split into two distinct establishments, the Société mauritanienne de poste (Mauriposte) and the Société mauritanienne de télécommunications (Mauritel). The latter is to be partly privatised (with private interests initially holding a 49% stake), whereas Mauriposte will remain in the public sector. However, each company has administrative autonomy. A similar restructuring is planned for the electricity and water company, Société nationale d'eau et d'électricité (Sonelec), since water provision will remain in the public sector whereas the electricity arm will be opened to private participation. The World Bank is providing technical assistance of $7.8m for preparing Sonelec's privatisation.

# The domestic economy

## Economic trends

Prices wobble as 1999 draws to a close

Prices of basic goods have fallen in recent months. The cost of rice dropped by almost 20% towards the end of 1999, with a similar decline in the prices of sugar and cooking oil. At the same time, the ouguiya rose in value against the US dollar, briefly touching UM200:$1 at the official rate (although this subsequently fell back to UM227:$1 in mid-February). The brief appreciation does not appear to have been due to depressed demand for hard currency—import requirements remain stable—or to an increase in supply. Some opposition politicians attributed the rise to an injection of funds by the Banque centrale de Mauritanie (the central bank) at a time of public unrest over the establishment of full diplomatic relations with Israel, but the bank itself insisted that the currency's rise, and accompanying price falls, were due to market speculation and would prove short-lived. In the event, the currency's value returned to its longer-term trend by early February.

Upward price pressure also resumed: after an acute fuel shortage which brought the capital to a halt for several days, fuel-pump prices rose by 12% in mid-January, while there were street protests in early February following rumours that the price of bread was to rise. The action followed a strike by bakers protesting at the freezing of the price of bread.

## Agriculture and fishing

Flood victims receive aid

Despite earlier claims that it could cope with the effects of exceptional rains and floods in regions close to the Senegal River, Mauritania launched an international appeal for assistance in late October. Dozens of villages near Rosso remained under water several weeks after the rains, forcing thousands of people to flee their homes. Aid started to arrive soon afterwards. The European

Commission Humanitarian Office has given aid worth €350,000 ($345,000) in the form of food, tents and blankets. France donated similar material to the value of FFr890,000 ($134,000) and the US provided emergency equipment to a value of $140,000. Several non-governmental organisations sent teams to the region, notably the Spanish Red Cross, the Italian Red Cross, the Mauritanian Red Crescent, the World Lutheran Federation and the World Food Programme. Aid is being co-ordinated by the food security commissariat (Commissariat à la sécurité alimentaire), which is charged with distributing food aid.

In his year-end review the prime minister, Cheikh El Avia Ould Mohamed Khouna, claimed that cereal production would rise by 23% in the 1999/2000 crop year (October-September), reaching 190,600 tonnes, with rice accounting for 50,000 tonnes of the total. This figure was below target because of the severe flooding of southern Mauritania in October, but by and large the sector was expected to maintain steady growth as a result of reforms undertaken within the integrated irrigated agriculture programme. This $135m World Bank-backed programme aims to make irrigated agriculture a pillar of economic growth by expanding cultivated land, diversifying crops and increasing production.

The WTO discusses overfishing—

Discussions at the World Trade Organisation (WTO) meeting in Seattle in late November may result in increased efforts to protect Mauritania's fishing grounds from overexploitation. A Worldwide Fund for Nature spokesman called for "binding new WTO rules on fishing subsidies" to protect the environment, claiming that it made little sense for industrialised countries to pump tens of billions of dollars into increasing industrial fishing fleets at a time when the world's fish stocks were dwindling. He estimated that the world's fishing fleet was two-and-a-half times the size needed to achieve a catch that would not deplete fish stocks. Mauritania's revenue from fishing (which accounts for some 13% of GNP) is decreasing as European boats buy up licences to fish in offshore waters.

—as the agriculture minister appeals for conservation—

The Food and Agriculture Organisation is to manage a 12-month project, partly funded by Belgium, to rehabilitate the land surrounding the capital through the protection and renewal of the surface vegetation and a campaign to promote popular awareness of the need to preserve and extend the area. The scheme—which will also study ways of stabilising sand dunes close to the coast—comes at a time when overgrazing by animals, in the green belt surrounding Nouakchott especially, is causing concern to officials in the Ministry of Rural Development and Environment.

Similarly, the environment minister announced in mid-January that sales of charcoal would be banned in an effort to preserve the environment. During a tour of the interior of the country the minister said that the rural population had to protect the country's few remaining forests by halting logging for charcoal production. The government is urging the public to use gas for domestic needs, although this is unlikely to prove popular as recent shortages have increased the price of a 12-kg cylinder by almost one-third.

—and the World Bank backs an irrigation project

The World Bank has granted $102m towards an 11-year project to develop irrigated agriculture in Mauritania. The first phase of the scheme, launched in November 1999, will develop 11,000 ha of land for use by private smallholders. Mohamed Ould Nani, the minister for economic and development affairs, announced the scheme to farmers in the neighbourhood of Rosso during a trip to examine the consequences of Mauritania's worst floods since independence.

Israeli help is sought for agriculture

The agricultural and health sectors expect to receive practical benefit from improved diplomatic relations with Israel. In the weeks following the signing of the agreement, a Mauritanian delegation to an FAO gathering in Italy met the Israelis to discuss closer agricultural co-operation, and in particular programmes to halt desert encroachment, which results in the loss of thousands of hectares every year. According to Israeli radio, seawater desalination was also discussed as well as an agreement to set up high-level bilateral committees to plan and co-ordinate future co-operation.

## Mining

Rex announces a big find—

In early December Canada's Rex Diamond Mining Corporation announced the discovery of a diamond-bearing deposit near Touajil in northern Mauritania, one of three zones surveyed. The company has exploration rights to 100,000 square km in Mauritania and has identified about 80 geological anomalies through airborne surveying. Although a full feasibility study is not expected to start before the end of the year, the company is investing $12m in an extensive drilling programme over the next six months. Shortly after the announcement of the diamond find, Rex issued a clarification, saying that samples from a potential site contained significant amounts of gold. Luc Rombouts, Rex's executive director, said the gold-bearing sample had nothing to do with the diamond-bearing sites, and was an entirely new development.

In early February the company disclosed that the gold find was near to Tenoumer, and indicated gold values of between 1.5 and 2.4 grams/tonne of ore. As Rex did not have a permit to search for gold in the Tenoumer permit the government awarded the company two exploration permits covering virtually all mineral elements. Rex has been active in Mauritania since 1997 and discovered the first commercial-sized diamonds the following year.

—as Ashton announces promising results

In a separate announcement, Australia's Ashton Mining, which is prospecting for diamonds on the Reguibat Shield in a joint venture with Dia Met Minerals, has announced further promising results. A statement in early December confirmed the discovery of small diamonds and indicator materials, including a 1.16 carat gem-quality stone.

The French mining company La Source has also signalled further interest in Mauritania. The company has obtained three new permits to look for precious metals around Tijirit and Ahmeyim (in the regions of Adrar, Dakhlet-Nouadhibou and Inchiri).

**Commercial granite deposits are discovered**

Viable deposits of blue granite have been discovered by the state-owned mining company, the Société nationale industrielle et minière (SNIM), in northern Mauritania. Announcing the find, the minister of mines, Ishagh Ould Rajel, said the deposits covered an area of 2 sq km near Tijirit. SNIM will operate the site through one of its subsidiaries and in the near future start a venture to produce ornamental stone. The firm plans to export much of its production to Italy.

**Mauritania to become an oil producer?**

After years of uncertain or negative results, oil companies looking for reserves off the coast of Mauritania are hinting at a promising find. In late December Woodside Energy, in association with Hardman Resources, Fusion Oil & Gas and British Borneo, placed an order with Veritas DGC for a 3,600 sq km marine seismic processing project, described as the largest of its type ever undertaken. The offshore project will be complemented by the drilling of an exploratory well in two areas. The plan is accompanied by detailed financial arrangements setting out the responsibilities of the partners. According to Hardman's managing director—who describes the commitment to drill as a "measure of the prospectivity of this deep-water region of Mauritania"—the large seismic survey will greatly enhance future exploration decision-making and reduce risk in the drilling phase.

### Industry

**Nouakchott's bakers are to get local supplies of flour**

The French private-sector lending agency, Proparco, is backing a project to extend the Nouakchott flour mill, Grands Moulins de Nouakchott. Proparco and the International Finance Corporation (IFC)—the World Bank's private-sector arm—will each provide $2.3m of the $7.4m finance; the remainder will come from the company's local shareholders. The money will be used to develop a new factory close to the port with a 300-tonnes/day wheat mill and a 16,000-tonne grain silo. The plant will use imported wheat and provide flour to the hundreds of bakeries in and around the capital, thereby reducing the current heavy reliance on imported wheat flour. It will employ 120 people and will be fully operational some four years after the start of construction.

## Foreign trade and payments

**Mauritania qualifies for HIPC relief—**

The IMF and the International Development Association (IDA) have backed Mauritania's application for a debt-reduction package under the enhanced heavily indebted poor countries (HIPC) initiative. Announced in early February, relief granted under the arrangement may amount to $1.1bn ($622m at net present values), equivalent to about 40% of total debt outstanding at the end of 1998. This would bring debt-service savings of roughly $36m annually over the next ten years, or 40% of total annual debt-service obligations. According to the IMF, assistance of $50m will be provided to Mauritania from this year, covering around 50% of debt service falling due in 2000-07. The

IDA's assistance to Mauritania will amount to $185m (so reducing Mauritania's debt service to the association by an annual average of some $9m).

Assistance under the enhanced HIPC initiative will be confirmed when Mauritania's other creditors provide assurances of comparable treatment. However, the relief is conditional. Grants will be triggered by the successful completion of predefined macroeconomic, structural and social reforms, notably the preparation and implementation of a participatory poverty reduction strategy paper (PRSP) which will serve as the basis of future concessional assistance from the IMF and World Bank. The donor institutions agreed to provide interim relief to cover the programme review period (12 months), and the Paris Club is expected to apply similarly lenient terms in early 2000. Meanwhile, Mauritania should also benefit from the UK's announcement in late December that it is to waive all bilateral debt owed by the world's poorest 41 countries.

—but its credit rating is downgraded

The French trade insurance agency, Coface, recently downgraded exports to Mauritania, placing the country in the highest-risk category—alongside Liberia, Somalia and Sudan. The criteria adopted by Coface are largely economic, and relate to ratios of indebtedness, food self-sufficiency and poverty, factors that elsewhere have contributed to social unrest. The timing of the announcement was unfortunate, coming just before the publication of Mauritania's heavily indebted poor countries agreement and talks with the Paris Club, but the government has dismissed the decision as political, being linked to the cooling of relations with France since mid-1999.

Tourism is on the increase

The International Finance Corporation is considering a $550,000 contribution to a $1.25m project to build a tourist beach club around 30 km south of Nouakchott. The new complex will include some two dozen bungalows, sports facilities (pool, tennis and sport fishing), a bar and conference rooms. According to the sponsor, the local firm Lemhar, the project will "respond to the lack of leisure activities for the expatriate community and will offer quality accommodation outside the capital city to international tourists". The project targets overseas visitors—and their foreign currency—almost exclusively, and will employ 50 people. The IFC is seeking additional information on the environmental impact of the club, which has received government approval. If granted, the IFC loan will be extended for seven years.

The second season of operation by the Société mauritanienne de services et de tourisme (Somasert, a subsidiary of the mining company SNIM) began in late October. Tourists arriving at Nouadhibou take the "longest train in the world" for part of the route towards the interior, and visit several cultural and historic sites in Adrar and Tiris Zemmour. According to Somasert's director, some 7,500 tourists are expected in 1999/2000, bringing in an estimated UM1bn ($4.4m) in foreign exchange.

GBM is to receive an IFC loan

The Générale de Banque de Mauritanie (GBM), backed by Banque Belgolaise (a subsidiary of Générale de Banque of Belgium), has been granted a $7m IFC loan to fund a revolving credit line. The grant will provide resources to help GBM develop its trade credit finance operations and provide short-term working capital for the bank's clients in various productive sectors of the Mauritanian economy. The bank has branches in Nouakchott and Nouadhibou.

**Other aid news**

Other aid payments in recent months include the following.

- The African Development Fund is providing $6.85m for fisheries development.
- The Agence française de développement signed a FFr2m ($300,000) loan agreement in mid-December to fund improvements to the handling capabilities of Nouadhibou port, which deals with most of Mauritania's exports. The project includes a computerised management system and improvements to data compilation and analysis regarding fish and iron exports. France has also extended €2.21m for the development of alternative energy sources under the Alizés rural electrification project.
- Japan is offering a ¥688m ($6.2m) grant for upgrading the Nouadhibou fishing port and ¥634m for supporting small-scale enterprises seeking imports from Asia.
- The EU has granted €10.7m towards road construction and maintenance, the purchase of medicines and poverty alleviation. The subsidy is part of the third programme of structural adjustment and will form part of the budget's foreign grant element.
- The World Bank is funding a project to reinforce institutional support for the mining sector. An initial contract for geophysical and cartographic work has been awarded to South Africa's Council for Geoscience.

# Trade data

## Senegal: foreign trade

| | $ '000 | | | | | |
|---|---|---|---|---|---|---|
| | Jan-Dec | Jan-Dec | Jan-Dec | Jan-Dec | Jan-Dec | Jan-Dec |
| Imports | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
| Dairy products | 46,490 | 41,737 | 60,605 | 70,375 | 39,649 | 34,430 |
| Cereals & products | 180,544 | 115,011 | 112,710 | 126,051 | 76,631 | 195,868 |
| Fruit & vegetables & preparations | 30,040 | 24,753 | 23,127 | 24,352 | 11,880 | 19,458 |
| Beverages, tobacco & manufactures | 29,334 | 15,303 | 13,060 | 14,120 | 10,418 | 13,251 |
| Mineral fuels | 258,680 | 120,418 | 103,415 | 103,893 | 168,788 | 122,389 |
| of which: | | | | | | |
| crude petroleum | 248,628 | 91,437 | 79,441 | 84,129 | 35,845 | 88,646 |
| Animal & vegetable oils & fats | 33,186 | 50,056 | 52,132 | 63,915 | 34,461 | 67,395 |
| Chemicals | 157,626 | 155,127 | 151,023 | 134,104 | 114,688 | 170,298 |
| Manufactured goods | 259,763 | 168,130 | 190,318 | 175,537 | 132,682 | 212,593 |
| of which: | | | | | | |
| textile yarn, cloth & manufactures | 45,534 | 28,620 | 34,258 | 24,320 | 16,299 | 35,600 |
| iron & steel | 64,911 | 39,688 | 49,180 | 51,948 | 42,727 | 58,692 |
| metal manufactures | 51,875 | 34,161 | 31,904 | 30,856 | 18,553 | 32,174 |
| Machinery incl electric | 235,195 | 177,720 | 185,730 | 168,970 | 114,186 | 150,521 |
| Transport equipment | 109,294 | 71,311 | 85,368 | 83,415 | 47,647 | 70,796 |
| of which: | | | | | | |
| road vehicles | 102,329 | 66,659 | 80,890 | 79,924 | 42,617 | 66,927 |
| Total incl others | 1,620,419 | 1,096,951 | 1,172,453 | 1,139,203 | 876,754 | 1,224,422 |

*continued*

| Exports | $ '000 Jan-Dec 1990 | Jan-Dec 1991 | Jan-Dec 1992 | Jan-Dec 1993 | Jan-Dec 1994 | Jan-Dec 1995 |
|---|---|---|---|---|---|---|
| Fish & products | 216,041 | 215,256 | 186,875 | 143,623 | 42,854 | 9,842 |
| Oilseed cake | 35,366 | 17,451 | 18,889 | 11,889 | 12,515 | 5,088 |
| Cotton, raw | 9,533 | 20,248 | 27,409 | 27,210 | 19,011 | 33,522 |
| Phosphates, mineral | 56,962 | 43,926 | 66,434 | 51,166 | 16,716 | 43,268 |
| Salt | 7,820 | 7,625 | 10,337 | 9,193 | 7,316 | 5,226 |
| Mineral fuels | 96,768 | 104,390 | 80,284 | 87,445 | 73,014 | 79,969 |
| Groundnut oil | 129,980 | 69,534 | 55,040 | 33,722 | 73,780 | 53,842 |
| Chemicals | 116,680 | 95,110 | 127,506 | 103,819 | 109,373 | 209,730 |
| Machinery & transport equipment | 18,470 | 13,695 | 21,805 | 39,328 | 25,514 | 13,461 |
| Total incl others | 782,600 | 652,208 | 683,031 | 605,102 | 444,402 | 530,759 |

| Exports fob | $ m Jan-Dec 1995 | Jan-Dec 1996 | Jan-Dec 1997 | Jan-Dec 1998 | Imports cif | $ m Jan-Dec 1995 | Jan-Dec 1996 | Jan-Dec 1997 | Jan-Dec 1998 |
|---|---|---|---|---|---|---|---|---|---|
| India | 136 | 111 | 101 | 143 | France | 387 | 379 | 370 | 538 |
| France | 59 | 76 | 33 | 90 | Nigeria | 78 | 77 | 88 | 92 |
| Mali | 45 | 48 | 37 | 43 | US | 70 | 67 | 58 | 86 |
| Mauritania | n/a | 15 | 14 | 20 | Thailand | 60 | 44 | 35 | 84 |
| Côte d'Ivoire | 8 | 15 | 18 | 19 | Germany | 60 | 90 | 45 | 68 |
| The Gambia | 9 | 13 | 12 | 16 | Belgium-Luxembourg | 38 | 37 | 46 | 60 |
| Portugal | 6 | 1 | 4 | 12 | Spain | 42 | 56 | 54 | 57 |
| Italy | 38 | 28 | 8 | 7 | Italy | 43 | 46 | 40 | 56 |
| Netherlands | 8 | 12 | 6 | 7 | Japan | 46 | 40 | 36 | 51 |
| Cameroon | 9 | 10 | 5 | 7 | India | 44 | 90 | 47 | 50 |
| Benin | 13 | 17 | 16 | n/a | Cameroon | 9 | 7 | 9 | 47 |
| Total incl others | 531 | 531 | 394 | 536 | Total incl others | 1,224 | 1,308 | 1,206 | 1,650 |

Sources: UN, *International Trade Statistics*, yearbook; IMF, *Direction of Trade Statistics*, yearbook, quarterly.

## The Gambia: foreign trade

($ m)

| | Jan-Dec 1994 | Jan-Dec 1995 |
|---|---|---|
| **Imports cif** | | |
| Food | 61.19 | 37.33 |
| Beverages & tobacco | 20.53 | 6.48 |
| Crude materials | 2.05 | 1.82 |
| Mineral fuels | 36.87 | 20.21 |
| Animal & vegetable oils | 3.70 | 3.87 |
| Chemicals | 12.28 | 7.82 |
| Manufactured goods | 32.66 | 20.96 |
| of which: | | |
| textile yarn, cloth & manufactures | 14.74 | 8.62 |
| metals & manufactures | 9.31 | 5.58 |
| Machinery & transport equipment | 39.92 | 28.45 |
| Total incl others | 226.64 | 140.32 |
| **Exports fob** | | |
| Food | 6.10 | 4.80 |
| of which: | | |
| fish & preparations | 2.71 | 2.53 |
| Groundnuts, green | 8.14 | 9.98 |
| Textile fibres | 5.52 | 1.74 |
| Total incl others | 38.41 | 27.79 |

| Exports fob | Jan-Dec 1995 | Jan-Dec 1996 | Jan-Dec 1997 | Jan-Dec 1998[a] | Imports cif | Jan-Dec 1995 | Jan-Dec 1996 | Jan-Dec 1997 | Jan-Dec 1998[a] |
|---|---|---|---|---|---|---|---|---|---|
| Belgium-Luxembourg | 1 | 1 | 124 | 92 | China | 9 | 14 | 46 | 56 |
| France | 6 | 8 | 3 | 9 | Hong Kong | 5 | 8 | 36 | 38 |
| Japan | n/a | 1 | 7 | 8 | Netherlands | 7 | 17 | 24 | 27 |
| UK | 7 | 5 | 5 | 4 | UK | 20 | 39 | 34 | 26 |
| Spain | 1 | n/a | 3 | 2 | Côte d'Ivoire | 19 | 21 | 23 | n/a |
| US | 1 | n/a | 3 | 2 | Belgium-Luxembourg | 10 | 10 | 19 | 20 |
| Germany | n/a | n/a | 1 | 2 | Senegal | 4 | 8 | 13 | 18 |
| Hong Kong | 1 | n/a | 3 | 1 | France | 11 | 29 | 19 | 17 |
| Turkey | n/a | n/a | 0 | 1 | India | 4 | 11 | 14 | 17 |
| Total incl others | 28 | 22 | 158 | 128 | Total incl others | 140 | 272 | 331 | 335 |

[a] *DOTS* estimates.

Sources: UN, *International Trade Statistics*, yearbook; IMF, *Direction of Trade Statistics*, yearbook, quarterly.

## Mauritania: foreign trade

(UM m)

| | Jan-Dec 1994 | Jan-Dec 1995 | Jan-Dec 1996 | Jan-Dec 1997 | Jan-Dec 1998 |
|---|---|---|---|---|---|
| **Imports fob** | | | | | |
| Food | 13,224 | 10,700 | 11,666 | 9,913 | 10,735 |
| Other consumer goods | 2,640 | 2,710 | 1,358 | 1,270 | 1,619 |
| Fuels | 4,511 | 3,704 | 5,366 | 4,818 | 7,048 |
| Machinery & transport equipment | 5,201 | 5,642 | 4,045 | 2,186 | 4,069 |
| **Exports fob** | | | | | |
| Fish & products | 28,073 | 36,016 | 38,651 | 32,237 | 27,124 |
| Iron ore | 22,282 | 25,572 | 28,207 | 32,743 | 40,470 |
| Gold | 2,605 | 1,869 | n/a | n/a | n/a |

| | $ m | | | | | $ m | | | |
|---|---|---|---|---|---|---|---|---|---|
| Exports fob[a] | Jan-Dec 1995 | Jan-Dec 1996 | Jan-Dec 1997 | Jan-Dec 1998 | Imports cif[a] | Jan-Dec 1995 | Jan-Dec 1996 | Jan-Dec 1998 | Jan-Dec 1998 |
| Japan | 161 | 172 | 129 | 91 | France | 152 | 198 | 159 | 156 |
| France | 73 | 62 | 77 | 85 | Belgium-Luxembourg | 54 | 40 | 41 | 52 |
| Italy | 108 | 88 | 92 | 79 | Germany | 32 | 31 | 42 | 43 |
| Spain | 65 | 57 | 46 | 53 | Spain | 51 | 46 | 47 | 40 |
| Belgium-Luxembourg | 37 | 36 | 40 | 37 | Senegal | n/a | 17 | 16 | 22 |
| Germany | 22 | 20 | 23 | 22 | Japan | 32 | 15 | 29 | 19 |
| Côte d'Ivoire | 16 | 18 | 20 | 12 | Netherlands | 33 | 23 | 15 | 19 |
| Total incl others | 557 | 551 | 526 | 501 | Total incl others | 642 | 638 | 602 | 582 |

[a] *DOTS* estimates.

Sources: Banque centrale de Mauritanie; IMF, *Direction of Trade Statistics*, yearbook, quarterly.

## Senegal and Mauritania: French trade

($ '000)

| | Senegal | | | | Mauritania | | | |
|---|---|---|---|---|---|---|---|---|
| | Jan-Dec 1995 | Jan-Dec 1996 | Jan-Dec 1997 | Jan-Dec 1998 | Jan-Dec 1995 | Jan-Dec 1996 | Jan-Dec 1997 | Jan-Dec 1998 |
| Exports fob | | | | | | | | |
| Food, drink & tobacco | 63,944 | 72,871 | 97,904 | 85,775 | 38,371 | 60,165 | 63,785 | 72,600 |
| of which: | | | | | | | | |
| dairy products | 13,998 | 21,651 | 23,049 | 21,053 | 2,358 | 6,100 | 7,394 | 5,619 |
| cereals & preparations | 26,921 | 16,863 | 32,437 | 35,414 | 22,147 | 34,815 | 38,256 | 40,425 |
| sugar & products | 4,954 | 14,216 | 17,695 | 6,790 | 9,995 | 12,551 | 11,703 | 19,411 |
| Mineral fuels | 24,758 | 48,918 | 27,769 | 38,599 | 7,580 | 18,361 | 8,028 | 3,239 |
| Chemicals | 70,853 | 78,410 | 77,784[a] | 80,296[a] | 16,025 | 11,333 | 11,542[a] | 12,017[a] |
| Rubber manufactures | 5,721 | 5,263 | 5,443 | 6,933 | 2,914 | 3,710 | 2,658 | 2,099 |
| Paper & manufactures | 12,508 | 11,534 | 9,014 | 8,680 | 1,193 | 1,596 | 1,080 | 1,088 |
| Textile fibres, yarn & manufactures, incl clothing | 7,373 | 11,326 | 9,210 | 10,223 | 1,762 | 1,774 | 1,689 | 1,354 |
| Non-metallic mineral manufactures | 8,119 | 9,357 | 7,542[b] | 7,220[b] | 1,271 | 1,855 | 1,876[b] | 1,402[b] |
| Iron & steel | 8,813 | 9,019 | 17,266[c] | 12,192[c] | 5,994 | 4,556 | 4,385[c] | 4,891[c] |
| Metal manufactures | 16,718 | 21,994 | 4,074[d] | 5,532[d] | 5,638 | 4,084 | 1,629[d] | 1,666[d] |
| Machinery incl electric | 117,832 | 159,996 | 116,077 | 144,130 | 35,185 | 30,041 | 27,378 | 23,570 |
| Transport equipment | 41,037 | 52,996 | 33,997 | 32,092 | 12,473 | 35,569 | 13,073 | 8,823 |
| Scientific instruments etc | 11,645 | 11,249 | 11,913 | 12,431 | 2,013 | 2,452 | 1,892 | 1,988 |
| Total incl others | 461,599 | 542,641 | 470,397 | 533,161 | 138,033 | 180,216 | 144,377 | 141,815 |
| Imports cif | | | | | | | | |
| Fish & products | 108,657 | 97,575 | 92,285 | 104,431 | 7,236 | 5,933 | 6,717 | 10,344 |
| Crude fertilisers & minerals | 3,853 | 4,781 | 4,388[e] | 3,839[e] | 0 | 6 | 0 | 36[e] |
| Metalliferous ores & scrap | 1,738 | 1,902 | 0[f] | 3[f] | 71,961 | 71,045 | 78,139[f] | 81,821[f] |
| Animal & vegetable oils & fats | 46,136 | 42,516 | 25,795 | 28,603 | 0 | 0 | 0 | 0 |
| Total incl others | 194,095 | 181,390 | 150,231 | 162,601 | 80,723 | 77,968 | 86,243 | 93,824 |

[a] Including crude fertilisers and manufactures of plastics. [b] Including precious metals and jewellery. [c] Including manufactures and scrap. [d] Tools etc and miscellaneous metal manufactures. [e] Excluding crude fertilisers. [f] Ores, slag and ash.

Source: UN, *External Trade Statistics*, series D.

## Mauritania: Japan's imports

($ '000)

| Imports cif | Jan-Dec 1994 | Jan-Dec 1995 | Jan-Dec 1996 | Jan-Dec 1997 | Jan-Dec 1998 | Jan-Nov 1998 | Jan-Nov 1999 |
|---|---|---|---|---|---|---|---|
| Fish | 138,414 | 176,323 | 188,500 | 142,616 | 99,848 | 96,889 | 105,624 |
| Total incl others | 140,861 | 178,749 | 189,493 | 143,194 | 100,591 | 97,555 | 108,786 |

Source: Japan Tariff Association, *Japan Exports & Imports*.