
COUNTRY REPORT

Senegal

The Gambia

Mauritania

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4th quarter 1999

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The Economist Intelligence Unit

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November 1st 1999 **Summary**

4th quarter 1999

Senegal

Outlook for 2000-01 With numerous opposition candidates now in the fray, President Abdou Diouf's re-election in February 2000 is almost certain, although a second run-off remains a possibility. Casamance peace talks will edge forward slowly. Economic growth will recover in 2000-01 to an annual average 6%. Improvements in infrastructure will remain a top priority. The implementation of a full customs union could boost regional trade within the UEMOA.

The political scene New contenders for the presidential race in February 2000 have come forward. A joint ticket between the two PS dissidents, Moustapha Niasse and Djibo Kâ, has become unlikely. Abdoulaye Wade has remained the most serious challenger. A radical trade unionist has declared his candidacy, and some Islamist groups have now formally entered the political arena. Four left-wing parties have announced plans to unify. The ruling PS has continued to face persistent internal divisions. Evidence of continuing fraud in the preparations for the elections has stirred more anger. The MFDC has prepared for peace talks, but not all fighting has ended. A human rights group has criticised military abuses in Casamance and condemned a rise in religious violence.

Economic policy A draft budget for 2000 has been submitted to parliament.

The domestic economy Real GDP growth could slow to 5% in 1999. Investment has been particularly high in industry and tourism. Flooding and unpaid debt have impeded agriculture, and the privatisation of the groundnut industry has remained stalled. Industrial performance has been mixed. Power outages have increased, despite increased capacity at Senelec. Privatisation in the transport sector has remained elusive, although the launch of a \$55m programme of public investment could help. Ecobank will soon open a branch in Dakar.

Foreign trade and payments The balance-of-payments deficit has widened, despite an 11% rise in tourism receipts.

The Gambia

Outlook for 2000-01 Local elections could soon take place. Official harassment of the opposition and the press will continue. Economic growth will remain subdued, averaging 3-4% a year in 2000-01.

The political scene A state of emergency has been declared, following heavy rains. President Jammeh criticised the West before paying a visit to the US in September. Harassment of the independent press has continued, and a new national identity card has been introduced to tackle illegal immigration.

Economic policy and the economy President Jammeh has renewed his commitment to reforms and has promised to overhaul urban electricity supply by 2001. The 1999/2000 agricultural season could suffer following severe flooding. Air Dabia has been requisitioned.

Mauritania

Outlook for 2000-01 A cabinet reshuffle could be in the offing, probably one of many before legislative elections take place in 2001. Relations with donors will improve. The formation of private cartels could become a problem, but the economic outlook remains healthy, with real GDP growth hovering around 5% a year.

The political scene Torrential rains have destroyed crops and left hundreds of Mauritanian homeless. The diplomatic stand-off with France has eased. Co-operation with Israel has strengthened. The UDP leader has died of a heart attack. Opposition defections have continued. The UN has received a report on Mauritania's human rights record, but doubts over the independence of the judiciary have been raised. President Ould Taya was absent from an OAU meeting. Measures to improve regional security have been taken. Imams have warned of the dangers of AIDS.

Economic policy The government has forged ahead with privatisation plans, with bids being prepared in the electricity and telecommunications sectors.

The domestic economy Statistical services have been upgraded. Petroleum prices have increased. The annual ban imposed on fishing activities has come into force. Good rains have boosted agriculture, but an insect infestation has wiped out some crops; the WFP has supplied some 10,000 tonnes of food to those affected by consecutive poor harvests. In positive developments, new diamond and granite deposits have been found, a pen factory has opened and Air Mauritanie has shown signs of recovery. In addition, the Manantali hydro-electric dam has been announced for early 2001 and a new bank has opened in the capital.

Foreign trade and payments The current-account balance has slipped into the red. Japan has granted \$1m of debt relief. Aid has continued to flow in.

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 Next report: Our next Country Report will be published in March

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	Assemblée nationale, 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 and may stand for re-election	
National elections	February 1993 (presidential), May 1998 (legislative); next elections due in February 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	Aissata 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 BCEAO	Charles Konan Banny	

Economic structure

Latest available figures

Economic indicators	1994	1995	1996	1997	1998
GDP at market prices (CFAfr bn)	2,022	2,245	2,454	2,640	2,856
Real GDP growth (%)	2.0	4.8	5.6	5.5	5.7
Consumer price inflation (av; %)	32.3	7.8	2.8	1.7	1.1
Population (m)	8.1	8.6	8.8	9.0	9.3
Exports fob (\$ m)	819	993	988	933 ^a	964 ^b
Imports fob (\$ m)	1,022	1,243	1,264	1,196 ^a	1,238 ^b
Current-account balance (\$ m)	-188	-245	-200	-72 ^a	-80 ^b
Reserves excl gold (\$ m)	180	272	288	387	431
Total external debt (\$ m)	3,658	3,841	3,664	3,671	3,376 ^c
External debt-service ratio, paid (%)	17.1	16.7	18.5	15.3	14.8 ^c
Groundnut production ^d ('000 tonnes)	718	791	650	551	720
Exchange rate (av; CFAfr:\$)	555.2	499.2	511.6	583.7	590.0

October 22nd 1999 CFAfr613.51:\$1

Origins of gross domestic product 1997	% of total	Components of gross domestic product 1998	% of total
Primary sector	19.0	Private consumption	75.9
Secondary sector	19.8	Government consumption	10.2
Tertiary sector	61.2	Gross domestic investment	20.0
GDP at factor cost	100.0	Exports of goods & services	33.5
		Imports of goods & services	-39.6
		GDP at market prices	100.0

Principal exports 1998	\$m	Principal imports fob 1998	\$m
Fish & fish products	289.1	Food products	329.3
Groundnuts & products	49.7	Capital goods	237.5
Phosphates	23.6	Petroleum products	151.3

Main destinations of exports 1998 ^e	% of total	Main origins of imports 1998 ^e	% of total
France	21.9	France	36.1
Italy	8.1	US	4.0
Mali	6.2	Germany	2.7
Côte d'Ivoire	3.0	Côte d'Ivoire	2.2

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

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	6.0	6.0
Consumer price inflation (av; %)	1.1	2.0	2.0	2.0
Merchandise exports fob	964 ^d	1,050	1,100	1,200
Merchandise imports fob	-1,238 ^d	-1,300	-1,400	-1,500
Trade balance	-274	-250	-300	-300
Current-account balance	-80 ^d	-100	-125	-150
Average exchange rate (CFAfr:\$)	590	612	600	569

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

The presidential election promises to be lively—

The presidential election in February 2000 is likely to prove a crowded contest. Although the incumbent, Abdou Diouf, remains by far the frontrunner, he is likely to face a cluster of serious opposition contenders. The strongest challengers are the doyen of the Senegalese opposition, Abdoulaye Wade, leader of the Parti démocratique sénégalais (PDS), who is also supported by an impressive coalition of smaller parties; and two recent defectors from the ruling Parti socialiste (PS), Moustapha Niasse and Djibo Kâ. Although there are several more declared candidates, much of the interest in the campaign will revolve around which of the three leading opposition standard bearers will emerge as a credible alternative to Mr Diouf, who has been in power for nearly two decades.

—yet the ruling PS is worried about Mr Diouf's re-election prospects

The proliferation of opposition candidates is bringing little cheer to the incumbent and his increasingly demoralised ruling party. Shocked by the defection to the opposition of Mr Niasse, following Mr Kâ's earlier departure, some leaders of the PS have expressed open concern that Mr Diouf may not win the majority of the votes needed to carry the first round. Moreover, if the election were to go to a second round, the possibility of an outright victory would put enormous pressure on the opposition as a whole to rally behind the remaining challenger. The PS, in power since independence in 1960, will still probably prevail. It has shown itself to be adept at facing off political challenges by playing on the opposition's divisions, relying on the resources of the state administration, and, here and there, engaging in outright electoral fraud. But there has been a clear increase in public discontent with the PS's long and sometimes dubious management of government affairs and with the failure of economic growth to bring tangible improvements to the lives of most ordinary Senegalese. Although Mr Diouf's own image has been less tarnished than that of his party, the public's unease with the country's current state of affairs could translate into a reduced vote for him in February, whether through a high abstention rate or a shift toward the opposition. Mr Diouf's supporters, therefore, are taking nothing for granted, and are pulling out all stops to mobilise as many potential voters and campaign contributions as possible. If this translates into outright fraud by overzealous local party leaders, the stage could also be set for renewed political violence, as has happened in previous elections marked by irregularities.

Slowly, Casamance peace talks edge forward

One peculiarity of the Senegalese political scene has been how little 17 years of warfare in the southern region of Casamance have impinged on the national political debate. Aside from opposition criticisms that the regime has not done enough to end the war, virtually the entire Senegalese political elite agrees that Casamance must remain part of a unitary state, and thus reject the independence demands of the rebel Mouvement des forces démocratiques de Casamance (MFDC). Nevertheless, the country as a whole—not to mention the devastated Casamance—seems thoroughly tired of the war, and would welcome a negotiated settlement. One of the main obstacles so far has been the divisions within the MFDC itself, with hardliners among the rebels' Southern Front insurgents uncertain about the peace option advocated by Father Augustine Diamacoune Senghor, the movement's secretary-general. A series of consultations among various MFDC factions in June, held in Banjul, the Gambian capital, appeared to overcome these divisions and reaffirm Father Diamacoune's authority. Observers were further encouraged when the secretary-general met in Banjul one month later with Salif Sadio, a central leader of the Southern Front who had not attended the earlier consultations, signalling that his insurgent wing may in fact go along with the peace preparations. With a national election campaign in full swing, Mr Diouf and his colleagues may not be able to focus on substantive negotiations until after the election is over. But the president would certainly welcome some symbolic opening round of talks before then, which could be used to political advantage in his re-election bid.

Economic growth will recover in 2000—

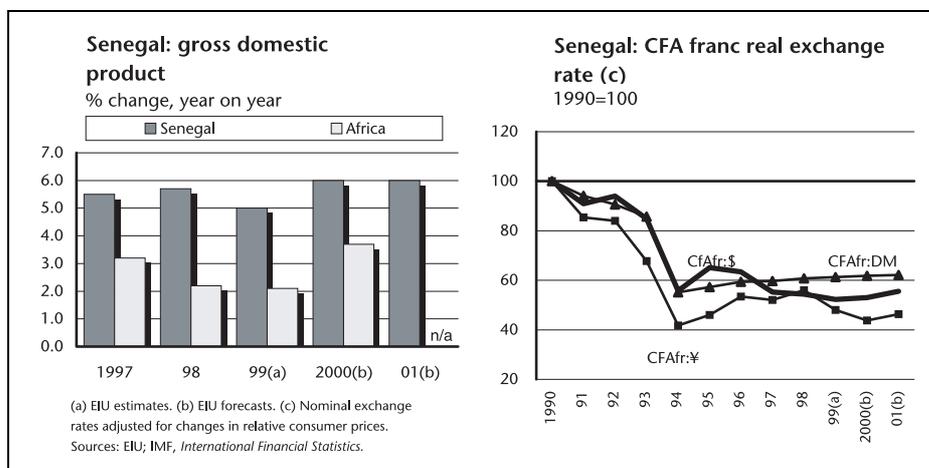
According to projections by the Ministry of Economy and Finance, real GDP growth should accelerate in 2000, reaching around 6.3%. This follows the lower-than-anticipated growth of 5% in 1999, which resulted partly from the frequent power blackouts that hampered the industry and energy sectors. If the projection of 6.3% in 2000 is borne out, it would start the decade off with a higher growth rate than in any year in the 1990s. The ministry also expects the domestic savings rate to rise from 13.8% of GDP in 1999 to 14.5% in 2000, and gross domestic investment to increase from 19.6% to 19.8%. The EIU has revised its real GDP growth estimates for 1999 accordingly, but has maintained its forecast for 2000 at 6%. Sound fiscal and monetary policies will help keep inflation subdued, at around 2% a year.

—and improvements in infrastructure will remain a high priority

One handicap facing industry and other productive sectors is the poor state of Senegal's infrastructure. Overcoming that constraint will remain a high priority of the government and its main donor partners. The frequent power outages in the country over the past year have thrown a harsh light on the ageing and over-extended electricity grid, and both the government and the new management of the privatised electrical utility are keen to renovate and expand its facilities quickly to meet the country's growing demand for energy. Similarly, significant new investments in the transport system, especially the road network, are expected over the next five years, with donor institutions providing the bulk of the financing. Assuming that the Manantali hydroelectric dam in Mali comes on stream by 2001 and that plans to modernise and extend the moribund plants of the recently privatised Société nationale d'Electricité (Sonelec) materialise in the near future, better energy provision could help sustain annual economic growth at around 6% in 2001.

Regional trade could increase

A regional economic grouping, the Union économique et monétaire ouest-africaine (UEMOA), has now confirmed its plans to go ahead with the adoption of a full customs union by January 2000, which will result in the lifting of all customs duties within the region and the adoption of a common external tariff structure, with rates running from zero to 20%. With a drastic reduction in trade and financial barriers among the UEMOA member states, infrastructural improvements will be essential if Senegalese industry is to be able to compete effectively for investments and markets with the more sophisticated Côte d'Ivoire. But the most immediate effect of a full economic and monetary union will be to boost regional trade, although Europe—and France in particular—will no doubt continue to dominate Senegal's commercial trade patterns for many years to come. Phosphates and chemical products supplied by the currently expanding Industries chimiques du Sénégal (ICS) could meanwhile start to overtake groundnuts and fisheries as the country's most dynamic export sectors over the forecast period. In particular, continued procrastination by the Senegalese government in adopting policies to prevent the depletion of sea resources could start to take its toll on fish exports. Mostly fuelled by rising demand in capital and intermediate goods, the rate of import growth will continue to outpace the rate of export growth: we forecast a widening of the trade deficit from \$250m in 1999 to \$300m in 2001 as a result. Although Senegal could become eligible for the highly indebted poor country (HIPC) debt relief initiative following the adoption of more generous criteria by the Bretton Woods institutions, no major debt rescheduling is expected before the end of the forecast period, and as a result we expect debt-service payments to remain at around \$250m. With net transfers rarely exceeding \$200m, the current-account deficit will probably widen steadily from \$100m in 1999 to \$150m in 2001.



The political scene

The presidential race becomes crowded with contenders—

As the presidential election, scheduled for February 27th 2000, approaches, early hopes for a clear race between the president, Abdou Diouf, and a single opposition challenger have dissipated as more and more political figures announce their candidacies. By September there were at least seven declared candidates: President Diouf, supported by the ruling Parti socialiste (PS) and several “satellite” parties; Abdoulaye Wade, backed by the main opposition Parti démocratique sénégalais (PDS) and a coalition of allied parties; Djibo Kâ, who broke from the PS two years ago and leads the Union pour le renouveau démocratique (URD); Moustapha Niasse, a more recent defector from the PS; Iba Der Thiam of the Convention des démocrates et des patriotes-Garab gi (CDP-Garab gi); Cheikh Abdoulaye Dièye of the Front pour le socialisme et la démocratie-Benno Jubël (FSD-BJ); and Mademba Sock, a radical union leader. Several other political figures are considering whether to support one of the declared candidates or throw their own hats into the ring. Normally, such a proliferation of opposition candidacies would boost the chances of the incumbent. However, stung by a number of high-level defections, the ruling PS is deeply worried that Mr Diouf may not win in the first round, increasing the likelihood of a common opposition campaign to unseat him in the second.

—as Mr Niasse picks up support—

In July, within a month of his open break with the PS (3rd quarter 1999, pages 12-13), Mr Niasse, a former foreign minister, launched his own party, the Alliance des forces de progrès (AFP). He also began touring Kaolack, Nioro and other areas to seek support from local PS dissidents, notables and Islamic religious figures. He won over a number of prominent individuals, including Cheikh Mamoune Ibrahima Niasse, the deputy secretary-general of the PS coordinating committee in Kaolack and a prominent religious leader in the nearby holy city of Madina Beye; Massokhna Kane, a former cabinet minister and leader of the opposition PDS; Louis Da Costa, from Casamance, who served for more than 25 years as a PS member of parliament; Khadim Tabet, a businessman and PS leader in Mbour; Thierno Samb, a former leader of the Parti libéral sénégalais; and Oumar Khassimou Dia, the cabinet director under the former prime minister, Habib Thiam. Mr Dia, who was also a PS member of parliament at the time of his defection to the AFP, announced that he would hold on to his seat (a practice permitted under current parliamentary rules), thereby giving Mr Niasse’s new party an automatic toehold in the Assemblée nationale (parliament). While some opposition parties have been clamouring for state financing to help their election campaigns, Mr Niasse, himself a successful businessman, announced that the AFP would be able to secure its own campaign funding.

—but a joint ticket with Mr Kâ is “not on the agenda” —

The formation of Mr Niasse’s AFP has, to some extent, resembled the rise of Mr Kâ’s party in late 1997 and early 1998. His URD quickly established itself as a major new force on the political scene, winning 11 seats in the legislative election in May 1998, making it the third largest parliamentary party. When Mr Niasse first broke with the PS, some political commentators and opposition figures thought he might join forces with the URD, given the similar political

outlook of the two leaders. Madior Diouf, the secretary-general of the Rassemblement national démocratique, explicitly advocated a joint Kâ-Niasse campaign against the president. But neither seemed eager to immediately embrace the other. When the URD officially announced Mr Kâ as its presidential candidate at the end of July, it said that while it did not exclude unity discussions with Mr Niasse's party, it would wait until a second round in the election. A few days later, the AFP issued a declaration similarly stating that it did not rule out co-operation with other parties, but the question of a joint ticket was "not on the agenda" at this point. Both sides may be waiting to test their relative electoral strengths in the February election, an important consideration in working out the terms of a possible unification.

—while Mr Wade remains a serious challenger

Mr Wade's prolonged presence in Paris, combined with the press focus on Mr Niasse's entry into the opposition arena, has contributed to a somewhat low-key profile for the PDS leader's latest campaign (he has stood in every presidential election since 1974). But as the uncontested leader of the largest and oldest opposition party, his campaign remains among the most serious challenges to President Diouf's plans for re-election. Beyond the backing of the formidable party apparatus of the PDS itself, he is actively supported by four left-wing parties, allied with the PDS within the Coalition alternance 2000 (CA 2000). In early September a fifth party, the Union démocratique fédérale-Mboolomi, announced that it too would support Mr Wade's campaign. These parties do not agree with all points of the PDS programme, which openly favours economic liberalism, but they do believe that he is best placed to unseat Mr Diouf and the PS and welcome his promise to form a coalition government if he is elected. For this particular election, the PDS has agreed to campaign around a general platform broadly acceptable to all the supporting parties.

Four left-wing parties plan to unify

Seeking to enhance their own distinct profile, the four left-wing parties within the CA 2000 announced in July that they would seek to unify into a single party by the time of the presidential election or shortly thereafter. The four are the And-jëff/Parti africain pour la démocratie et le socialisme (AJ/PADS), led by Landing Savané; the Parti de l'indépendance et du travail (PIT), led by Amath Dansokho; the Ligue démocratique-Mouvement pour le parti du travail (LD-MPT), led by Abdoulaye Bathily; and the Mouvement pour le socialisme et l'unité (MSU), led by Bamba Ndiaye. In the legislative election in May 1998 the AJ/PADS came in fourth, winning four parliamentary seats, while the LD-MPT and the PIT won one each. Given the fractious nature of the Senegalese left and the failure of some earlier unification efforts, a successful merger is not necessarily assured. But if the four parties are able to unite, then the new entity will probably be in a much better position to step out of the PDS's shadow.

A radical trade unionist declares his candidacy—

While not at this point considered a serious campaign, Mademba Sock's announcement in July that he would seek the presidency did arouse some interest. It was the first time in Senegal that a trade union leader declared himself a candidate for president. And while a number of leaders of the Confédération nationale des travailleurs du Sénégal (CNTS) currently sit in parliament as members of the PS, Mr Sock is seeking high public office strictly on the basis of his record as a trade unionist, not as a member of any major

party. Mr Sock has been prominent for some time as the leader of the Union nationale des syndicats autonomes du Sénégal (UNSAS), a federation of autonomous unions created in the 1980s. He became something of a hero among radical trade unionists in 1998 when he led a strike by the Syndicat unique des travailleurs de l'électricité (Sutelec), which he also heads, against the privatisation of the state electricity company, the Société nationale sénégalaise d'électricité (Senelec). He and another union leader were imprisoned for six months on charges of threatening public order, although related charges that the strikers had deliberately sabotaged Senelec facilities were dropped due to lack of evidence. On his release, Mr Sock vowed to become a "Senegalese Lech Walesa", a reference to the Polish trade union leader who later became president.

In announcing his candidacy, Mr Sock virulently attacked President Diouf's "monarchy" and the PS's "generalised system of pillage" (1st quarter 1999, page 14). He condemned the ongoing privatisation programme and other economic policies, which he said promoted poverty, the deterioration of social services, and the squandering and sell-off of national public assets. While most unions have declined to rally to Mr Sock's candidacy, the national council of Sutelec has decided to support his campaign, as has the newly formed Rassemblement des travailleurs africains-Sénégal and the Front de rupture pour une alternative populaire.

—and more Islamist groups enter the political arena

Despite the official secularism of the Senegalese constitution and political system, Islamic religious figures (*marabouts*) have long been influential in politics, especially the leaders of the main Islamic brotherhoods, which traditionally controlled the groundnut trade and ensured that their members voted en masse for the PS. But over the past decade, with the decline of the groundnut sector, the emergence of significant opposition parties, and the growing splits and factional conflicts within the ruling party itself, the tight relationship between the brotherhoods and the PS has weakened considerably. During the current presidential campaign, as in other recent elections, it has not been unusual for some prominent *marabouts* to declare their support for Mr Niasse, Mr Kâ or Mr Wade, although many continue to profess loyalty to Mr Diouf.

A relatively new development, however, has been the emergence of several explicitly political Islamic organisations, seeking to stake out a more independent political profile. Early in 1999 Moustapha Sy, a *marabout* of the Tijan brotherhood and leader of the 500,000-member Moustarchidina wal Moustardhidate (MwM), an Islamic youth association, announced that he and his followers had launched the Parti pour l'unité et le rassemblement (PUR). Mr Sy, who was arrested in 1994, when the MwM was accused of rioting following the devaluation of the CFA franc, subsequently backed the PDS, but then in the 1998 legislative election shifted support to the PS. He has since implied that the PUR may soon field its own candidates, stating at a meeting in July: "For 100 years, we have implemented the programme of others. The hour has come for us to take up our responsibilities." The following month, Jamra, which is officially registered as a non-governmental organisation active in human rights and poverty issues, declared that it would henceforth engage directly in electoral politics as well. Leaders of the group have been holding meetings with

various presidential candidates to determine what, if any, position it should take in the February election. Many members of Jamra are followers of Moudou Kara Mbaké, a leader of the powerful Mouride brotherhood, who has been rumoured to be considering a run for the presidency himself. Another of Mr Mbaké's followers is Talla Sylla, the leader of the Alliance pour le progrès et la justice-Jéf Jël, who was released from prison in April after serving six months on charges of insulting President Diouf. His own party has urged Mr Sylla to run for president, although he is currently ineligible, since he falls short of the 35-year minimum age requirement stipulated in the constitution.

The PS seeks to shore up
Mr Diouf's position—

Despite its public posture of confidence that Mr Diouf will be re-elected, the ruling party is displaying few signs of complacency. Babacar Sine, a member of the PS political bureau, acknowledged in an unusually frank interview in the independent daily, *Sud*, that the election will be no "exercise walk" and that "it will be hard for Diouf to win on the first round" unless the party mounts an "extraordinary mobilisation". Therefore, using both the PS's own formidable apparatus and ostensibly non-party campaign support committees, the leadership is organising campaign meetings and rallies wherever it can, and trying to secure the continued support of local notables to help mobilise votes for the president. As it has in the past, the party has not held back from utilising the resources of the state for the purposes of political patronage. This has included promises of new development funds for the Fouta region, in which both Mr Niasse and Mr Kâ have recently made further inroads, as well as pledges to provide CFAfr15bn (\$24m) through the Agence de développement municipal for new construction and community projects in the Dakar region, where the PDS is particularly strong.

—but faces persistent
dissension—

In trying to ensure Mr Diouf's re-election, the PS also must confront continuing dissension within its own ranks. Following the party's 50th anniversary celebrations in December 1998, it decided to create a new Conseil consultatif des sages, incorporating many former PS leaders and "barons". The official mandate of this council of "wisemen" is to help to reconcile internal party factional conflicts. But it also serves a more implicit function: giving high-status positions to once-prominent PS figures so as to dissuade them from following Mr Niasse, Mr Kâ and other former "barons" out of the party. So far, while the council has helped patch up some conflicts among local PS factions, it has not been able to resolve the tensions in Sédhiou, in the Kolda region of Casamance, where PS factions have been vying for leadership of the Sédhiou party branch. In the capital, a new political formation, the Parti de la nouvelle solidarité, claimed that Mamadou Diop, the mayor of Dakar and head of the PS's regional party committee, would run as its candidate against Mr Diouf; Mr Diop promptly denied the claim, but some commentators noted that early rumours of Mr Niasse's candidacy were also denied, months before he actually left the PS.

Tensions in the national party leadership also have arisen over the conduct of Mr Diouf's campaign. In July the PS spokesman, Abdourahim Agne, purporting to speak for the party's political bureau, publicly urged Mr Diouf not to confine himself just to his presidential duties, but to become more personally involved in the re-election campaign. This was repudiated the following day by the

party's first secretary, Ousmane Tanor Dieng, who said Mr Agne was merely expressing his own views, not those of the political bureau as a whole. Similarly, there have been numerous signs of tension between the PS's own campaign activities, directed by Mr Dieng, and the broader "non-party" campaign support committees promoted by Magued Diouf, who is the minister of energy and the president's brother.

—and denies Mr Dieng is the president's "dauphin"

Although President Diouf has never explicitly referred to Mr Dieng as his "dauphin", or chosen successor, many opposition politicians and PS dissidents have frequently referred to him as such, following the president's withdrawal from party administrative functions in 1996 and his support for Mr Dieng as the new party first secretary. Neither Mr Diouf nor Mr Dieng have previously made much effort to dispel such a notion. However, as the abrasive Mr Dieng has made more and more political enemies, both without and within the PS (his ascendancy was cited by Mr Kâ and Mr Niasse as a factor in their decisions to leave the PS), Mr Diouf has in recent months denied the accusations more forcefully. At a press conference in August, he was asked directly whether he intended for Mr Dieng to succeed him once he left office; he replied that there was no such "dauphin" role within the party, a point now frequently reiterated by other party leaders. It is not yet clear whether this signals a real diminution of Mr Dieng's political authority, or is simply a rhetorical shift intended to mollify PS leaders and potential voters who do not like the first secretary.

A change in the top election monitor pleases the opposition—

When General Amadou Abdoulaye Dieng resigned in July as head of the Observatoire national des élections (ONEL), the election monitoring body, the opposition parties regarded it as a big victory. They had been deeply disturbed by his appointment in April, as the general's earlier involvement in one of the president's campaign support committees runs directly counter to ONEL's supposedly non-partisan nature (3rd quarter 1999, page 13). Already distrustful of the PS's partisan usage of state institutions and resources and of past instances of outright electoral fraud, 14 opposition parties mounted a protest movement to demand General Dieng's ouster, including a large march in Dakar at the end of June that ended in clashes with the police. Mr Dieng's subsequent decision to resign helped considerably to reduce the tensions. The president then promptly appointed Louis Pereira de Carvalho, a retired lawyer and judge and honorary president of the Conseil d'Etat (Senegal's highest court) to head ONEL. Although some opposition politicians criticised Mr Diouf's failure to consult them over the appointment, most nevertheless expressed satisfaction with the choice, since Mr Pereira de Carvalho is a respected legal professional with no record of past political party activities. In early August, within just a few weeks of his appointment, the new ONEL head held a series of meetings with every major opposition party, reassuring them of his commitment to dialogue and to the transparent functioning of the election monitoring body.

—but accusations of electoral fraud continue

Before August was over, however, the goodwill generated by Mr Pereira de Carvalho's appointment was dispelled when members of the PDS in Thiès uncovered a local network producing fraudulent identification cards, which in turn could be used to obtain voting cards. One of the forgers' ringleaders was a policeman, who was promptly detained. This exposure prompted the oppo-

sition parties' umbrella Front pour la régularité et la transparence des élections (FRTE), which led the campaign against General Dieng, to demand more guarantees of electoral fairness. Among other proposals, the FRTE called for the public destruction of about 1.5m voting cards that were never issued during the last legislative election, to ensure that personnel in the PS-dominated administration do not use them fraudulently. General Lamine Cissé, the minister of the interior, agreed to this, and by the end of August stocks of unissued cards began to be publicly burned in different regions of the country. Mr Wade's CA 2000 coalition also reiterated a long-standing opposition demand that ONEL's mandate be extended to include the actual organisation of elections, or that a new independent body be created for that purpose. Elections are now organised by the Direction générale des élections (DGE), which falls under the Ministry of the Interior. President Diouf flatly rejected this demand, insisting that the DGE was adequate.

The MFDC prepares for
peace talks—

In July Father Augustine Diamacoune Senghor, the secretary-general of the separatist Mouvement des forces démocratiques de Casamance (MFDC), met in Banjul, The Gambia, with Salif Sadio, a central leader of the MFDC's hardline Southern Front, to discuss preparations for peace talks with the government. Mr Sadio had not attended MFDC consultations in Banjul the month before (3rd quarter 1999, pages 10-11), so his meeting with Father Diamacoune was a reassuring sign that the Southern Front may actually be ready to lay down its arms. Meanwhile, various other preparatory meetings have been held in Casamance itself, as part of the step-by-step process of preparing for the opening of direct, formal talks between the government and the MFDC. In August the MFDC's interim co-ordinating body, the Comité pilotage provisoire (CPP), met in the regional capital, Ziguinchor, with an observers' group (set up during the first Banjul consultations), which includes some Casamançais dignitaries as well as representatives of the EU, UN High Commissioner for Refugees (UNHCR) and various human rights organisations. The following month the minister of agriculture, Robert Sagna, who himself is from Casamance, also met with the CPP.

—and Casamance
reconstruction aid begins
to arrive—

The US Agency for International Development signed agreements in early September providing \$3m to help meet humanitarian needs and spur a revival of economic activity in Casamance. It was the first instalment of a US aid package of \$10m over 1999-2002 for Casamance, and complements the government's CFAfr210bn five-year reconstruction and development programme for the region (3rd quarter 1999, pages 15-16).

—but not all fighting has
ended

Despite the tentative moves toward direct peace talks, sporadic fighting continued during July-October in parts of Casamance, especially in areas close to the border with Guinea-Bissau, where the MFDC continues to maintain some bases. While the army command tends to blame all such incidents on the MFDC, some may actually be the work of groups of armed bandits, who have proliferated in the area during the long years of warfare, or of Ousmane Goudiaby, a renegade MFDC commander who now operates as a local warlord. Father Diamacoune has denounced the continuing violence, warning that it could impede the peace process.

A human rights group criticises military abuses in Casamance—

One of the main human rights groups in Senegal, the Rencontre africaine pour la défense des droits de l'homme (Raddho), issued a stinging report in August charging that the army has continued to torture prisoners and carry out extrajudicial executions of suspected MFDC supporters in Casamance. Abuses also have been carried out by the MFDC, the group said, but most of the evidence implicates the military. Killings and disappearances have been so prevalent in the departments of Ziguinchor and Oussouye in particular that much of the population lives in fear and insecurity. Meanwhile, according to Raddho "the perpetrators are able to operate with total impunity". The group urged the establishment of a "truth and reconciliation" commission to help shed light on human rights abuses in Casamance.

—denounces the expulsion of a Mauritanian oppositionist—

While the bulk of the Raddho report dealt with the situation in Casamance, it has also highlighted police killings elsewhere in the country, along with cases of trade unionists and political activists jailed for their public pronouncements. It likewise condemned the expulsion of Kaaw Touré, a leader of the Forces de libération africaines de Mauritanie (FLAM) who had been living in exile in Senegal for 12 years. Eager to improve relations with the Mauritanian government, the Senegalese authorities were irritated by Mr Touré's continued presence in the country and by FLAM's advocacy of autonomy for Mauritania's black population, which mainly lives along the southern border with Senegal. Sweden has offered political asylum to Mr Touré, and he will be assisted by the UNHCR.

—and condemns a rise in religious violence

Human rights activists also have raised an alarm about a seeming increase in religiously motivated violence. In late July two mosques in the Niary Tally section of Dakar were burned down by members of the Mouride brotherhood, over an imam's perceived denigration of the brotherhood's founder. When several of the perpetrators were subsequently arrested, a large crowd of Mouride followers staged a sit-in outside Rebeuss prison in Dakar to protest the detentions, but dispersed when one of their own spiritual leaders asked them to. Less than a week later, followers of Serigne Saliou Touré in Thiès, incensed by several articles about their spiritual leader in the Senegalese newspaper *Le Matin*, attempted to burn the house of the reporter's parents and briefly kidnapped his brother. Raddho and three other rights groups issued a joint declaration denouncing the two incidents, warning of the danger of "social chaos" if the government and judicial system are not able to better resolve the numerous social conflicts in the country.

Economic policy

A pre-budgetary session hears social demands—

In a special session of the Assemblée nationale on August 23rd, parliamentary deputies were for the first time given an early indication of some of the government's thinking about the priorities for the annual budget for 2000. According to the minister of the economy, finance and planning, Mouhamed El Moustapha Diagne, this was to help guide the government in the actual elaboration of the budget before a finished draft was presented for parliamentary approval later in the year. As is customary in pre-electoral periods,

many of the points emphasised by members of parliament focused less on macroeconomic policies than on social issues: how to improve healthcare and education, create more jobs for young people, fight poverty, provide relief for towns hit by severe flooding, and so on. Opposition deputies, unsurprisingly, were highly critical of the government's record in these areas. But deputies of the ruling PS were also preoccupied with social questions, and seemed keen to elicit from Mr Diagne concrete initiatives and promises they could take back to their constituencies to help them mobilise votes for President Diouf's re-election. Serigne Mbaye Thiam, speaking for the PS parliamentary group, urged the government to "give a human face" to the country's economy.

—but deputies are reminded of their limited role—

However, In reply Mr Diagne made few specific commitments, and instead listed the various programmes the government had already established. He also clarified to the deputies that the main purpose of the special session was to help them to better understand how the budget operates. It was not intended to "strengthen the role of parliament in overseeing the multiannual sectoral plans, programmes and projects the government negotiates with our country's development partners". Nor was it a new instrument of "control by the legislature over the executive".

—and a draft budget for 2000 is finally put forward

The parliamentary debate came slightly more than one month after the IMF—broadly satisfied with Senegal's economic performance and policy reforms during the first year of its current three-year enhanced structural adjustment facility (ESAF)—approved a second annual loan of SDR35.67m (\$47.21m; 3rd quarter 1999, page 16). The Fund had then highlighted the government's programme to complete the privatisation and restructuring of state enterprises by the end of 2000, and its efforts to raise revenue and curtail non-essential expenditure so as to make higher social spending possible without threatening financial stability. It cited with approval the government's goal of allocating 38% of the operating budget to the social sectors, with 31% going to education and 7% to health. The Senegalese government finally submitted in mid-October a draft budget to parliament amounting to CFAfr516bn (\$85m), a 1.3% increase on the 1999 budget. The overall budget deficit is projected to decline significantly, from CFAfr36.8bn in 1999 to CFAfr25.1bn. The government seized the occasion to renew its commitment to make poverty alleviation its first priority, although further details on expenditure allocation, as well as fiscal receipts, have yet to be revealed.

The domestic economy

Economic trends

Economic growth slows down

According to the third-quarter estimates of the Ministry of Finance, real growth in Senegal's GDP will slow to just 5% in 1999. This is down from a rate of 5.7% in 1998, and is significantly below previous forecasts by the government, the IMF and the EIU of 6.4% in 1999. The slowdown, according to the finance ministry, occurred despite improvements in the primary sector

(agricultural, livestock and fishing), which is projected to grow by 6.8% in 1999, compared with -3.2% in 1998, and in mining (mainly phosphates), which will probably see a dramatic 23.4% increase, compared with -2.8% the previous year. However, industry and energy were hard hit during the year, according to Mouhamed El Moustapha Diagne, the minister of economy, finance and planning, largely because of the frequent electrical blackouts experienced by the power authority. Growth might have been slowed even further, Mr Diagne noted, if the Asian economic crisis had had as great an impact as initially feared.

Senegal: GDP by expenditure, 1998
(CFAfr bn)

Private consumption	2,069.7
Government consumption	278.3
Gross fixed investment	545.5
Exports of goods and services	913.3
Imports of goods and services	-1,079.3
GDP	2,727.5
GDP (% real change)	5.7

Source: Comité monétaire de la Zone Franc, *Rapport annuel*, 1998

Overall investment trends
are unclear—

According to the 1998 *Rapport Annuel* of the Comité monétaire de la Zone Franc, gross fixed investment rose from 18.9% of GDP in 1997 to 20% of GDP in 1998. However, statistics on investment in Senegal vary slightly, depending on the source. According to IMF estimates, gross domestic investment fell from 19.8% of GDP in 1997 to 18.1% in 1998, with the latter figure corresponding closely to the 18% estimated by the Confédération nationale des employeurs du Sénégal (CNES), one of the main employers' organisations. The IMF projections for 1999 and 2000 are 19.7% and 19.9% respectively, 0.1 percentage point higher than those of the finance ministry. According to the Syndicat professionnel des industries et des mines du Sénégal (SPIDS), another employers' organisation, the investment rate rose from 17.5% in 1997 to 20.1% the following year, figures quite different from those of the IMF and the CNES.

—but industry and tourism
attract the lion's share

Although not directly comparable, a study by the finance ministry reported that 266 investment projects were registered in Senegal in 1998, totalling CFAfr205.9bn (\$350m), down from CFAfr223.9bn the year before. As not all of these projects will actually get off the ground, no clear conclusions can be drawn from the totals. Nevertheless, the sectoral distribution of the projects does provide a broad picture of investment patterns in the country. The industrial sector attracted the most projects (108), valued at CFAfr114bn, of which CFAfr45.5bn was in energy, CFAfr21.7bn in water and irrigation, and CFAfr20.9bn in chemicals. The tourism sector followed with 58 projects and CFAfr40bn in planned investments, a significant jump from the CFAfr28bn in investments registered in 1997. Agriculture was third, with CFAfr23bn in investments planned; nine large agro-food enterprises accounted for 85% of that amount. Services were close behind, with CFAfr19.8bn worth of projects, followed more distantly by livestock, with CFAfr4.5bn, and fishing, with CFAfr3.8bn.

Manufacturing

Industrial performance is mixed—

According to the annual report of SPIDS, the association of industrial employers, performance of industrial subsectors varied significantly in 1998. Manufacturers of flour saw only a 5% expansion of sales, despite a 15% drop in price, mainly because bread producers did not pass the price cut along to their consumers. Since 1995 local manufacturers of biscuits have lost 35% of the domestic market to foreign suppliers. Couscous and pasta sales fell by 30% in 1998, while the Compagnie sucrière sénégalaise was not able to sell more than 100,000 tonnes (well below the 135,000 and 123,000 sold in 1995 and 1996 respectively), largely because of smuggling of lower-priced sugar from The Gambia and Mauritania. The textiles industry was hit by frequent power cuts (with 24 days of production lost during 1998) and overstocking of textiles in European markets. By contrast, domestic tomato paste sales rose by a spectacular 40%. Domestic sales of cooking oil, soap, margarine and related products reached CFAfr65.6bn (\$11m) in 1998, while exports climbed to CFAfr33.9bn, from CFAfr31.1bn in 1997. Reflecting the boom in construction, cement sales rose to 952,800 tonnes in 1998, up by 11.6% on the year before, and may exceed 1m tonnes this year, for a total turnover of about CFAfr50bn.

—and Sococim is changing hands before a second cement plant opens

The owners of the Société commerciale des cimenteries du Sénégal (Sococim), currently Senegal's only cement producer, have decided to sell the enterprise to the French Vicat group. The details of the agreement have not been announced, nor have the reasons for the deal. But the move comes shortly after a group of Senegalese businessmen announced that they planned to build a second cement factory in Mbour by 2000, at a cost of \$90m, much of the financing of which has already been secured. The new factory's capacity will be 585,000 tonnes. Sococim's capacity is currently 800,000 tonnes, and following new investments begun in June, will be expanded to 1.2m tonnes.

Agriculture

Flooding could cause problems

Violent storms and torrential rains have caused widespread disruption in Sahelian West Africa. The rainy season in Senegal began well, lifting hopes for a decent harvest for the 1999/2000 agricultural season. But excessive rainfall in late September brought significant flooding in the northern part of the country, with the Senegal River spilling over its banks, inundating some 50 villages in the process. Meanwhile, the level of the lake behind the Manantali dam (in Mali, also on the Senegal river) reached its maximum level, and valves had to be opened to prevent further flooding. Roads to the southern part of Senegal were cut off, with thousands of displaced people seeking shelter in the city of St Louis. As well as increasing the risk of cholera, the flooding is thought to have destroyed hundreds of hectares of crops, mostly rice. This could have a damaging effect on agricultural output in 1999/2000, although the planting season seems to have got off to a reasonably good start elsewhere in the country, thanks to higher-than-average, well-distributed rainfall.

Farmers' debts remain high As of late July the Caisse nationale de crédit agricole du Sénégal had disbursed CFAfr11.4bn in loans to farmers, compared with CFAfr10bn by July 1998. Together with producer credits from the Société nationale de commercialisation des oléagineux du Sénégal (Sonacos) and the Société de développement des fibres textiles (Sodefitex), the groundnut and cotton parastatals, this would bring total government agricultural financing up to that point to CFAfr27.7bn, out of an original target of CFAfr35bn. Fertiliser use has been just 27,000 tonnes, however, far short of the annual 70,000 tonnes projected in the government's agricultural recovery programme, launched in 1995.

One reason is that many farmers have been unable to repay past loans, and are thus ineligible to obtain new input credits. Payment arrears owed to Sonagraines—Sonacos's subsidiary in charge of providing seasonal loans to groundnut producers—are estimated at around CFAfr13.6bn, and projections for the current season indicate that another CFAfr2.6bn may not be repaid. During a tour of groundnut farming areas in August, the agriculture minister, Robert Sagna, indicated that the government may assume about CFAfr4.8bn of that amount, equivalent to the arrears from 1990/91-1994/95, before the liberalisation of agricultural marketing. Sodefitex is owed an additional CFAfr3.8bn from cotton farmers, who had a poor harvest in 1998/99. The enterprise, which has now been partly privatised, is negotiating a loan to help cover its financial difficulties and make it possible to extend another CFAfr2.2bn in credits this season.

The privatisation of Sonacos proves a slow process

After an earlier attempt to privatise Sonacos in 1995, a second tender for offers was issued in February. The government had hoped to find a buyer by May. On paper, the enterprise is attractive: it is relatively well managed, is one of the largest agroindustrial enterprises in the entire Union économique et monétaire ouest-africaine (UEMOA) region, and is the top seller of groundnut oil to Europe. But viable offers have been slow in coming, reflecting generally poor prospects in the groundnut sector and, more specifically, the lack of financial viability of Sonagraines. An additional impediment may be the government's requirement that the buyer undertake development commitments to help overhaul the entire groundnut sector and improve processing. Another, according to some analysts, is the fact that, while Sonacos still controls 90% of the domestic market for groundnut oil, it no longer has the monopoly on production and marketing that it once enjoyed. Novasen, set up by a former Sonacos director-general, now competes with it both in supplying inputs to groundnut farmers and in processing their output into cooking oil. If an acceptable buyer cannot be found in the near future, some Sonacos and government officials have proposed following, as an interim step, the "Sodefitex formula", that is, ceding a share of the enterprise to farmers' organisations.

Infrastructure

Power outages become frequent and widespread—

The relief expressed shortly after the partial privatisation of the Société nationale sénégalaise d'électricité (Senelec) in March (2nd quarter 1999, page 16), following a bruising battle with the trade unions, did not last long, as the power utility's ageing facilities found it increasingly difficult to keep up with national

demand, expressed most dramatically in frequent breakdowns and power blackouts. In June 1999 Senelec was only able to deliver 1.12m kwh, a 9.3% decline on the year-earlier period. Also in June, total demand was estimated at 215 mw, although Senelec's most effective capacity had not increased since June 1997, when it stood at 182 mw. Some 300,000 individual and institutional subscribers were affected by the blackouts to differing degrees, and some industrial sectors, such as textiles, suffered significant losses in production.

—and Senelec adds to its capacity

Keen that the blackouts not reflect badly on Senelec's privatisation, the new Canadian-French management, led by Hydro Québec International of Montreal, announced the formation of an emergency response team. It also pressed ahead with work on new generating plants that had previously been commissioned. One of these, a 30-mw gas turbine at Bel-Air built by Hydro Québec, came on stream in late September. It was expected that a second gas turbine, built by General Electric in Cap des Biches, would also be operational in October, at 30 mw, with capacity set to increase to 50 mw by March 2000. Meanwhile, to help Senelec's investment efforts, the government agreed in July to assume responsibility for paying off Dakar municipality's outstanding debt to Senelec, estimated at around CFAfr12.6bn from January 1994 through the end of March 1999; as part of the agreement, the Dakar municipal government agreed to institute power conservation measures throughout the city.

A second transport sector programme is launched

With backing from a dozen donor agencies, the Senegalese government launched its second five-year transport sectoral programme in mid-July, to cover 1999-2004. While the first programme required CFAfr360bn in financing, the second is projected to reach CFAfr337bn. Of that amount, some CFAfr300bn has already been pledged by the World Bank, the EU, the Islamic Development Bank, the OPEC Fund, the African Development Bank, Agence française de développement and other donors. Among other goals, it aims to rehabilitate 4,265 km of surfaced roads and another 7,000 km of non-surfaced roads. The programme also has components to improve air, rail and maritime transport, and will emphasise private-sector involvement in road construction and maintenance activities.

Railway privatisation stumbles over transparency issues—

The privatisation of the Dakar-Bamako railway, originally set for January 1999, has been seriously delayed by differences between donor agencies and the management of the Société nationale des chemins de fer du Sénégal (SNCS). The railway's managing director, Mbaye Diouf, had been positioning himself to lead a bloc of private Senegalese investors that would buy into the new Société d'exploitation du trafic international (SETI), which would operate the privatised line. The World Bank's representative in Dakar, Cadman Atta Mills, objected strongly to such an arrangement, charging that Mr Diouf's effort to acquire a significant interest in SETI while remaining managing director of the SNCS was a conflict of interest that would undermine the credibility of the entire privatisation process. Moreover, Mr Mills added, the bloc of individual shareholders that Mr Diouf hoped to organise would be in a position to impede any reform or restructuring plans of the international "strategic investor" expected to manage the company. In late August, two weeks after the dispute was made public, Mr Diouf renounced his plans to acquire a significant

share of SETI, paving the way for a meeting in Paris of Senegalese, Malian, and World Bank officials to try to get the privatisation process moving again.

—while the Dakar bus company attracts new interest—

A Swiss company, Universel, has entered into negotiations with the Senegalese authorities over the possible purchase of the Société des transports du Cap-Verte (Sotrac), the state bus company for the Dakar region. A previous agreement to privatise the company collapsed in March, when the French Réseau autonome des transports parisien (RATP) pulled out of the deal, although it later indicated interest in some possible involvement after all. The country's largest union federation, the Confédération nationale des travailleurs du Sénégal, also put forward a proposal to acquire Sotrac on behalf of the company's employees, but the offer was considered below Sotrac's real value. Meanwhile, three of Sotrac's subsidised bus routes to areas around Dakar are being offered for sale to private buyers, who would then be able to raise fares to try to make them profitable.

—and Air Senegal finds a Moroccan buyer

Royal Air Maroc has agreed to acquire 51% of the shares in Air Senegal. According to the privatisation plan, the Senegalese government will retain a 20% stake, 24% will be sold to other private investors and the airline's employees will be offered the remaining 5%. The injection of financing will be essential to help the troubled airline upgrade its small fleet of planes.

Financial and other services

Commercial activities receive most credits

In 1998, 52% of the CFAfr440.3bn in credits disbursed by Senegalese banking institutions went to help finance commercial activities, according to a study carried out by the Groupe de réflexion sur la compétitivité et la croissance (GRCC), with the assistance of M R Beal and Company International. Of those commercial credits, 87% went to wholesale rice importers alone. The dominance of loans for trade activities has in fact been increasing, the study's authors note, as in 1994 merchants' share of total domestic credits stood at 45.7%. This bias toward trading activities has been "to the detriment of the productive sectors and of real investment", the study comments, noting that only 26% of total credits went to agriculture, fishing, mining, manufacturing, electricity, water and construction combined. The GRCC study recommended the creation of guarantee funds to help cover loans to enterprises that may not meet the banks' minimum capital requirements, and suggested that banking institutions open special windows for small and medium-sized enterprises.

Ecobank is to open shop in Dakar

The largely Nigerian-owned Ecobank has commenced renovation work on a new commercial building in Dakar, in preparation for its entry into the Senegalese financial market. The subscribed capital of Ecobank-Sénégal will be CFAfr1.5bn, up from an earlier proposal of CFAfr1bn. The latter figure was judged inadequate by the Banque centrale des Etats de l'Afrique de l'ouest (BCEAO), which withheld approval for a time. When it opens its doors in Dakar, Ecobank will be the country's ninth bank, but one of the very few not owned by French financial interests.

Foreign trade and payments

The balance-of-payments deficit increases slightly

Based on mid-year estimates, Senegal's export earnings in 1999 will probably reach CFAfr612.1bn (\$1bn), a 7.5% increase on the CFAfr569.2bn realised in 1998. Prospects for the fishing industry, Senegal's main source of foreign exchange, remain gloomy, however. In August, two of Senegal's tuna processing and refrigeration facilities were forced to shut down for financial reasons, leaving only one plant, Pêcheries frigorifiques du Sénégal, still operating in the country. By contrast, the octopus industry is thought to be doing particularly well, with 16,000 tonnes of catches projected for 1999, as demand in Japan resumes. Meanwhile, imports will probably increase at a faster 9.1%, from CFAfr730.1bn to CFAfr796.6bn. This will bring a consequent rise in the balance-of-payments deficit, from an equivalent of 6.8% of GDP to 7%.

Senegal: Current account, 1998

(CFAfr bn)

Exports	569.2
Imports	730.1
Trade balance	-160.9
Net services	-41.1
Net transfers	155.1
Current-account balance	-46.9

Source: Comité monétaire de la Zone Franc, *Rapport annuel*, 1998

A good year for tourism

Matching the growing attractiveness of tourism for investors, the 1998 outturn was particularly encouraging, despite the ongoing conflict in Casamance and the brief civil war in neighbouring Guinea-Bissau. Some 469,000 tourists visited Senegalese facilities in 1998, a rise of 11.7% on the year-earlier period. More than 350,000 of them were non-residents (a 12.4% increase). Net receipts reached CFAfr70bn. Senegal currently has 233 tourist establishments, with 8,239 rooms and 17,147 beds.

The Gambia

Political structure

Official name	The 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 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 1999	
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	
Key ministers	President & minister for defence	Yahyah Jammeh
	Vice-president & minister for health, social welfare & women's affairs	Isatou Njie Saidy
	Agriculture	Fa Sainey Dumbya
	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

Latest available figures

Economic indicators	1994	1995	1996	1997	1998 ^a
GDP at market prices (D m)	3,411 ^b	3,439 ^b	3,725 ^b	3,922 ^b	4,251
Real GDP growth (%)	1.3 ^b	-3.4 ^b	5.3 ^b	4.9	4.7 ^c
Consumer price inflation (%)	1.7	7.0	1.1	2.8	1.2 ^d
Population (m)	1.08	1.11	1.14	1.17	1.20
Exports fob (\$ m)	125 ^b	123 ^b	119 ^b	120 ^b	132 ^c
Imports fob (\$ m)	182 ^b	163 ^b	217 ^b	207 ^b	201 ^c
Current-account balance (\$ m)	8 ^b	-8 ^b	-48 ^b	-24 ^b	-16 ^c
Reserves excl gold (\$ m)	98	106	102	96	106 ^d
Total external debt (\$ m)	425	425	456	430	n/a
External debt-service ratio, paid (%)	14.1	14.7	12.4	11.6	n/a
Groundnut production ('000 tonnes)	65.4 ^b	79.7 ^b	78.8 ^b	78.1 ^b	83.7
Charter tourists ('000)	90.0 ^b	42.9 ^b	72.1 ^b	75.9 ^b	92.4 ^d
Exchange rate (av; D:\$)	9.58	9.55	9.78	10.20	10.64 ^d

October 22nd 1999 D11.85:\$1

Origins of gross domestic product 1997	% of total	Components of gross domestic product 1997	% of total
Agriculture	23	Private consumption	77
Industry	13	Government consumption	17
Services	64	Gross domestic investment	20
GDP at factor cost	100	Exports of goods & services	46
		Imports of goods & services	-60
		GDP at market prices	100
Principal exports 1997 ^b	\$ m	Principal imports 1997 ^b	\$ m
Groundnuts (shelled)	5.6	Food	57.2
Fish & fish preparations	2.6	Manufactures	47.8
		Machinery & transport equipment	37.2
		Minerals & fuel	28.3
Main destinations of exports 1997 ^e	% of total	Main origins of imports 1997 ^e	% of total
Belgium-Luxembourg	78.0	China (incl Hong Kong)	25.1
Japan	4.5	UK	10.4
UK	3.2	Netherlands	7.4
France	1.9	Côte d'Ivoire	7.0
China (incl Hong Kong)	1.9	France	5.8

^a EIU estimates; calendar year. ^b Fiscal year ending June 30th. ^c IMF estimate. ^d Actual. ^e Derived from partners' trade returns; subject to a wide margin of error.

Outlook for 2000-01

Local elections could soon take place

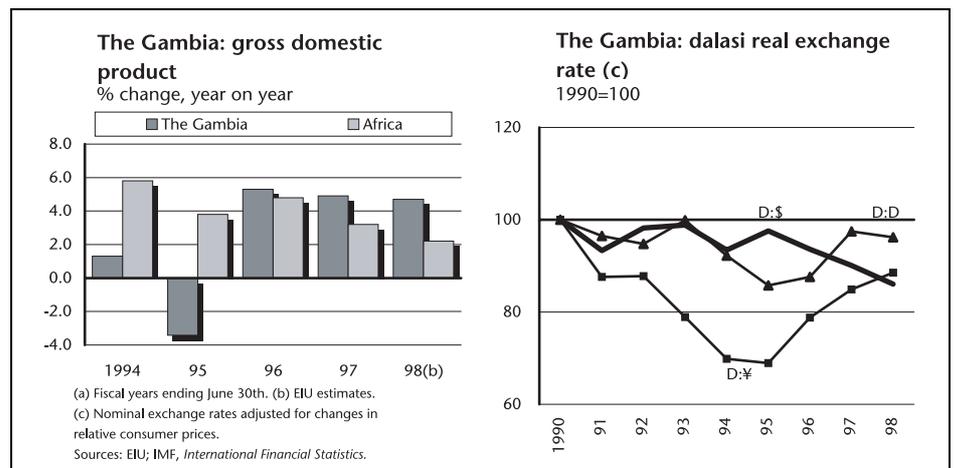
Rumours that local government elections—the first to be held under the 1996 constitution—could soon take place have continued to abound. If they go ahead, such polls could prove to be an early test of popularity for the incumbent president, Colonel Yahyah Jammeh, who seized power in 1994. His party, the Alliance for Patriotic Reorientation and Construction (APRC), is thought to draw its main support from rural areas, where most of the population lives. But its prospects for winning the elections could depend heavily on its ability to deal with the floods that swept the country in mid-August. Extremely heavy rainfall, some three times the national annual average in the space of one month, led to swollen rivers and general run-off, which swept away houses, leaving thousands homeless, and created considerable damage to infrastructure, forcing the government to declare a state of “natural disaster”. In addition, and more worrying in the medium term, many villages may have lost their harvests because of the flooding, creating a real prospect of food shortages in some areas in 1999/2000.

Meanwhile, the main opposition parties, the United Democratic Party (UDP) and the National Reconciliation Party (NRP), will target their election campaigns in the two areas that form their main electoral base: the capital, Banjul, and the country’s other main city, Serrekunda. Their campaigns are likely to concentrate on a number of issues that the two parties sense they can capitalise on. These include the continued harassment of both their own activities and those of the independent press by the government, the high profile and overwhelming presence of the army in the country, which makes it seem in a perpetual state of emergency, and high rates of unemployment. Together, all these factors seem to have contributed to a rising mood of despondency among the population, especially young urban groups. Nevertheless, the political machinery behind the APRC and the president remains formidable, and there is little doubt that pro-APRC candidates will have the resources to achieve a sweeping victory in local polls. Likewise, the president is best positioned to win the presidential contest, scheduled for September 2001. In both elections, the main challenge facing the government will be to ensure a reasonable turnout, since a low rate of voter participation could tarnish the country’s democratic credentials, especially if independent electoral observers refuse to give their stamp of approval to the results.

Economic growth will remain subdued

The strong inflow of concessional funding during 1998 in support of the government’s “Vision 2020” programme of economic and social development could start to falter if the government fails to increase the pace of economic reform. In particular, there has been no move towards encouraging private-sector involvement in any of the major parastatals, most notably the National Water and Electricity Company (Nawec). With progress on privatisation seen by the IMF as a major component of its enhanced structural adjustment facility (ESAF) programme, there is the prospect that the Fund might soon become more critical of the president’s continued string of broken pledges. In addition, if corruption and financial mismanagement continue unabated, bilateral donors may also start questioning the future of their own aid programmes with the country.

Meanwhile, the flooding, combined with the continuing poor state of the groundnut sector (once The Gambia's main source of foreign-exchange earnings), is likely to limit the prospects for growth in the agricultural sector—which still accounts for 30% of GDP and provides a livelihood for 75% of Gambians. As a result, the EIU has revised its real GDP growth forecast for 1999 downwards to 3%. There is also the possibility that erratic or declining food supplies to local markets could cause inflation to pick up from a low of 1.2% in 1998 to 3% or more in 1999. While economic growth could increase to healthier rates in 2000-01, this is dependent on a good agricultural season, continued assistance from the IMF and an overhaul of the moribund electricity sector. Inflation in 2000-01 is expected to hover at around 3-4%, below the target range agreed with the IMF. However, with the government likely to be tempted to increase its spending before the elections, even this target could be threatened.



The political scene

A state of emergency is declared following heavy rains

Although The Gambia is a member of the Inter-State Committee for Drought Control in the Sahel, better known under its French name Comité inter-Etats de lutte contre la sécheresse au Sahel (CILSS), rains proved plentiful at the beginning of the planting season in June. However, by late July the country was said to have recorded its highest rainfall in 30 years, reaching 1,000 mm in some parts of the country, while in normal years total rainfall averages only 360 mm. Subsequently, unprecedented flooding caused by three consecutive weeks of extremely heavy rain pushed the government to declare a state of “natural disaster” in the country on August 25th.

A committee on disaster relief, emergency aid and resettlement was set up to assess the situation and help the victims. Some 27,000 people were said to be in need of shelter, food and medicine, while heavy damage to roads and bridges had rendered some areas inaccessible, particularly in the Central River and Upper River regions. There were also casualties at sea, with some 36 fishermen found dead on the Gambian coast after being swept away by a storm. The Gambian private sector and the international donor community

were swift to respond to the government's call for assistance, and by September 8th the committee was said to have received D1m (\$85,000) in emergency relief. Meanwhile, the UN World Food Programme (WFP) announced that it had distributed up to 27m tonnes of cereals and 17.5m tonnes of cooking oil to the population. Destruction to foodstuffs, crops and livestock had yet to be quantified, although projections for the 1999/2000 agricultural season will no doubt have to be revised downwards (see The domestic economy).

President Jammeh criticises
the West—

In an extensive address to the nation, President Yahyah Jammeh celebrated his fifth year in power on July 22nd, looking back with "pride and great satisfaction" at the country's economic and democratic achievements since he ousted the civilian president, Sir Dawda Jawara, in 1994. As a result of his "July 22nd Revolution", he claimed The Gambia was now enjoying a multiparty and pluralistic democracy. In a separate interview to the British Broadcasting Corporation (BBC), the 34-year-old leader vehemently denounced Western countries for tying their loans to good governance and respect for human rights and, in so doing, trying to impose their own type of democracy. "They started as colonial masters and robbed us" he said, adding "the same people who were using their armies to massacre Africans and Indians and others are the ones who are talking about democracy".

As a fervent Muslim and outright supporter of the Islamist revolutionary Libyan leader, Colonel Muammar Qadhafi, President Jammeh's anti-Western feelings are well-known. Nonetheless, such scathing comments came as a bombshell for many observers and diplomats who had thought of the president as a more tactful politician. Ironically, a couple of weeks later the government held a workshop to look into developing a national governance policy and programme for 2000-04, during which the EU representative in The Gambia, Georges-Marc Andre, agreed that they were "many ways to ensure real democracy". However, he also reminded participants that the universal principles of human rights, and the importance of equality in political and civil rights, including access to resources, remain.

—before paying a visit to
the US

While the external affairs minister, Lamine Sedat Jobe, was busy paying visits to Taiwan, Iran and Libya, President Jammeh flew to New York in late September to attend the 54th annual session of the UN General Assembly. (The Gambia has been elected as a non-permanent member of the UN Security Council for the period from January 1998 to December 1999). The Gambian leader seized the occasion to praise the end of UN sanctions on Libya and renew his full support of Taiwan's demand for admission to the UN. He also urged the adoption of reforms within the UN Security Council, saying that the power of veto enjoyed by the five permanent members was undemocratic and insisting that all member countries, whether large or small, should be given equal treatment. Notably, he condemned the fact that the African continent, the second largest in the world, did not have a permanent seat.

While in the US, President Jammeh held talks with senior US officials, most notably President Clinton's special envoy to Africa, Reverend Jesse Jackson. He also met with the exiled Gambian community in Washington, but his stay was overshadowed by a demonstration in which family members of the ousted

Sir Dawda and opposition followers loyal to the leader of the main opposition party, the United Democratic Party (UDP), Ousainou Darboe, were heard shouting “justice for Koro Ceesay, stop abduction and torture. We want press freedom.” In late June 1995 the body of the former minister of finance and economic affairs, Ousman Koro Ceesay, was found in his burned-out car on the airport road in what can only be described as mysterious circumstances. The Gambian leader dismissed the protest as insignificant.

At home, the independent
press is harassed—

The government’s record on press freedom has continued to be particularly poor, with new arrests reported over the past few months. In late July the publication of the newly established biweekly, *The Independent*, was suspended after the authorities claimed to have found some “irregularities” in its registration with the income tax department. The editor-in-chief, Baba Galleh Jallow, and the managing editor, Yorrow Jallow, were also arrested on July 30th, only to be released a couple of days later. The arrest of two editors can probably be traced to the first issue of the new paper on July 5th, in which a statement by the UDP was published, criticising President Jammeh as one of the “most corrupt heads of state in Africa”. While the Gambian press union seized the occasion to accuse the government of conducting a relentless campaign to silence the free press, and there can be little doubt that the government is clamping down on the activities of the press, there is also a case to be made for the press to use its freedom responsibly. Certainly the publication of stories that are only poorly supported by hard evidence is bound to give the press continual problems with the government.

In an unrelated event, but involving similar arguments, two editors of the *Daily Observer* were arrested in mid-September after the newspaper published allegations that there had been a shooting incident between a Senegalese helicopter flying over President Jammeh’s home village, Foni Kanilai, and members of the presidential guard, suggesting a coup or assassination attempt.

—and illegal immigration
tackled

In addition to ongoing harassment of the press, another area of concern for local human rights organisation has been a step up in the government’s campaign to deal with illegal immigration. This means, in effect, that all Gambians must now carry a national identity card at all times, while all foreigners, with the exception of Senegalese, must be able to produce a valid residence permit. As a result of this new campaign, there have been increasing complaints by ordinary Gambians of frequent harassment by the police and immigration officers if they fail to produce an ID card. Although in many African countries there are laws which require citizens to carry identification, in most, including The Gambia, an identification document such as a driving licence, a voter’s card or a passport is usually equally valid. In addition, anger against the policy increased following reports that the immigration department was charging D25 (\$2) for a new ID card to be issued, a fee that some people simply cannot afford to pay.

Economic policy and the economy

President Jammeh renews
his commitment to
reforms—

Despite a lukewarm report on the performance of the economy by the IMF in June (3rd quarter 1999, page 27), President Yahyah Jammeh has insisted that economic reforms under the 1998-2001 enhanced structural adjustment facility (ESAF) are well on course. In particular, President Jammeh announced that a new divestiture strategy was soon to be submitted to the cabinet of ministers for final approval. The National Water and Electricity Company (Nawec) and Gambian Telecommunications (Gamtel) are among the most important enterprises mooted for privatisation.

As for the budget, the president renewed his commitment to directly targeting the poor by concentrating expenditure in social sectors, claiming that 34% of recurrent expenditure is currently allocated to health and education. He also noted that public expenditure reviews (PERs) had already been prepared for the health and education sectors and that a similar PER was soon to be finalised for agriculture.

—and promises electricity
by 2001

In recent months the moribund state of the electricity sector in The Gambia has become a highly politicised issue. In August the United Democratic Party (UDP) leader, Ousainou Darboe, accused the government of engaging in “shady dealing” by secretly signing a contract with the Ivoirian electricity firm, Bassam Development Corporation (BDC), to hand over Nawec, before it suddenly withdrew from the deal. BDC is, however, to build a 100-mw thermal power station, which is scheduled to be operational by 2001. In an interview with the BBC, President Jammeh said that establishing a regular electricity supply was one of the government’s most important priorities and advanced that “with the help of Allah” the problem of electricity disruptions would be history in urban areas by 2001. He also claimed that Gambians currently have uninterrupted electricity supplies for six to seven hours a day, although this claim has been treated with considerable scepticism by the private sector and the press.

In the annual report of the UN Food and Agriculture Organisation’s (FAO), *The State of Food Insecurity in the World 1999*, released in October, The Gambia was not included in the list of the 16 African countries that could face emergency food shortages in 1999. However, according to FAO estimates 25% of the Gambian population remains undernourished. Before the recent flooding, the government expected total coarse grain production to exceed 100,000 tonnes in the 1999/2000 agricultural season, up-land and swamp rice production to reach 24,000 tonnes, and groundnuts, the country’s main export, to total 90,000 tonnes. But such projections clearly need re-assessing in view of the recent flooding. The extent of the crop damage caused by the recent floods is currently being assessed by a joint FAO-World Food Programme mission visiting The Gambia.

The Gambia: food balance sheet, 1997

	Production	Imports
Cereals	103,813	119,649
of which:		
wheat	0	41,362
Millet	66,082	0
Sorghum	12,928	6
Rice	16,337	74,344
Starchy roots	6,000	1,900
Groundnuts	54,671	0

Source: UN Food and Agriculture Organisation.

Air Dabia is put under seal

In mid-August the Gambian High Court announced its decision to freeze all assets in the country owned by the Malian businessman, Babany Cissok, pending judicial proceedings in Dubai (part of the United Arab Emirates). The Dubai government has recently issued an international warrant of arrest against Mr Cissok on fraud charges (2nd quarter 1999, page 26). One Boeing 727 of the Banjul-based airline, Air Dabia, which is owned by the Malian businessman, was put up for sale for D11.5m (\$1m) on the court's order in October, after Air Dabia had failed to settle D9m of salary payment arrears owed to its former employees. Air Dabia is also thought to owe D410,000 of tax to the Gambian government.

Foreign trade and payments

The floods in the north of the country are predicted to have a negative impact on the country's export earnings in 1999. Having expanded rapidly in 1997 and 1998 on the back of favourable weather conditions, groundnut exports are forecast to fall back in the region of 30% in 1999 as a result of the flooding. There may also be a need to increase food imports, although there is the possibility that the cost of these will at least be partially met by various aid agencies and relief organisations.

The Ghana-based International Business Centre for Africa (IBCA) and the Gambian department of trade and industry is helping to organise Banjul Expo '99 to be held on November 25th-December 5th 1999. Dubbed a celebration of West African trading capacities, the event is aimed at highlighting opportunities for trade between West African states. It is also part of a series of events aimed at promoting The Gambia's free-trade policy and Gateway Project. The Gambia has traditionally been a large re-exporter of goods to the West Africa region owing to the location of, and port facilities available, in Banjul, and various currency and tariff distortions within the region. However, some of these distortions were removed in the mid-1990s with the devaluation of the CFA franc and the harmonisation of tariffs with the CFA franc zone. This has encouraged the government to reduce the top rate of duty on all imports into The Gambia to 20% in January 1999 and to support the current marketing initiative. In 1998 re-exports were \$82.1m.

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	Bicameral National Assembly, consists of an upper house with 56 senators and a lower house with 79 deputies	
National elections	October 1996 (legislative); December 1997 (presidential); next elections due in October 2001 (legislative) and December 2003 (presidential)	
Head of state	President, elected for a renewable six-year term; Maaouya Ould Sid'Ahmed Taya, was re-elected president in December 1997	
National government	The president and his appointed Council of Ministers; last reshuffle November 1998	
Main political parties	22 political parties are registered, the main ones 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 (UFD-now split into factions); Union pour la démocratie et le progrès (UDP)	
Key ministers	President	Maaouya Ould Sid'Ahmed Taya
	Prime minister	Cheikh El Avia Ould Mohamed Kouna
	Civil service, labour, youth & sports	Baba Ould Sidi
	Culture & Islamic affairs	Isselmou Ould Sid'El Moustaph
	Defence	Kaba Ould Elewa
	Education	Sghair Ould M'Bareck
	Equipment & transport	N'Gaïde Lamine Kayou
	Finance	Camara Aly Gueludio
	Fisheries & maritime economy	Mohamed El Moctar Ould Zamel
	Foreign affairs & co-operation	Ahmed Ould Sid'Ahmed
	Information & relations with parliament	Rachid Ould Saleh
	Interior, posts & telecommunications	Dah Ould Abdel Jalil
	Justice	Mohamed Salem Ould Merzoug
	Mines & industry	Isagh Ould Rajel
Planning	Mohamed Ould Nani	
Rural development & environment	Colonel Mohamed Ould Sid'Ahmed Lekhal	
Trade, crafts & tourism	Ahamdi Ould Hamady	
Water & energy	Cheikh Ahmed Ould Zahaf	
Central Bank governor	Mahfoud Ould Mohamed Ali	

Economic structure

Latest available figures

Economic indicators	1994	1995	1996	1997	1998
GDP at market prices (UM bn)	124.2	137.3	148.3	160.6	174.1 ^a
Real GDP growth (%)	4.6	4.6	4.7	4.9	6.8 ^a
Consumer price inflation (av; %)	4.1	6.6	4.7	4.6	9.8 ^a
Population (m)	2.21	2.28	2.35	2.39	2.42
Exports fob (\$ m)	398	476	448	425 ^a	n/a
Imports fob (\$ m)	352	293	433	444 ^a	n/a
Current-account balance (\$ m)	-70	22	-62	-24 ^a	n/a
Reserves excl gold (\$ m)	40	86	141	201	203
Total external debt (\$ m)	2,223	2,350	2,412	2,453	n/a
External debt-service ratio, paid (%)	24.4	22.9	22.2	25.6	n/a
Iron-ore exports ('000 tonnes)	10,342	11,514	11,158	11,689	n/a
Fisheries exports ('000 tonnes)	196	287	366	198	183 ^a
Exchange rate (av; UM:\$)	123.6	129.8	137.2	151.7	189.0

October 22nd 1999 UM211.94:\$1

Origins of gross domestic product 1997	% of total	Components of gross domestic product 1997	% of total
Agriculture & fishing	24.7	Private consumption	78.0
Manufacturing	10.9	Public consumption	13.4
Mining	10.7	Gross fixed investment	17.5
Construction	9.5	Exports of goods & services	39.6
Services & others	44.1	Imports of goods & services	-48.6
GDP at factor cost	100.0	GDP at market prices	100.0

Principal exports 1997	% of total	Principal imports 1996	\$ m
Iron ore	52.4	Energy & mineral products	129
Fish & fish products	47.6	Food & agricultural products	116
		Machinery & equipment	67
		Consumer goods	22

Main destinations of exports 1997 ^b	% of total	Main origins of imports 1997 ^b	% of total
Japan	23.9	France	25.9
Italy	17.0	Spain	7.7
France	14.3	Germany	6.8
Spain	8.5	Belgium-Luxembourg	6.7

^a EIU estimate. ^b Derived from partners' trade returns; subject to a wide margin of error.

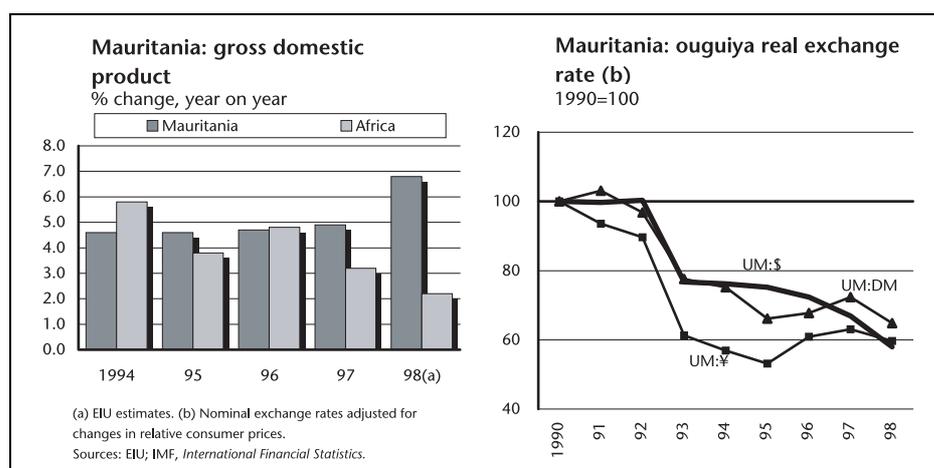
Outlook for 2000-01

- Cabinet changes could soon take place
- Rumours of an impending ministerial reshuffle have reappeared in Mauritania. Indeed, the current administration, unchanged since mid-May, risks establishing a record for longevity under the 1991 constitutional arrangements. Despite the absence of real opposition, the government has been subject to frequent changes since the country's first competitive legislative election in March 1992, often directly reflecting in-fighting within the ruling Parti républicain démocratique et social (PRDS). An acceleration in the pace of private meetings between the president, Maaouya Ould Sid'Ahmed Taya, and various leaders of opinion, notably the heads of some of the junior parties in the pro-presidential coalition, has given the impression that a change is imminent, including a possible fine-tuning of the cabinet to better respond to the mood of the country. Speculation has also been fuelled by recent changes involving regional secretaries of the ruling PRDS, more than half of whom were replaced. Most of the outgoing PRDS leaders had been in office since the early 1990s. The changes, coming two years before the next legislative ballot, due in October 2001, are no doubt intended to rejuvenate the party machine.
- Quite how a cabinet reshuffle might be implemented, and more important who may fall from grace—candidates for elevation are in plentiful supply—is a subject for conjecture, as none of the present crop of ministers seems to have done enough, or been too energetic, to merit either praise or unpopularity. Meanwhile, the prospect of elections, even though there is no doubt that the PRDS will win, may spur various opposition factions into tendering an olive branch to the ruling majority in the name of "national reconciliation".
- External relations are on the mend
- Foreign policy will continue to dominate President Ould Taya's agenda. Despite lingering difficulties with France resulting from the detention of a presumed human rights abuser, Mauritania's relations with its major trade partners are steadily strengthening. In a recent address to Mauritania's diplomatic representatives, the foreign minister, Ahmed Ould Sid'Ahmed, has insisted that Mauritania had chosen the route of "realism, of balance and of good neighbourliness", a necessary condition to ensure peace in the world and promote a spirit of tolerance, dialogue and solidarity. To the chagrin of the anti-slavery lobby, the US has decided to reinstate Mauritania's normal trade relations status, thereby opening the way for improved commercial ties and for partial debt relief, as promised by the US president, Bill Clinton, in August. Elsewhere, the open recognition of Israel, with recent official visits by senior ministers, may have displeased some Arab radicals, but will no doubt contribute to the building of transatlantic ties.
- Privatisation prompts fears of a new oligopoly
- The rush to privatise Mauritania's remaining state-owned companies has raised various questions about the role and the activities of the private sector. There is a creeping fear that the state is transferring its assets to a small group of well-placed individuals, many with close links to members of the regime, instead of promoting a truly open and level playing field, where all entrepreneurs would be free to compete. Such a concentration of ownership has led some observers, including some directly involved in promoting private-sector growth in Mauritania, to

worry about the potential for this small group of businessmen to operate cartels, to the detriment of new market entrants and free enterprise. Indeed, a glance at the personalities involved in recent acquisitions indicates that these same people have long been involved in general trading activities, where informal cartels and price rigging are widely thought to occur. Young businessmen frequently complain of being squeezed out of business by this group, who among other things have a disproportionate influence in the commercial banks, the primary source of credit for growing businesses. In any case, the government will probably continue to push through the privatisation of major public enterprises, starting with the telecommunications company, Office des postes et télécommunications (OPT), the water and electricity utility, Société nationale d'eau et d'électricité (Sonatel) and Air Mauritanie.

The economic outlook remains healthy

Mauritania's economic prospects over the forecast period are encouraging. The country has won the backing of the major donor institutions for its reform programmes, with a new enhanced structural adjustment facility (ESAF) approved by the IMF in July, and, in the process, has been admitted to the highly indebted poor country (HIPC) debt relief initiative; according to preliminary projections, this could result in some \$550m of debt reduction over the next three years. Meanwhile, the outlook for export earnings from the country's major commodities is looking brighter. In particular, the annual biological rest period imposed on fishing has started to have the desired effects, with stocks apparently stabilising for most species (with the notable exception of squid and octopus). On the demand side, Asian markets, the world's leading importers of fish products, seem to have recovered from the 1997 currency crisis and are starting to pick up. Meanwhile, alternative sources of foreign earnings continue to encourage investors, notably in the search for precious minerals, where gold and diamond discoveries could lead to commercial operations in the near future. Mining prospects aside, the country has experienced exceptionally good rainfall, too much in some cases, giving prospects of a bumper harvest for 1999/2000. In addition, electricity from the Manantali power station on the Senegal River in Mali could come on stream during 2001, thus boosting energy provision for the manufacturing industries of Mauritania, Mali and Senegal. As a result, real GDP growth is forecast to be between 4.7% and 5.2% over the next three years.



The political scene

- Violent weather wreaks havoc Unusually heavy rains in late September made an estimated 600 families homeless in the southern town of Kaédi, 520 km south-east of the capital, Nouakchott. The shantytown of Keba was almost completely destroyed by flash floods and most of the residents were forced to seek emergency shelter. The rural development minister, Mohamed Ould Sid'Ahmed Lekhal, visited the scene to witness the havoc and assess emergency needs. The floods were the most violent in living memory in Kaédi, where residents had been growing worried by a progressive rise in the level of the Senegal River in the previous days. Earlier in the month, a freak tempest caused two deaths and wounded several people at the village of El-Adress, 170 km east of Nouakchott, in the "worst storm in living memory". Also hit was the town of Tichitt (a UNESCO World Heritage site), where 95% of houses were damaged and 400 families rendered homeless. Among buildings to suffer damage was the town's historic library. A few weeks earlier, a tornado close to Nouakchott beach killed nine people, including a German technical assistant and four people who went to his rescue. Nouakchott beach is a favourite spot for people living in and visiting the capital to cool off, especially in the humid weather preceding the rains, but the beach is also one of the most dangerous in the area, with large waves, strong offshore currents and no lifesaving equipment available. Several people die each year at the site. The region of Trarza, where most of the damage took place, was visited by the president, Maaouya Ould Sid'Ahmed Taya in late October, when, in addition to promises of increased education and health services for the population (the region is a stronghold of the opposition Union des forces démocratiques—UFD), he pledged to launch an international appeal for help in bringing assistance to flood victims.
- Franco-Mauritanian tension eases— Relations between Mauritania and the former colonial power, France, are slowly healing after Captain Ely Ould Dah, arrested in France in July, was granted conditional liberty in late September (3rd quarter 1999, page 34). The Mauritanian army officer is accused of crimes against humanity for having tortured some of his compatriots during the aftermath of a supposed coup attempt in 1990. France, according to defence presentations to the court, did not sign the 1984 international agreement on torture until 1994. While the court ponders its final decision, Captain Ould Dah has been allowed to resume his studies at the Montpellier infantry academy but is required to remain at the disposal of the judicial authorities and to restrict his movements to south-east France. French military sources have denied that Captain Ely had been allowed to resume his training, however, partly reflecting the strained military co-operation between the two countries (Mauritania expelled 41 military advisers following Captain Ould Dah's arrest and imposed visitor visas on French citizens—in effect since August 1st). The French examining magistrate is due to visit Mauritania to investigate the case further in the near future. According to reliable sources, the Malian president, Alpha Oumar Konaré, has been mediating in the affair. He has transmitted to the Mauritanian authorities the sentiments of the French authorities, for whom overt meddling in judicial affairs would prove politically difficult.

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- raising opposition
discontent
- Messaoud Ould Boulkheir, a leading anti-slavery campaigner and head of the opposition Action pour le changement (AC), declared his “unease” at the release of Captain Ould Dah. Mr Boulkheir, backed by representatives of the Mauritanian Human Rights League, described the release as a “reversal for the campaign to throw light on the incidents of 1990”. Given the case against the former Chilean dictator, General Augusto Pinochet, which is now being pursued by Spain through British courts, Mr Boulkheir further questioned why France should act to “protect” violators of human rights.
- The UDP leader passes
away—
- Hamdi Ould Mouknass, for nine years the minister of foreign affairs under the former president, Mokhtar Ould Daddah, and leader of the Union pour la démocratie et le progrès (UDP), died suddenly of a heart attack in the capital, Nouakchott, in mid-September. The 63-year-old politician formed his party after a split with the main opposition UFD, and abandoned the opposition camp altogether in 1997, supporting the incumbent president, Mr Ould Taya, in his re-election campaign. He was rewarded with a job as minister without portfolio with special responsibilities for Arab-African relations.
- while opposition
defections continue
- Most opposition parties in Mauritania operate outside the formal, constitutional political arena, with the ruling Parti républicain démocratique et social (PRDS) enjoying a crushing majority in parliament as a result. Nevertheless, the opposition parties often seem to occupy a disproportionate position in the media, despite their lack of administrative representation. This balance has been stressed even more by recent cracks in the relatively newly formed AC, which had witnessed the departures of several leaders and factions in recent months. The cause of the splits is not unconnected to the party’s continued refusal to participate in elections. Indeed, ambitious politicians gain little reward—moral or material—by cutting themselves off from the sources of largesse. The AC, which was born from a split in the UFD four years ago, is suffering the same fate as its erstwhile parent. After the resignation of a group of Haratines (El-Hor) and the departure of other notables to join the pro-presidential camp, yet another group, the Alliance pour une Mauritanie nouvelle (AMN), decided to leave the AC in late June. AMN members most notably criticised the AC leadership for its decision to boycott the municipal elections in January 1999 (1st quarter 1999, page 41), and more generally its inability to listen to various strands of opinion within the party. The group has yet to pitch its tent officially in a different camp, but has indicated a greater willingness to enter into dialogue with other parties more open to active participation in the democratic process.
- A UN Committee receives
Mauritanian report on
human rights—
- A UN committee on the elimination of racial discrimination began hearings on the situation in Mauritania in early August. Although slavery was formally abolished in 1980, various reports have suggested over the years that the practice persists in the country in one form or another. Nevertheless, the justice minister, Mohamed Salem Ould Merzoug, told the UN that the government had taken significant administrative, legislative and judicial measures to implement the Convention on Human Rights, adding that Mauritania had always condemned the policy of racial segregation and of apartheid as formerly practised by South Africa. While denying the persistence
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of slavery, a report presented to the meeting noted that “sometimes the social relationships inherent in conventional tribal traditions and in the traditional stratification of society according to the principal activities of those composing it, have given rise to anachronistic manifestations”. Commenting on the presentation, the UN rapporteur noted the constitutional provisions guaranteeing rights, but said some of the statements made appeared to “lack sufficient explanation”. He said the report was “discreet” on the subject of slavery and would have been more helpful if it described measures adopted to strengthen the fight against discrimination.

—but doubts over the independence of the judiciary persist

The editor of a satirical publication, *Rajoul Acharai* (the man in the street), was briefly detained in mid-August on charges of “defamation” for having published an article in which his paper accused certain judges of corruption, citing the recent departures of two senior magistrates as proof of the state’s persistent attempt to manipulate the judiciary. The two judges to leave the bench are those who acquitted the former High Commissioner of the Dakar-based Organisation pour la mise en valeur du fleuve Senegal (OMVS—comprising Mauritania, Mali and Senegal), Baba Ould Sidi Abdellah, in August 1998, a decision that had been interpreted by many independent observers as a positive sign of the slow improvement of the judicial system in Mauritania (4th quarter 1998, page 37). Mr Sidi Adellah had been charged with high treason for acting against national interests. These two same judges subsequently rejected the official complaint launched against the leader of the extra-parliamentary faction of the UFD, Ahmed Ould Daddah, for spreading false allegations regarding nuclear waste in the country (1st quarter 1999, page 42). Needless to say, copies of *Rajoul Acharai* were seized for violation of the press laws.

In the same vein, Sidi Ould Oualed, suspected of belonging to the terrorist organisation headed by the Saudi dissident, Osama bin Laden, was released by Mauritanian courts in mid-September because of “lack of proof”. Mr Oualed denied membership of any such terrorist organisation or any involvement in terrorist crimes. A local newspaper, *Nouakchott Info*, reported that police from Mauritania and the US had worked together on the case, and on breaking a supposed network of sympathisers of Mr bin Laden in Mauritania. Mr bin Laden is currently wanted by the US for his alleged role in the bombings of US embassies in Kenya and Tanzania in 1998.

Co-operation with Israel is strengthened

An Israeli medical mission completed a two-week visit to Nouakchott in late August, having spent most of its time under strict police surveillance. This was the third such mission since the restoration of diplomatic relations between Nouakchott and Tel Aviv in 1995. Vehement opposition by several pro-Arab nationalist political parties and their supporters caused a similar visit, planned in June 1998, to be postponed. The Israeli team included two ophthalmologists who restored full or partial sight to some 159 people during their stay at Nouakchott, at the Centre hospitalier nationale (CHN). The return of the Israeli doctors followed the brief arrest in late July of Hogail Walad Mansour, the chairman of a committee established to protest against the normalisation of relations between Mauritania and Israel. He had earlier launched an appeal for

“active resistance” to the presence of the medical team. Meanwhile, official links between the countries have been strengthened. The minister for rural development and the environment, Mohamed Ould Sid’Ahmad Lekhal, led a delegation to Israel in early September to sign a series of agreements on co-operation in health and agriculture, and to visit the agricultural trade fair at Haifa. As significant as the visit itself was the coverage given to the event by the government-sponsored newspaper, *Horizons*. Previously, all references to links with Israel had been studiously avoided.

- The president stays away from an OAU summit President Ould Taya was conspicuously absent from the extraordinary Organisation of African Unity (OAU) meeting held in the Libyan capital, Tripoli, in early September, despite a prior announcement that he would attend. For some, his decision was the result of a cooling of relations with his Libyan counterpart, following Mauritania’s “rapprochement” with Israel, while other observers hinted at a health problem, pointing out that the president had also failed to attend the Francophone Summit in Canada earlier in the month, although this may also have been a “diplomatic cold”, given the state of relations between France and Mauritania. The prime minister, Cheikh El Avia Ould Mohamed Kouna, represented him on both occasions.
- Regional security could improve The interior ministers of Mauritania, Mali and Senegal met in the Senegalese capital, Dakar, in mid-August to discuss their common border security problems. Despite efforts to promote harmony among frontier communities, periodic incidents occur, involving “cattle thieves” and “bandits”. The head of a robber band was recently arrested in Mali and charged with murder, following the deaths of several people seeking to protect their property from the criminals. For the first time, the ministers raised the spectre of a thriving trade in drugs and illegal substances along their common borders, where “banditry has become alarming as the criminals are often better armed than the security forces”. Security officials agreed to co-ordinate their efforts to stamp out crime in the frontier zone and to ensure a safe environment for the local population. The first meeting of this kind took place in 1995.
- US marines help to remove landmines Tourists travelling by road in northern Mauritania are often warned not to stray off marked routes because of the possibility of running over unexploded landmines left over from the 1975-78 war between Mauritania and the Algeria-based Frente Popular para la Liberacion de Saguia el-Hamra y Rio d'Oro (Polisario), which is fighting for the independence of Western Sahara. The risk has been slightly reduced thanks to assistance from a squad of US soldiers who began a week-long survey mission to parts of Adrar and Inchiri in early October. The experts arrived at the request of the Mauritanian government. Mauritania recently signed the anti-personnel landmine destruction convention.
- NATO chiefs visit Nouakchott A high-powered team of senior NATO officers visited Mauritania in late September as part of an ongoing dialogue between the organisation and the countries of the Mediterranean region. The head of the delegation, General Jean Wirtgen, said it was the first time such a meeting had taken place and that his meeting with President Ould Taya was a concrete sign of the wish of

Mauritanian authorities to be associated with the initiative. The NATO team included representatives from the Brussels headquarters and the European and Atlantic Commands. Mauritania was invited to meetings between NATO and its Mediterranean partners, as an observer, in 1995.

The school year starts with a new curriculum

Educational reforms, introduced earlier this year, were implemented at the start of the current school year (2nd quarter 1999, page 32). Aiming to standardise the educational system for all pupils, the changes give greater stress to the teaching of foreign languages (notably French) and to scientific subjects. Speaking in late September, the minister for education, SGhair Ould M'Bareck, said all necessary measures had been taken for the smooth launch of the reform. He noted that one-third of the state current budget was devoted to education, allowing the recruitment of 82 teachers and 295 teaching assistants to ensure classes in English and French and to prepare school textbooks.

Imams fight back against AIDS

Leaders of the Muslim community broke a traditional taboo in late August when, at their Friday prayer sessions, they warned of the dangers of AIDS. They had agreed to join the fight during a weeklong conference aimed at promoting awareness and prevention of the disease. According to the UN World Health Organisation (WHO) estimates, some 5,900 people are carriers of the disease in Mauritania, roughly 0.5% of the population.

Economic policy

Privatisation plans forge ahead—

In line with the \$57m three-year enhanced structural adjustment facility (ESAF) approved by the IMF in July in support of the government's economic programme for 1999-2002 (3rd quarter 1999, page 36), a new institution charged with regulating and supervising the privatisation of various state-owned companies was established by decree in early September. The new body comprises four members, nominated by the government for a period of four years, with a mandate to oversee the privatisation exercise and safeguard national interests. Mohamed Ould Cheikh Mohamedou, a former economic adviser to the president, has been appointed to head the new commission.

—starting with telecommunications—

The commission's first task will involve the telecommunications company, Office des postes et télécommunications (OPT), the privatisation of which is planned for the start of 2000. The intention is to create three separate units from the OPT, two of which—covering fixed and mobile telephone communications—will be run by private operators. The state will retain control of the postal service. A Canadian company, Sogema, has been given the job of reorganising the OPT and packaging the three new organisations, although contracts for other aspects of the privatisation (legal, regulatory and service provision) have yet to be placed. The first phase of the exercise will allow a private operator to take a sizeable share of the state's shareholding, the remainder of which will later be offered to local private investors. The operator will be granted a monopoly for a four-year period for fixed cable-based communications. The French company Alcatel is well placed to capture some

of the market, having recently been awarded the contract to install a new 10,000-line telephone exchange in Nouakchott, valued at Fr28m (\$4.5m). A call for tenders for mobile operations will be issued in March 2000.

—and electricity Meanwhile, privatisation of the electricity company Société nationale d'eau et d'électricité (Sonelec) took a step closer to fruition with the appointment, in August, of a financial consortium headed by the Hong Kong and Shanghai Banking Corporation (HSBC) to undertake an audit. The group has 13 months to complete its technical and financial assessment, draw up the necessary legislation (in association with the World Bank and Mauritanian authorities) and launch a call for tenders to find operating partners.

The domestic economy

Economic trends

The statistical service is upgraded Computer equipment installed at the National Statistical Office (ONS) was officially inaugurated in early September. The local area network (LAN) comprises 15 workstations, 2 servers and 5 printers, financed with UM20m (\$95,000) from the UN Development Programme (UNDP). The minister of planning, Mohamed Ould Nani, expressed his hope that the new tools would allow wider diffusion of information on the Mauritanian economy, notably via the Internet, and open the door to the development of a modern and accurate database on economic activity in Mauritania.

Petroleum product prices increase Average inflation in 1998 reached 9.8%, but the government aims to bring down inflation to 4% this year. However, in late September motorists in Mauritania were faced with an increase in the prices of gasoline and diesel—a rise to 125.1UM/litre (59 US cents/litre) from 115.1UM/litre for gasoline, and from 63.6UM/litre to 68.6UM/litre for diesel). The increase was not unexpected, given the rise in world prices of crude oil and a period of fuel shortage which caused temporary rationing in Nouakchott and other towns. The shortage was caused in part by hoarders hoping to profit from an eventual price rise, but also resulted from bad weather, which prevented tankers from berthing at Nouakchott. Indeed, following a similar shortage in April 1998, the government (with financial support from Spain) launched a call for tenders to construct a new \$12m fuel jetty near the port. Supervision of the project has been awarded to the French company Beicip.

Agriculture and fishing

Fish may swim in peace for a while The by now annual biological rest period imposed on fishing fleets operating off the Mauritanian coast began at the start of September. The two-month rest period is intended to allow spawning and breeding of fish in the fertile zone near northern Mauritania. The measure covers all industrial vessels and local fishermen engaged in deep-water operations. Pelagic fishing is allowed in

restricted areas, notably to ensure supplies to local markets. The operation, which began in 1996, is destined to combat the over-exploitation of a precious resource. Scientific assessments of the results of previous operations indicate that the measure has produced positive results in increasing numbers and average sizes of fish, but has failed to attain objectives in promoting the development of squid and octopus (hence the extension of the ban to cover such species this year). Officials at the fisheries ministry have hinted at the possibility of a second rest period being introduced (from May to June) should the current initiative fail to achieve the desired results. A fisheries surveillance force, charged with policing the ban, operates four coastal patrol vessels and one aircraft (its base of operations is Nouadhibou). Control over southern waters is ensured by boats operating out of Nouakchott and N'Diago. Fish exports accounted for 47.6% of total exports in 1997.

Good rains will boost
agriculture

An interim evaluation of the agricultural situation released in early September indicated "satisfactory" rainfall, in general, in the main crop-growing areas of Mauritania. The report, prepared for the Ministry of Rural Development, covers June, July and August, and claims that targets for irrigated areas will be attained (some 25,600 ha, of which 24,000 ha are dedicated to rice). "All tributaries to the river Senegal have adequate reserves", according to the report, which makes no mention of the damage caused by excessive rainfall (although the most violent storms arrived after its preparation). Yields should be "better than average" as a result of a combination of good rainfall and the timely release of credits and fertilisers to farmers and co-operatives, but the report notes the primary constraint to agricultural development is the lack of qualified manpower and equipment to develop the estimated 200,000 ha needed to ensure the country's food self-sufficiency.

An insect infestation wipes
out crops

A small insect, discovered four years ago in southern Mauritania, is credited with causing the loss of 10,000 tonnes of sorghum each year. The insect, called *sésamie*, attacks young shoots and is now widespread in southern Mauritania and northern Senegal, with between 30% and 100% of crops affected, according to the region; it has been found as far north as Zouérate. The insect, which is difficult to eradicate during the dry season when dormant in the chrysalis stage, emerges with the rains as a small moth that lays eggs (which become larvae) under the leaf-skin of tender plants. The *sésamie* also attacks sugar cane, millet, maize and rice. Faced with this alarming situation, Sahelian countries have set up a committee to formulate a plan to eradicate the insect. The first necessity is to cut and burn all infested plants—and those in the immediate neighbourhood—which is not easy to do, as hungry smallholders see little reason to destroy what appear to be healthy crops. Attempts to stamp out the insect in the region of Aleg, funded by the EU, failed because of a "lack of engagement" by local farmers. Other, biological attempts to kill the pest have had modest results, as they function only while the larvae are on the plant's surface. Efforts to eradicate the pest are being co-ordinated in Mauritania by the Centre national de recherche et de développement agricole (CNRADA).

Food aid is distributed to the needy

The UN World Food Programme (WFP) has launched an operation to provide food for an estimated 220,000 people suffering from consecutive poor harvests in the regions of Aftout, Affole, southern Assaba and the southern Hodhs. The agreement was signed in June 1998, but distribution did not start until mid-September when the first of 9,641 tonnes of food arrived for distribution. The WFP initiative will provide some 485 g of food per day to people living in the affected regions, over a three-month period (a time when stocks are at their lowest). Similar initiatives are being undertaken in other Sahelian countries, at a total cost to the WFP of \$23m (\$5.8m in Mauritania). The Mauritanian Conseil de sécurité alimentaire (Food Security Council, CSA) is administering the programme.

Mining

A Canadian company finds further evidence of diamonds

Rex Mining, the Canadian diamond prospecting company, has reported further evidence of commercially viable deposits in northern Mauritania. In early October the company announced a "major breakthrough", with the discovery of promising formations in their Tenoumer concession, saying that the diamond content of the site would soon be assessed. More diamonds have been discovered at the company's primary site, in the Touajiil region; detailed airborne surveys were under way in early October. This is the same region in which the company located its first commercially sized diamonds, earlier in 1999. Two other permits are being looked at, near Arouedil and Ouassat, with promising results from the latter site. Rex now has concessions covering 100,000 sq km in Mauritania.

Mining opportunities in Mauritania

As of late July Mauritania had granted some 59 permits to various companies to search for minerals.

- Five are for major national enterprises: Société nationale industrielle et minière (SNIM) with two permits to exploit iron ore, Samin for copper/cobalt, Sipia for phosphates and Somisal for salt.
- Four are attributed to offshore oil companies (Hardman, Woodside, British Borneo and Dana Petroleum).
- 50 permits are shared by eight companies seeking various materials, mostly gold, diamonds, salt, iron and gypsum. These companies include Ashton mining (Australia, 14 permits to look for gold and diamonds), Rex Diamond (Canada, ten diamond permits), Dia Met (Canada, nine diamond permits), General Gold International (Australia, three gold permits), La Source (France, four gold permits), Bab-Co. (US, one gold permit), Samin/Ormg (joint venture, one gold permit), SNIM (Mauritania, nine various permits, for materials including gold, kaolin, iron and precious stones).

SNIM to exploit granite deposits In early October the minister of mines and industry, Isagh Ould Rajel, announced that a “significant” granite deposit had been found in northern Mauritania. According to the minister, the deposit spreads across ten sites over some 100 sq km of territory in the regions of Touajil, Choum and Tijiritt. The national iron-ore mining company, Société nationale industrielle et minière (SNIM), will operate the sites, producing ornamental stone for the building industry. A SNIM representative added that his company’s objective was to produce and export some 9,000 cu metres of stone for the Italian market.

Industry

A pen factory creates jobs Mr Ould Rajel congratulated local entrepreneurs who invested UM325m (\$1.5m) in the construction of a new ball-point-pen factory at Nouakchott. Declaring the factory open, he expressed the hope that the new unit, together with some 50 other projects that had received the government’s blessing, would create some 3,000 jobs in and around the capital. After groundnut-processing and construction, Mauritania’s main manufacturing activities have traditionally concentrated on brewing, tanning, baking, and the production of fruit juices, soaps and plastic containers.

Infrastructure and services

Air Mauritanie shows some signs of recovery Air Mauritanie, in which the state retains 68% ownership, will soon be open to private participation. The privatisation process has been contracted to the French Bank Société Générale in association with the French Air Transport Institute, Institut français du transport aérien. The national airline acquired an Airbus 300 in late July, its second new purchase in a matter of weeks. The company, which for several months operated just a single aircraft (frequently out of service), now operates two Fokker 28 planes (one leased from Singapore), an air taxi, and the Airbus. The latest addition to the fleet is run in partnership with a French company, Air Provence, which ensures the operation of the plane, which flies between Mauritania, France and southern Europe. The main role of the plane is to carry cargo, mostly fish, to European markets. Thus it appears the national airline is in effect being “quasi-privatised” by entering into partnerships with business groups who maintain and fly the aircraft, with the national company limiting participation to the granting of landing rights. Significantly, the new initiatives concern cargo planes exclusively—where the recovery of payments due is less problematic (one reason cited for the decline of the airline’s fortunes was the non-payment of tickets by various VIPs).

Manantali power to arrive in 2001 Electricity from the Manantali power station (on the Senegal River in Mali) is planned to arrive in Mauritania, Mali and Senegal in 2001, according to the Malian minister for power, Ahmed Al-Medani Diallo. Speaking after a meeting with President Maaouya Ould Sid’Ahmed Taya in mid-September, he said his country would receive power in March 2001, while supplies to Mauritania and Senegal would be ensured later that year (September). Mr Diallo, who is the current president of the Organisation pour la mise en valeur du fleuve Sénégal (OMVS, the River Development Organisation), said the coming on stream of

the hydro-electricity station would bring significant benefits to the three OMVS partners, allowing a reduction of electricity charges and improved supplies. He said that he had discussed other objectives of the organisation with the head of state (an oblique reference to the problems of handling exceptional rainfall in 1999), adding that the next full ministerial meeting of the OMVS would take place in Dakar at the end of 1999.

A new bank opens its doors The Banque pour le commerce et l'industrie (BCI) took its first deposits over the counter in early September. The bank, with capital of \$2.5m, is jointly owned by private Mauritanian interests (68%) and a Franco-Dutch consortium. The president of the bank, Isselmou Ould Tajeddine, congratulated the first customers and told the gathering at the opening ceremony that the BCI would be a "universal" bank, providing a full range of services to businesses and individuals. According to Mr Ould Tajeddine "other than traditional services, the bank will offer credit services to small businesses". The opening of the bank brings the number of financial establishments in Mauritania to seven, six of which are owned by private interests. Only the housing bank, Banque de l'habitat de Mauritanie, has significant state participation (60%).

Foreign trade and payments

The current-account slips into the red Statistics published by the Banque centrale de Mauritanie (the central bank) indicate a significant decline in the overall position of Mauritania in its transactions with the rest of the world in the first three months of 1999. Although the figures remain to be confirmed, and may not be a true reflection of annualised performance, they show a modest rise in export earnings, greater than the relative increase in imports, and stagnation of services outflows, but a dramatic drop in the capital (investment) and government accounts.

Mauritania: balance of payments
(UM m)

	1997	1998	1 Qtr 1999
Exports	30,250	26,580	7,244
Imports	-22,975	-22,621	-6,141
Trade balance	7,275	3,959	1,103
Net services	-14,744	-16,823	-3,831
Transfers	12,750	17,916	1,114
Current-account balance	5,281	5,052	-1,614
Direct investment	-359	-59	0
Other LT capital	-1185	-484	-113
Government	4,467	-2,666	-806
Capital account balance	2,923	-3,209	-919
Unclassified operations	4,549	-1,253	-171
Balance of payments	12,753	590	-2,704

Source: Banque centrale de Mauritanie.

Quarterly indicators and trade data

Senegal: quarterly indicators of economic activity

		1997			1998				1999	
		2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr
Prices: Dakar	Monthly av									
Consumer prices:	1995=100	103.1	105.3	105.5	105.1	103.8	107.3	106.8	106.0	105.2
change year on year	%	2.2	0.2	0.6	0.8	0.7	1.9	1.2	0.9	1.3
Money & banking	End-Qtr									
M1, seasonally adj:	CFAfr bn	322.8	318.5	326.2	327.2	351.4	361.2	377.6	383.6	n/a
change year on year	%	4.9	-2.4	-0.8	-0.4	8.9	13.4	15.8	17.2	n/a
Discount rate	% per year	6.25	6.00	6.00	6.00	6.00	6.25	6.25	5.75	5.75
Foreign trade ^a	Qtrly totals									
Exports fob	CFAfr bn	53.69	57.15	69.17	100.92	98.31	99.09	90.27	n/a	n/a
Imports cif	"	178.13	175.67	177.31	246.58	239.74	236.75	221.27	n/a	n/a
Exchange holdings	End-Qtr									
Central bank:										
gold ^b	\$ m	7.5	7.0	6.7	6.4	6.5	n/a	n/a	n/a	n/a
foreign exchange	"	297.7	394.1	383.9	386.0	368.3	408.0	428.4	405.4	458.2
Exchange rate										
Official rate	CFAfr:\$	587.8	593.3	598.8	618.5	611.7	561.6	562.6	610.7	635.1

Note. Annual figures for most of the series shown above will be found in the Country Profile.

^a DOTS estimate, figures are subject to revision. ^b End-quarter holdings at quarter's average of London daily price less 25%.

Source: IMF, *International Financial Statistics*.

The Gambia: quarterly indicators of economic activity

		1997			1998				1999	
		2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr
Prices	Monthly av									
Consumer prices:	1995=100	104.3	105.2	103.3	100.8	103.9	107.4	108.1	108.3	108.3
change year on year	%	5.4	3.1	0.7	-2.0	-0.4	2.1	4.6	7.4	4.2
Money	End-Qtr									
M1, seasonally adj:	D m	543.0	520.0	634.5	563.2	597.5	635.7	632.3	708.4	702.1
change year on year	%	20.7	9.7	39.2	25.1	10.0	22.3	-0.4	25.8	17.5
Foreign trade	Qtrly totals									
Exports fob	D m	55.22	23.23	7.54	100.42	98.32	57.31	21.38	20.43	n/a
Imports cif	"	695.55	782.52	527.29	744.51	619.62	537.52	637.33	538.54	n/a
Exchange holdings	End-Qtr									
Monetary authorities:										
foreign exchange	\$ m	96.54	81.29	93.92	93.85	91.25	100.03	103.85	113.62	109.16
Exchange rate										
Market rate	D:\$	10.300	10.452	10.530	10.536	10.583	10.679	10.991	11.072	11.301

Note. Annual figures for most of the series shown above will be found in the Country Profile.

Source: IMF, *International Financial Statistics*.

Mauritania: quarterly indicators of economic activity

		1997			1998				1999	
		2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr
Prices	Monthly av									
Consumer prices ^a :	1995=100	108.3	110.0	112.0	115.5	n/a	n/a	n/a	n/a	n/a
change year on year	%	4.6	4.2	4.9	7.1	n/a	n/a	n/a	n/a	n/a
Money	End-Qtr									
M1, seasonally adj:	UM m	17,265	17,563	18,160	17,795	18,020	23,257	19,175	n/a	n/a
change year on year	%	-2.9	0.1	8.8	5.7	4.4	32.4	5.6	n/a	n/a
Foreign trade ^b	Qtrly totals									
Exports fob	\$ m	165.8	123.0	135.6	110.4	127.5	117.7	137.0	n/a	n/a
Imports cif	"	162.4	129.0	168.1	135.8	153.0	130.9	180.5	n/a	n/a
Exchange holdings	End-Qtr									
Foreign exchange	\$ m	162.5	225.8	200.4	201.2	195.3	232.7	202.8	189.7	181.3
Exchange rate										
Market rate	UM:\$	149.27	160.22	168.35	177.04	179.11	205.52	205.78	207.22	209.33

Note. Annual figures for most of the series shown above will be found in the Country Profile.

^a Mauritanian households. ^b DOTS estimates, figures are subject to revision.

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

Senegal: foreign trade

	\$ '000					
	Jan-Dec 1990	Jan-Dec 1991	Jan-Dec 1992	Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1995
Imports						
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

	\$ '000					
	Jan-Dec 1990	Jan-Dec 1991	Jan-Dec 1992	Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1995
Exports						
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

	\$ m					\$ m			
	Jan-Dec 1995	Jan-Dec 1996	Jan-Dec 1997	Jan-Dec 1998 ^a		Jan-Dec 1995	Jan-Dec 1996	Jan-Dec 1997	Jan-Dec 1998 ^a
Exports fob					Imports cif				
France	59	76	33	148	France	387	379	370	585
India	136	111	101	117	Nigeria	78	77	88	90
Italy	38	28	8	55	Italy	43	46	40	78
Mali	45	48	37	42	Belgium-Luxembourg	38	37	46	72
Spain	2	6	2	26	Spain	42	56	54	71
Côte d'Ivoire	8	15	18	20	US	70	67	58	65
Benin	13	17	16	n/a	India	44	90	47	51
Mauritania	n/a	15	14	16	UK	22	24	22	49
The Gambia	9	13	12	14	Germany	60	90	45	44
Netherlands	8	12	6	11	Thailand	60	44	35	44
Cameroon	9	10	5	5	China	29	28	25	40
Total incl others	530	531	394	678	Total incl others	1,223	1,308	1,206	1,620

^a DOTs estimate.

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

	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
Exports fob					China	9	14	46	48
Belgium-Luxembourg	1	1	124	103	Hong Kong	5	8	36	38
Japan	n/a	1	7	9	UK	20	39	34	26
France	6	8	3	9	Netherlands	7	17	24	26
UK	7	5	5	4	Côte d'Ivoire	19	21	23	n/a
Spain	1	n/a	3	2	Belgium-Luxembourg	10	10	19	20
US	1	n/a	3	2	France	11	29	19	17
Germany	n/a	n/a	1	2	India	4	11	14	17
Hong Kong	1	n/a	3	1	Brazil	2	15	12	16
Ukraine	n/a	n/a	0	1	Senegal	4	8	13	15
China	1	1	n/a	n/a	Total incl others	140	272	331	344
Total incl others	28	22	158	142					

^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			
	Jan-Dec 1995	Jan-Dec 1996	Jan-Dec 1997	Jan-Dec 1998		Jan-Dec 1995	Jan-Dec 1996	Jan-Dec 1998	Jan-Dec 1998
Exports fob ^a					Imports cif ^a				
Japan	161	172	129	90	France	152	198	159	156
France	73	62	77	85	Spain	51	46	47	46
Italy	108	88	92	83	Belgium-Luxembourg	54	40	41	44
Spain	65	57	46	46	Germany	32	31	42	43
Belgium-Luxembourg	37	36	40	41	Thailand	16	33	30	23
Côte d'Ivoire	16	18	20	23	Japan	32	15	29	19
Germany	22	20	23	22	Netherlands	33	23	15	18
Total incl others	557	551	526	493	Total incl others	642	638	602	600

^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)

	Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996	Jan-Dec 1997	Jan-Dec 1998	Jan-Jul 1998	Jan-Jul 1999
Imports cif							
Fish	138,414	176,323	188,500	142,616	99,848	47,380	72,391
Total incl others	140,861	178,749	189,493	143,194	100,591	47,141	73,675

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