
COUNTRY REPORT

Senegal
The Gambia
Mauritania

4th quarter 1998

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The Economist Intelligence Unit

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

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December 1st 1998 **Summary**

4th quarter 1998

Senegal Outlook for 1999-2000: The PS will continue to exploit its hold over government to further its own political ambitions, which will enrage the opposition and batter the Senegal's image as a democracy among the international community. The president, Abou Diouf, hopes to be re-elected in 2000, but could face a stiff challenge. Stung by its defeat in neighbouring Guinea-Bissau, the army will keep a watchful and embittered eye on the rebellious region of Casamance. Growing discontent in the public sector could start unsettling the government, as the benefits expected from sturdy economic growth and social investment fail to materialise.

The political scene: President Diouf's address to the French parliament was overshadowed by an opposition demonstration in Paris. At home, tensions between the government and the opposition have mounted over plans to end limits on the number of terms on president may serve, and to set up a second parliamentary chamber. Reports of squabbling within the PS have leaked out, while new efforts to promote unity within the opposition have been unsuccessful. The peace accord in Guinea-Bissau has compelled the Senegalese army to withdraw, but a West African buffer force is to be deployed along the border. New calls for peace in Casamance have been issued.

The economy: The 1999 budget has been passed by parliament, projecting a decrease in the overall budget deficit and allowing for increased spending in education and the military. The recently privatised telecommunications firm, Sonatel, has made its entry on the regional stockmarket in Abidjan, with more than 20,000 shares traded on the first day. The IMF has released first real GDP growth estimates for 1998 of 5.7%, slightly above the initial target of 5.3%. But investment and lending in the banking sector are flagging. Thanks to reasonable weather, the 1998/99 agricultural season has had a good start, but prospects in the groundnuts industry remain gloomy. The successful chemicals firm, ICS, is to double its production capacity in sulphuric and phosphoric acid by the turn of the century. The export-led fishery industry has met with difficulties, after cheaper Asian products flooded Europe, its main outlet. The financially stricken government-owned bus company in Dakar, Sotrac, may be dissolved, while the privatisation of Air Senegal is in the offing.

The Gambia Outlook for 1999-2000: President Jammeh will seek to improve his standing in the sub-region, by consolidating relations with Nigeria and playing a vigorous role in the West African Economic Community (Ecowas), but deep-rooted suspicion will remain as regards to his neutrality in conflicts in Senegal and Guinea-Bissau. Systematic intimidation of the opposition and the press seems to have become a permanent feature of his presidency and his growing friendship with Colonel Qadhafi of Libya will raise new concerns. The government will push through IMF-recommended structural reforms regardless of the social cost, hoping that new performance in agriculture will boost real GDP growth to 4-5% in 1999-2000.

The political scene: Colonel Jammeh has sacked his justice minister and his police chief, warning others that they could also lose their jobs if they fail to perform. He has called for renewed vigour in agriculture, projecting food self-sufficiency in 18 months. The opposition UDP has failed to defend its case in court, while other rulings against the party have been adjourned. Journalists working for the *Daily Observer* have been arrested and three former officers have been sentenced to death following an alleged coup attempt in July 1997. Colonel Jammeh has pulled off a diplomatic success by taking an active part in the peace negotiations process in Guinea-Bissau. The president has paid short visits to Kuwait and Libya.

The economy: New details of the 1998-2000 economic programme have been unveiled at a donors' conference in Geneva. Important reforms have been pledged in the banking sector and judicial system. The government has also reaffirmed its commitment to restructuring the public sector and restoring order to the budget. Market-oriented measures will also be introduced in the agricultural sector. Donors have been asked to fill the financial gap. The World Bank and the EU have announced new credits for education.

Mauritania

Outlook for 1999-2000: The ruling PRDS will undoubtedly triumph in the mid-January local government elections. Progress with economic reforms could become more difficult. Foreign investment in the mining sector will help the country to diversify away from iron ore towards phosphates, diamonds and gold. Real GDP should grow at around 5% in 1999-2000.

The political scene: A former prime minister, Ould Khouna, has returned to head the government. The UFD-EN has faced a major haemorrhage, with the departure of the MND, one of its larger members. The UFD-EN has decided to boycott the local elections in January, while other more moderate parties have decided to participate. A former high commissioner of the OMVS, which groups Mauritania, Mali and Senegal, Baba Ould Sidi Aballah, has been acquitted after being charged with high treason in early 1998. Economic ties with Liberia, Ghana and Israel have been tightened.

The economy: Talks with the IMF and World Bank seem to have been successful, and a World Bank programme has been announced for January. Officials claim that the population living below the poverty line has declined by 10% since 1990. There have been early warning signs of food shortages, despite good rains in August and September. A two-month fishing ban was imposed. Significant progress in the exploration of phosphate, gold, diamond and oil has been reported. New aid has been released for road construction.

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Senegal

Political structure

Official name	République du Sénégal	
Form of state	Unitary republic	
Legal system	Based on the Napoleonic Code and the 1963 constitution	
National legislature	National Assembly, with 140 members elected by universal suffrage on a mixed first-past-the-post (70 seats) and proportional representation (70 seats) system; all serve a five-year term	
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) is the ruling party within a government that it dominates; 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-jéf/Parti africain pour la démocratie et le socialisme (AJ/PADS); Union du renouveau démocratique (URD)	
	President	Abdou Diouf
	Prime minister	Mamadou Lamine Loum
Ministers of state	Agriculture	Robert Sagna
	Presidential affairs	Ousmane Tanor Dieng
Key ministers	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	1993	1994	1995	1996	1997
GDP at market prices (CFAfr bn)	1,589	2,005	2,215	2,459	2,651
Real GDP growth (%)	-2.1	2.0	4.8	5.6	5.2
Consumer price inflation (%; av)	-0.5	32.3	7.8	2.8	1.7
Population (m)	7.9	8.1	8.3	8.6	8.8
Exports fob (\$ m)	737	819	993	986 ^a	925 ^a
Imports fob (\$ m)	1,087	1,022	1,243	1,267 ^a	1,189 ^a
Current-account balance (\$ m)	-279	3	-58	-64 ^a	-72 ^a
Reserves excl gold (\$ m)	3.4	179.6	271.8	288.3	386.5
Total external debt (\$ m)	3,762	3,650	3,824	3,663	3,818 ^a
External debt-service ratio (%)	8.9	16.3	15.6	16.1 ^a	18.8 ^a
Groundnut production ^b ('000 tonnes)	628	718	791	650	551
Exchange rate (av; CFAfr:\$)	283.2	555.2	499.2	511.6	583.7

November 27th 1998 CFAfr572.9:\$1

Origins of gross domestic product 1997	% of total	Components of gross domestic product 1997	% of total
Primary sector	19.0	Private consumption	76.6
Secondary sector	19.8	Government consumption	10.2
Tertiary sector	61.2	Gross domestic investment	18.7
GDP at factor cost	100.0	Exports of goods & services	32.6
		Imports of goods & services	-38.1
		GDP at market prices	100.0

Principal exports 1996	\$ m	Principal imports 1996	\$ m
Fish & fish products	248.0	Intermediate goods	407.6
Chemicals (ICS plant)	130.0	Food products	387.8
Groundnuts & products	85.4	Capital goods	189.0
Phosphates	36.3	Petroleum products	187.9

Main destinations of exports 1997 ^c	% of total	Main origins of imports 1997 ^c	% of total
India	25.6	France	30.6
Mali	9.4	Nigeria	7.3
France	8.4	US	4.8
Côte d'Ivoire	4.6	Spain	4.5
Benin	4.1	India	3.9

^a EIU estimate. ^b Unshelled; crop years beginning October 1st. ^c Derived from partners' trade returns, subject to a wide margin of error.

Outlook for 1999-2000

An extended period of political tension lies ahead—

Although the next presidential election is not due until February 2000, a campaign atmosphere is already gripping Senegal's political elite, with partisan posturing, invective, accusations, rallies and countermobilisations becoming virtually daily occurrences. Senegalese political life has long been boisterous, but the battlelines are now more starkly drawn than they have been for several years. In a sense, the end of the government of national unity in July has freed both the ruling Parti socialiste (PS) and its main opposition rivals to go after each other with renewed vigour.

In the process, the president, Abdou Diouf, is now no longer seen as a mediating figure above the partisan fray, and has been exposed to uncharacteristically sharp personal attacks, demonstrated by the loud Senegalese opposition protests that awaited his appearance at the French National Assembly in Paris in October. Such tensions are likely to persist for many months.

—as the ruling PS tightens its hold—

A large measure of responsibility for this heightened atmosphere of confrontation lies with the PS itself. Officials have blamed one another for the slippage in the party's popular support, as reflected in the narrow majority of the vote that secured in the May 1998 legislative election. These difficulties have impelled sectors of the party leadership, exemplified by the first secretary, Ousmane Tanor Dieng, to react more aggressively and utilise every advantage currently available to maintain the party's post-independence domination of the state administration.

The cabinet itself has been given the partisan task of ensuring President Diouf's re-election; the PS has used its majority in parliament to push through controversial legislation bending the electoral rules even more in the party's favour, and the police have been frequently called out against strike leaders and outspoken political figures. If the PS goes too far in such a direction, it risks tarnishing the image the Senegalese government currently enjoys among its main international allies as a defender of democracy and human rights.

—and the opposition becomes more hostile

The opposition, too, is likely to become more aggressive. This is partly in direct response to what it regards as provocation by the PS government. But also, in part, it has been buoyed by the growing belief that actually coming to power some day may no longer be so far-fetched. The gains made in the May parliamentary election and the signs of disarray within the PS have done much to lift opposition spirits. There is a sense that if the opposition is able to unite and present a coherent alternative perspective, then the next election, or the one after, may produce a real upset.

Unity, however, has long proved elusive. So far, the main opposition parties remain as divided as ever, with neither Abdoulaye Wade of the Parti démocratique sénégalais (PDS) nor Djibo Kâ of the Union pour le renouveau démocratique (URD) willing to support the other as a common opposition candidate against Mr Diouf. But that has not eased minds within the PS. If the opposition candidates can prevent Mr Diouf from gaining an absolute majority of votes during the first round (and the PS's 50.2% of the vote in May shows that might

well be possible), then the prospects are much higher that all the opposition parties will rally behind the leading challenger to Mr Diouf during the second round.

A wary eye will be kept on
armed conflicts to the
south

Although Senegal's political leaders will continue to devote most of their attention to the partisan battles fought out mainly in Dakar, they also will keep an eye on the armed conflicts in Casamance and in neighbouring Guinea-Bissau. The war between the army and the separatist Mouvement des forces démocratiques de Casamance (MFDC), while a traumatic experience for that region, has rarely had much impact on national politics. But its sudden linkage with Guinea-Bissau's domestic strife has demonstrated the broader destabilising influence the Casamance conflict can have.

The Senegalese military intervention into Guinea-Bissau's civil war was aimed, in large part, against the Casamançais rebel forces allied with the opposition to the Bissau president, João Bernardo Vieira. The authorities in Dakar are now anxiously waiting to see how the recent peace accord in Guinea-Bissau will play out, with opinion divided as to whether hardline factions of the MFDC will now militarily regroup, or will help to bring about the formal opening of talks between the government and the MFDC.

Public discontent festers—

The government's extensive privatisation programme, which carries the threat of substantial public-sector job losses, could prompt a militant response from the organised labour movement. Even the Confédération nationale des travailleurs du Sénégal (CNTS), which is close to the PS, has contested the privatisation programme. The unease, combined with the PS leaders' desire to win back disenchanted voters before the February 2000 election, will probably lead the government to pay more attention to the pressing social problems that preoccupy most Senegalese.

The government has sought more resources to address such difficulties, and the draft budget for 1999 provides for greater expenditure on education, health and the creation of new jobs. Part of an extensive external aid-financed investment programme for 1998-2000, this will without doubt bring greater relief to the population in the medium to long run, but it will fail to provide immediate compensation for the thousands of civil servants that risk joining the ranks of the unemployed in the coming year. Job losses and continued widespread poverty could then lead to outbreaks of violence.

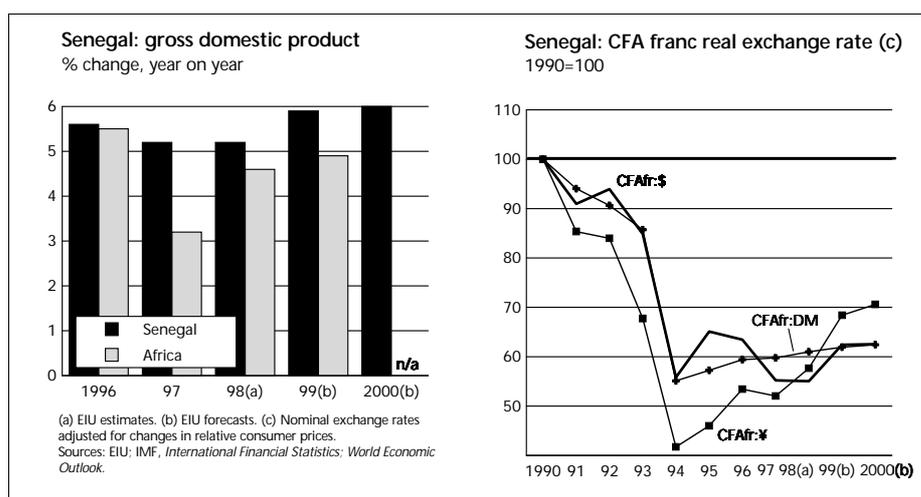
—but continued economic
recovery could provide
some breathing space

The prospect that Senegal's economy will continue to exhibit reasonably strong growth will also make it easier for the government to tackle such social problems, and in particular may help partially offset the impact of retrenchment in the public sector. According to the IMF, Senegal's GDP will grow by 5.7% this year, and reach 6.6% in 1999. This is above the EIU's own forecasts of 5.2% and 5.9%, respectively. But even if the lower figures are borne out, it is still a good performance, and will represent five consecutive years of strongly positive GDP growth per head.

Senegal: forecast summary

(\$ m unless otherwise indicated)

	1997 ^a	1998 ^b	1999 ^c	2000 ^c
Real GDP (% change)	5.2	5.2	5.9	6.0
Consumer price inflation (%)	1.7	2.5	2.0	2.0
Merchandise exports fob	925 ^b	933	1,087	1,092
Merchandise imports fob	1,189 ^b	1,255	1,356	1,340
Current-account balance	-72 ^d	-83	-48	-43
Average exchange rate (CFAfr:\$)	583.7	591.0	520.1	516.7

^a Actual. ^b EIU estimates. ^c EIU forecasts. ^d Official estimate.

Review

The political scene

President Diouf addresses
the French National
Assembly—

The ruling Parti socialiste (PS) sought to take full political advantage address by the president, Abdou Diouf, to the French National Assembly on October 21st, presenting it as a ringing endorsement of Mr Diouf's stewardship of Senegal by the country's foremost external benefactor. The appearance before the French parliament, at the invitation of the assembly's president, Laurent Fabius, was indeed a singular honour, making Mr Diouf only the sixth foreign leader—and the first ever from Sub-Saharan Africa—to stand before the French deputies. In his speech, the president made much of the long ties between the two countries, politely playing down the more oppressive aspects of French colonial rule while emphasising the inspiration of French concepts of human rights and democracy. He also defended the Senegalese military intervention in Guinea-Bissau, sought to assure his hosts that globalisation and the diversification of Senegal's foreign relations would not erode the country's close bond with France, and pointedly urged the French government to maintain its official development assistance at an "acceptable level".

—but is embarrassed by Senegalese opposition protests—

Senegal's political opposition, however, also was able to seize on the attention afforded by Mr Diouf's address in Paris, in order to publicise dramatically its grievances. Seven opposition parties, as well as several unions, sent a delegation to Paris, where they organised a demonstration outside the French assembly to coincide with Mr Diouf's arrival. The demonstration was not large—involving several score protesters, among them 27 Senegalese parliamentary deputies—but it was successful in capturing media attention and thereby tarnishing the public relations triumph that the president's political advisers had hoped for. At the demonstration and an earlier press conference, opposition leaders denounced electoral fraud by the PS, violations of democratic rights, recent controversial amendments to the constitution, and the arrest in Senegal of several dozen trade unionists. The leader of the left-wing And-jëf/Parti africain pour la démocratie et le socialisme (AJ/PADS), Landing Savané, said that the opposition had decided to go to Paris to counter the PS's efforts to present the speech as a French endorsement of Mr Diouf's campaign for another term in the presidential election in 2000.

—as the political atmosphere becomes more confrontational—

Overall, compared with the tenor of opposition statements earlier in the year, the tone has become more personal, with more vitriolic attacks directed at the president himself. "Mr Diouf is not a democrat," Abdoulaye Wade, the leader of the largest opposition party, the Parti démocratique sénégalais (PDS), said at the Paris press conference. The protesters outside the French Assembly went further, chanting "Abdou Diouf, dictator". In part, this shift in tone reflects a greater boldness by the opposition, which reduced the PS to a bare 50.2% share of the popular vote in last May's parliamentary election, albeit still leaving the ruling party a disproportionately large share of 93 out of 140 seats in the Assemblée nationale (3rd quarter 1998, page 12). But the harder tone also comes in response to a more confrontational stance by the PS, which now appears ready to use every advantage afforded by its domination of government to ensure Mr Diouf's re-election.

—with the ending of the two-term limit on the presidency—

The ruling party's most controversial move was to amend the constitution to erase the two-term limit on the presidency. Without enough votes to block the change, the opposition boycotted the assembly session on August 27th, the day the amendment came up for adoption. They saw the amendment as a betrayal of the political consensus negotiated between the PS and the opposition in 1991 and written into law the following year, which, among other things, introduced the presidential limit of two seven-year terms. Although Mr Diouf still would be eligible for a second term in 2000 under that agreement, PS leaders have argued that the elimination of the term limit would reduce the potential of political instability, since it would tend to dissuade other PS aspirants to the presidency from organising factional contests to succeed the incumbent during his next term. The opposition did not agree that the PS's internal difficulties justified changing the constitution and throwing out the 1991 consensus, charging that Mr Diouf was aiming to become "president for life". The opposition's suspicions were reinforced by the PS's simultaneous decision to also eliminate the constitutional requirement that a presidential candidate, to win in the first round, had to secure the votes of at least 25% of the registered electorate (in addition to an absolute majority of

votes actually cast). Given the growing abstention rates in Senegal, the 25% requirement appears more difficult to achieve, and in striking it out of the electoral code, the PS clearly hopes to reduce the chances of a second-round vote, which could rally the entire opposition around a single candidate.

—and the adoption of Senate voting rules that favour the PS

The PS also used the same parliamentary sessions to adopt election rules for the new Senate that will likely give the ruling party all but a handful of seats. The Senate, to be chosen in January 1999, will be selected largely by an electoral college comprised of elected municipal, rural and regional councillors. These are overwhelmingly members of the PS, and that in itself is a reason for opposition concern. But going further, the election rules, as pushed through by the ruling party, allow councillors who hold more than one position (for example, on both a municipal and regional council) to cast multiple votes, thus giving the PS an even more disproportionate edge in the Senate selection process. In November the PDS and Djibo Kâ's Union pour le renouveau démocratique (URD) put a speedy end to the government's intent to present the Senate as just another link in the democratic chain, by announcing in a separate address their decision to boycott the election.

The opposition organises extra-parliamentary protests—

Unable to block the PS's moves within the Assemblée nationale, the opposition parties are placing greater emphasis on extra-parliamentary action. In late September they launched a series of national rallies, in each of the country's ten regional capitals to denounce the constitutional amendments and mobilise support against the government. While the opposition is sometimes fractured on other issues, this campaign reflected a notable degree of unity, with the regional protests organised jointly by both main opposition coalitions, the Alliance de forces de changement pour l'alternance (AFCA), led by the PDS, and the Bloc républicain pour le changement (BRC), led by the URD, which was formed earlier this year by prominent PS dissidents. The two alliances basically replicate the parliamentary groups led by the PDS and URD, but in addition include a number of smaller parties not represented in parliament.

—and takes its criticisms directly to the donor countries

The opposition has also decided to give its campaign an international face, as reflected in the Paris demonstration. In late September the AFCA and BRC sent a jointly signed letter to the French president, Jacques Chirac, the US president, Bill Clinton, and some 200 other political leaders and officials of bilateral and multilateral aid institutions. The 5,000-word document, a copy of which was reprinted by the independent daily *Sud*, recounted a long list of complaints against the PS and the Diouf government, from previous instances of alleged electoral fraud to the most recent constitutional amendments. Maintaining that the opposition has made many compromises over the years in the interests of maintaining social peace, it nevertheless warns that a "serious crisis" will come if the governing authorities persist in ignoring popular unease. While the letters did not specifically ask the recipients to intervene or withhold aid, the opposition's clear intent was to generate some international pressure against the government, which generally has enjoyed a good reputation among the main donor countries and agencies.

Conflicts with electricity and bus workers become politicised—

Adding to the political tensions, the government has been drawn into several severe labour disputes, most notably with electricity and Dakar bus workers. In July, following a ten-day *grève de zèle* (work-to-rule) campaign by electricity workers opposed to the privatisation of the state-owned power utility, the Société nationale d'électricité (Senelec), the police arrested some 20 unionists and charged them with sabotage in connection with a power black-out. Freedom for the imprisoned leaders of the militant Syndicat unique des travailleurs de l'électricité (Sutelec), including its general secretary, Mademba Sock, subsequently became a major opposition rallying cry. However, a general strike called shortly after the arrests by the Union nationale des syndicats autonomes du Sénégal (UNSA), the federation which Mr Sock also heads, drew only a very modest response, in part because the government had declared it an illegal action. In September the police broke up a march through Dakar's poorer neighbourhoods by wives and children of the detainees. The trial, which opened at the end of October, has generated widespread public attention. Around the time of the initial crackdown on Sutelec in late July, the authorities also briefly arrested Mamadou Ndiaye, a leader of the bus workers' union at the Société des transports du Cap Vert (Sotrac), the government's financially troubled Dakar bus company, which has seen sporadic strikes and protests. Such ready recourse to police action prompted one of Senegal's foremost human rights groups, the Rencontre africaine pour la défense des droits de l'homme (RADDHO), to denounce the "continued erosion of trade union freedoms" in Senegal.

—while a minor party leader is arrested

In mid-October the police arrested Talla Sylla, the leader of the small Alliance pour le progrès et la justice/Jëf-Jël, and charged him with offending the head of state, spreading false information and organising an insurrectional movement. The accusations stemmed from a press conference that Mr Sylla gave in Thiès the month before, during which he warned that "we will take up arms" if it became clear that the PS would not make way for an alternative government. Mr Sylla acknowledged the words, but said that he was speaking in general terms and affirmed his right to do so. Like the imprisoned unionists, he became another symbol for the opposition, and a number of prominent party leaders visited him in prison to express their solidarity. Mr Sylla's close personal and political links with several opposition-leaning Islamic religious currents give his case more significance than the size of his party alone might indicate.

The PS prepares for the presidential election campaign—

Although the presidential election is not until February 2000, the ruling party, shaken by its losses in the May parliamentary poll, is losing no time gearing up for the contest. The prime minister, Mamadou Lamine Loum, appointed in early July to head a cabinet composed almost entirely of PS members (with one minister from a small PS-allied party), devoted his first major policy speech to parliament on August 12th to economic and social issues, which are of great concern to most Senegalese. He placed particular emphasis on the government's development plans in the rural areas, traditionally a bedrock of PS support. The party itself has been holding numerous meetings and rallies, sometimes featuring declarations of support from rural councillors, sometimes stressing the close ties between the PS and the country's largest union federation, the Confédération nationale des travailleurs du Sénégal (CNTS). A "Diouf 2000" support movement is being organised around the country, while a handful of small parties

have already proclaimed support for Mr Diouf's candidacy. Aiming to dispel any sense of complacency among the PS ranks, Ousmane Tanor Dieng, the powerful minister of state for presidential affairs and the party's first secretary, has been giving a series of speeches urging PS activists to "furbish their arms and prepare for the next battles".

—but faces further signs
of internal dissent—

Meanwhile, PS leaders remain edgy over the possibility of further rifts within the party, following the departure late last year of Mr Kâ, a former interior and foreign minister, and now the opposition's rising star. In late September the independent daily *Wal Fadjri* reported sharp exchanges in cabinet meetings between Mr Dieng and Mr Loum, which were, however, promptly denied by a party spokesman. A little more than a week later, on October 7th, the former foreign minister, Moustapha Niasse, publicly criticised moves to drop limits on the number of terms a president might hold, declaring that the constitution is a "sacred text that should not be manipulated" and that no one could be "president for life". When Mr Niasse left the cabinet in early July, his declared reason was to devote greater attention to the various businesses that he heads, but even before then rumours were common that he was dissatisfied with the direction the party has taken under Mr Dieng's stewardship.

—including from the PS
spokesman

At the end of that same month another PS leader dropped a bombshell. Speaking at a seminar marking the 50th anniversary of the PS and its precursors, Abdourahim Agne, the party spokesman and chairman of its parliamentary caucus, declared that the party structures were "too rigid", a legacy of excessive "democratic centralism" and "Leninist forms of organisation" that impeded internal party debate and discussion. He also criticised the "technocratic approach" favoured by prime minister, saying it did not leave sufficient room for dialogue. The independent daily *Sud* noted that such comments echoed those made a year ago by Mr Kâ, and speculated about whether Mr Agne would follow his path of dissidence. Opposition leaders, for their part, seemed unsure of how to take Mr Agne's speech, since in August Mr Kâ and other opposition deputies were drawn into a very bitter verbal match with Mr Agne, involving accusations and counteraccusations of corruption. While the opposition adopted a wait-and-see stance, some PS leaders were less reticent. Abdoulaye Makhtar Diop, a member of the party's Political Bureau, quickly responded that Mr Agne's comments about the party were false and warned that any effort to organise a current within the PS would lead to expulsion, as in Mr Kâ's case.

Mr Wade's offer to stand
as a common opposition
candidate is rebuffed

Although there has been much talk among the opposition parties of the possibility of fielding a common candidate against Mr Diouf in the first round of the presidential election, differences remain wide over who such a candidate might be. In late September the PDS executive secretary, Idrissa Seck, put forward Mr Wade as the best prospect for a united opposition candidacy, but the idea was promptly disputed by a spokesman for Mr Kâ's URD. Leaders of several other parties, including the AJ/PADS, have shown little enthusiasm for either Mr Wade or Mr Kâ, and have signalled their interest in putting forward their own candidates for the first round, with the understanding that they would then back the leading opposition candidate if the election is thrown into a second round.

Hopes rise of a Senegalese withdrawal from Guinea-Bissau—

With both anxiety and relief, the government in Dakar cautiously welcomed the signing of a peace accord in Abuja, Nigeria, in early November between the two main protagonists in the Guinea-Bissau civil war, President João Bernardo Vieira and General Ansumane Mané. Within days of General Mané's June 7th mutiny, Senegal had sent more than 2,000 troops into neighbouring Guinea-Bissau to support the Vieira government and halt the army mutineers, who were believed to be in alliance with separatist rebels from Senegal's southern region of Casamance. As the Senegalese army encountered heavier resistance than anticipated, it soon became apparent that the authorities in Dakar had misjudged the strength of General Mané's forces. The Senegalese opposition parties, which initially supported the intervention, started calling for a withdrawal as the number of troop casualties climbed—46 killed, according to army sources, by end-September. Meanwhile, as various regional peace initiatives were launched, the Senegalese government found itself politically marginalised; since it had actively sided with one party in the conflict, it had no credibility as a mediator. This was reflected in the terms of the Abuja accord, which provides for the withdrawal of Senegalese and Guinean troops from Guinea-Bissau once a multinational force has been established under the umbrella of the Economic Community of West African States (Ecowas). The accord also calls for a government of national unity and new elections in Guinea-Bissau. The Senegalese authorities have expressed some relief at the possibility of extricating themselves from a difficult situation, but at the same time appear disappointed that Senegal will not be part of the multinational West African force.

—and the border is still sealed to Casamance rebels—

One particular concern is what a settlement in Guinea-Bissau may mean for the war in Casamance. In addition to the formally stated reasons, a prime goal of the Senegalese military intervention was to crush the rear bases in Guinea-Bissau of the separatist Mouvement des forces démocratiques de Casamance (MFDC). It is unclear how successful that effort was, but if the sketchy reports released by the Senegalese army are to be believed, the MFDC did suffer significant casualties in the fighting, on both sides of the border. With wide sympathy in Guinea-Bissau for the MFDC rebels, and with popular antipathy to the Senegalese government heightened as a result of its military intervention, the authorities in Dakar clearly are worried that the MFDC will be able to rebuild its bases. Senegalese army sources have stressed that they will maintain a heavy presence along the Senegalese side of the border, and have expressed hope that the West African buffer force also will prevent MFDC rebels from crossing over into Casamance.

—as the MFDC's leader issues a new call for peace

In Casamance itself, Father Augustin Diamacoune Senghor, the secretary-general of the MFDC's political wing, issued another call for peace in late September. For several years he has favoured talks with the government and has issued several such appeals, but his authority over the fractious movement has proved limited. A more hopeful sign on this occasion was his announcement of the establishment of a 34-member Comité de pilotage provisoire (CPP), mandated to consult with all components of the MFDC to work out a common negotiating stance. Although the committee is operating in secret, reports leaked out in early November that a delegation led by Sidy Badji had met with MFDC leaders based in The Gambia and that the committee was preparing to

contact Salif Sadio, the leader of the MFDC's hardline "Southern Front", currently operating in Guinea-Bissau.

Economic policy

The 1999 budget will have a reduced deficit—

The government's draft budget for 1999, submitted to the Assemblée nationale in October, projects a modest 2.3% increase in receipts to CFAfr490.1bn (\$86m), from CFAfr479.2bn this year. But despite this slow progression, the overall budget deficit will decline sharply, from CFAfr53.5bn in 1998 to CFAfr36.8bn next year. This was made possible, in large measure, by a reduction in both external and domestic debt servicing outlays, thanks to Paris Club debt restructuring and an improvement in the Treasury's accounts with the Banque central des états de l'Afrique de l'ouest (BCEAO, the regional central bank). In 1998, some CFAfr200bn was budgeted for debt repayments, but next year this will fall to CFAfr133.7bn.

—but with increased spending for both education and the military

The biggest component on the expenditure side will be education, which is to receive CFAfr92.3bn in 1999, an increase of CFAfr4bn on 1998. Next in line is the military, which has been allocated CFAfr40.9bn, a CFAfr703m increase from the 1998 level, although some of this may offset costs incurred by recent activity in Casamance and Guinea-Bissau. With the recruitment of 1,277 new public employees this year, the public-sector wage bill will rise by CFAfr4bn, to a total of CFAfr170bn.

The electrical utility is placed on offer—

Despite the continued opposition of the main electrical workers' union, the government is moving ahead with plans to privatise the state-owned power company, the Société nationale d'électricité (Senelec). In early October it issued an invitation to tender, offering 33% of the company's shares to a strategic investor. With a number of external companies already expressing a strong interest—among them Electricité de France (France), Hydro-Quebec (Canada) and General Electric (US)—the government has high hopes that a sale can be concluded during the first quarter of 1999. Another 8% of Senelec shares will be floated on the Bourse régionale des valeurs mobilières (BRVM), the new regional stock exchange based in Abidjan. If an additional 10% were sold to Senelec employees, as hoped, this would leave the government with a minority stake of 41%, in line with World Bank recommendations. However, the union, Syndicat unique des travailleurs de l'électricité (Sutelec), is opposed to workers' purchasing the 10% share and insists that it remain in government hands, thus keeping Senelec as a majority state-owned enterprise. Earlier this year the government warned that if the employees did not take up the offer, it would instead put those shares up for sale through the stock exchange. But Sutelec's demonstrated combativeness, in a climate of wider social and political tensions, raises serious questions about how far the authorities are willing to push the confrontation.

—and Sonatel is listed on the Abidjan exchange

In contrast to the difficulties with Senelec, the recently privatised Société nationale des télécommunications (Sonatel) continues to add to its reputation as a privatisation success story. In late September Sonatel became the first Senegalese company—in fact, the first non-Ivoirian enterprise—to be listed on

the BRVM. On October 2nd the first trading session after Sonatel's listing, the number of shares traded on the exchange jumped to 25,853, from an average of less than 3,000 during the previous two sessions. Of that total, 21,249 were Sonatel shares, which sold for CFAfr22,000 (\$39) each, up from the price when the shares were first offered to private investors in December 1997 (CFAfr17,500 to Senegalese and CFAfr19,500 to other investors). The shares traded on October 2nd were but a small portion of Sonatel's total, indicating that most shareholders are hanging on to them.

A customs seizure riles
rice importers

The seizure of some 12,000 tonnes of imported rice in late September prompted an angry response from the customs service, the militant Union nationale des commerçants et industriels du Sénégal (Unacois), which complained about a lack of clarity in regulations covering rice imports. The customs authorities responded that the issue was simply one of fraud: that a number of importers had overstated the value of the rice they were bringing in, so as to evade a 30% surtax on rice costing less than CFAfr121,000 per tonne (a measure to protect domestic rice producers). Last year a similar conflict erupted between Unacois and the customs service, involving seizures of imported sugar.

The economy

GDP growth may reach
5.7% in 1998—

Based on estimates for the first half of 1998 and projections for the second half, Senegal's average real GDP will likely reach a 5.7% growth level in 1998, an IMF mission concluded in late September. This is above the initial 5.3% government target growth rate. If the higher figure proves correct, it will indicate that the Asian financial crisis and its global repercussions have not hit Senegal as hard as some analysts originally feared. Although recent estimates for the countries of the francophone Union économique et monétaire ouest-africaine (UEMOA) indicate an average 0.5% loss in GDP growth as a result of the Asian crisis, Senegal is thought to have suffered just a 0.2% GDP loss. According to the IMF mission, Senegal's current-account deficit (excluding official transfers and debt relief) may exceed the target of 7.3% of GDP, however, owing to a surge in imports during the first half of the year. GDP growth in 1999 is projected by the IMF to reach 6.6%, reflecting in part the anticipated increase in agricultural output resulting from favourable rains in 1998, although much will depend on how the uncertain global economic situation evolves.

—but private investment
levels are showing only a
modest rise—

While private investment has been increasing in Senegal in recent years, its overall level remains low, the Confédération nationale des employeurs du Sénégal (CNES) reported in early September, citing figures released by the government's Direction de la planification. Between 1995 and 1997, investments by private enterprise rose from CFAfr111bn (\$20m) to CFAfr139.2bn, for an average annual increase of 11.9%. Expressed as a percentage of GDP, private investment increased from 6.4% in 1994, to 6.9% in 1995, 7.2% in 1996, and 7.8% in 1997. This slow growth, CNES officials insist, reflects the difficulties that the private sector faces in acquiring sufficient financing. A month earlier, the CNES, which represents 175 companies with a combined value of CFAfr600bn and a labour force of 22,000, announced that it was establishing a new CFAfr500m investment fund to help partly meet this need.

—as bank lending decelerates

According to the Banque de France's annual *Rapport de la Zone Franc*, Senegal's 14 banking establishments held CFAfr750bn in 1997, equivalent to 28% of the country's GDP. However, overall lending increased by only 10% in 1997, compared with a 27% increase the previous year. It attributes this slowdown, in part, to an increase in enterprises' self-financing, especially in the fishing sector. Restructuring of Senegalese banking institutions over recent years has increased their profitability and reduced administrative and operating expenses, the report finds.

Agriculture

A better agricultural season is expected—

Although the food supply situation in parts of the countryside remains tight because of a 20% decline in the 1997/98 season's cereals harvest, the return of reasonable rains in August and September suggests at least a moderate improvement in the coming season. Continuing uncertainties have made the Ministry of Agriculture reluctant to issue early forecasts, however. In some areas, for example, excessive rains brought flooding and damaged cropland, while in Tambacounda the rains stopped almost entirely during October, placing longer maturing sorghum at particular risk.

—but problems still plague the groundnut sector

Groundnut production is likely to follow the general trend for cereals, but numerous problems still afflict the troubled sector. The Société nationale de graines, the official seed enterprise, reports that it has distributed only 46,000 tonnes of groundnut seeds (out of estimated national seed stocks of around 120,000 tonnes), in part because it is still owed CFAfr16bn (\$28m) in outstanding loans from the last season, with the national average repayment rate at around 75% and a few areas, such as Thiès, as low as 45%. Groundnut farmers are likely to meet their seed requirement through purchases on the parallel market, but with no quality controls, yields may suffer as a result. Continued indebtedness also will make farmers more reluctant to sell their groundnuts to the official marketing enterprise, the Société nationale de commercialisation des oléagineux du Sénégal (Sonacos), despite the fact that it has raised the producer price from CFAfr150/kg in 1997/98 to CFAfr160/kg this season. Sonacos reports that it only collected 300,000 tonnes last season, just over half of the more than 500,000 tonnes actually produced. In September the European Commission announced that it would provide Senegal with CFAfr8.3bn to help in the recovery of the groundnut sector, in the form of a compensatory transfer for 1997 through the EU's export stabilisation facility, Stabex.

A new rural development agency is launched

The founding general assembly of the Agence nationale de conseil agricole et rural (Ancar) was held at Dakar's Chamber of Commerce in late September. The mixed public-private institution hopes to help fill the gap in agricultural extension services left behind by the dismantling in the 1980s and early 1990s of many of the state's rural development agencies. The government holds 51% of Ancar's subscribed capital of CFAfr91m, with the remainder held by the Comité nationale de concertation des ruraux (a co-ordinating body of farmers' associations), rural and regional council associations, several agricultural input companies, an organisation of veterinarians, and the Industries chimiques du Sénégal (ICS), a major producer of fertilisers. Ancar is also associated with an

agricultural services support project for which the government hopes to negotiate some CFAfr80bn (\$140m) from external donor agencies.

Industry

ICS is expanding its processing capacity

The ICS mining and chemicals conglomerate, Senegal's largest industrial firm, is set to double its capacity to produce sulphuric and phosphoric acid; President Diouf himself laid the first stone for the new facility at the Darou Khoudoss plant in mid-November. Expected to cost \$140m, with funding providing by France and Germany, the facility will increase annual processing capacity from 330,000 tonnes to 660,000 tonnes. It will also create 1,250 new jobs.

Asian competition forces a shutdown of fish processing plants

Over a period of less than two weeks in early October, three of Senegal's main tuna processing and refrigeration facilities were forced temporarily to shut down because of an inability to sell their stocks in Europe, their main outlet. European markets have been flooded with imports from Thailand, where devaluation has made it possible to offer fish at very low prices. The shutdowns have thrown about 3,000 employees out of work, while 14 refrigerated ships operating out of Dakar have also been left idle by the market slump.

Transport and tourism

Dakar's troubled bus company may be dissolved—

The government is seriously considering dissolving the financially troubled Société des transport du Cap-Vert (Sotrac), which operates the public bus lines in Dakar and its environs. Previously, it had announced that Sotrac would be drastically restructured prior to its privatisation, and in late August issued an international appeal for offers to purchase the company. But the administrative council, feeling that restructuring would not be sufficient to solve Sotrac's problems and that therefore no buyers would be interested, decided on November 10th to dissolve the enterprise. If dissolution is approved by the government, then it is likely that an external company will be invited to set up a new enterprise, buy Sotrac's fleet of buses, and hire back at least some of Sotrac's more than 2,300 former employees. The Sotrac union—which is affiliated to the Confédération nationale des travailleurs du Sénégal (CNTS) which in turn is allied to the ruling Parti socialiste (PS)—has vowed to fight dissolution, however, mainly because of the likelihood of significant job losses.

—and Air Senegal is put up for sale once again

Air Senegal will be sold in 1999, the minister of tourism and air transport, Tidiane Sylla, has announced. The state-owned carrier has been offered for sale and then taken back off the market several times previously, primarily because of its poor financial shape. Mr Sylla said that the government would carry out a major restructuring before it is again put on offer, primarily by clearing the government's own debts to the airline and by reducing the number of personnel by 5%, through voluntary redundancies. A modernisation programme also will be carried out, including the acquisition of new equipment.

Mr Diouf is irritated over Dakar-Marine's financing delays

The official communiqué of a Council of Ministers meeting on October 7th reported that President Diouf had asked the management of the Dakar-Marine naval repair facility to accelerate its efforts to secure the necessary financing for its rehabilitation. This comes nearly two years after the ship-repair yards were partly privatised in January 1997, with the sale of their ongoing operations to Lisnave Internacional, a private Portuguese firm. Much of the financing for rehabilitation was to have come from the former Caisse française de développement, but the restructuring of the French aid institution and its transformation into the Agence française de développement (AFD) led to delays in examining Senegal's financing request. Only in July was some CFAfr10bn (\$18m) in rehabilitation financing approved, but the convention itself still has not been signed. The AFD is also considering funding to help cover the redundancy payments for workers not retained by the new management—only 240 of Dakar-Marine's former workforce of 437 are being kept.

Tourism earns CFAfr80bn

During 1997 some 410,000 tourists visited Senegal, earning the country about CFAfr80bn, Mr Sylla revealed in September. This is Senegal's second highest source of foreign earnings after fish exports, and is equivalent to about 3% of GDP. Despite the continued fighting in Casamance, a vigorous tourism promotion campaign has made Senegal the top tourist destination in West Africa, and the tenth in the continent.

Aid news

New aid agreements include the following:

- A grant of CFAfr18.4bn (\$32m) from the European Development Fund in budgetary support, to help compensate for the loss of customs revenue from the lowering of tariffs by Senegal and other members of the Union économique et monétaire ouest-africaine (UEMOA). Also from the fund, CFAfr2bn to help combat AIDS.
- From the US Agency for International Development, the first tranche, of \$14m, of an eight-year aid package set to total \$187.3m.
- A grant of \$85m from Japan to Plan International, a non-governmental organisation, for planting trees, digging wells and developing income-generating projects for villagers in three regions seriously affected by desertification.
- A pledge by Germany to provide \$30m in aid over 1998/99, for agricultural development, environmental protection, human resource development, health and other projects.

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 following its suspension after the military coup of July 1994; 49 members, 45 elected by universal suffrage, four 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 in March 1998	
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 Saïdy
	Agriculture	Musa Mbenga
	Civil service	Mustapha Wadda
	Culture & tourism	Susan Waffa-Ogoo
	Education	Satang Jow
	External affairs	Lamine Sedat Jobe
	Finance & economic affairs	Famara Jatta
	Interior	Momodou Bojang
	Justice & attorney general	Fatou Bensouda
	Local government & lands	Lamin Kaba Bajo
	Presidential affairs, national assembly, civil service, fisheries & natural resources	Edward Singhateh
	Public works, communications & information	Ebrihima Ceesay
	Trade, industry & employment	Dominic Mendy
Youth & sports & religious affairs	Yankuba Touray	
Central Bank governor	Clarke Bajo	

Economic structure

Latest available figures

Economic indicators	1993	1994	1995	1996	1997
GDP at market prices ^a (D m)	3,229	3,411	3,439	3,725	3,922
Real GDP growth ^a (%)	1.8	1.3	-4.0	3.1	2.1
Consumer price inflation (av; %)	6.5	1.7	7.0	1.1	2.8
Population ('000)	1,026	1,080	1,120	1,211	1,309 ^b
Exports fob ^a (\$ m)	157.0	125.0	123.0	118.8	119.6
Imports fob ^a (\$ m)	214.5	181.6	162.5	217.1	207.1
Current-account balance ^a (\$ m)	-5.3	8.2	-8.2	-47.7	-23.6
Reserves excl gold (\$ m)	102.2	98.0	106.2	102.1	96.0
Total external debt (\$ m)	426.1	424.7	424.9	451.9	421.9 ^c
External debt-service ratio (%)	11.5	14.1	14.7	12.7	n/a
Groundnut production ^a ('000 tonnes)	67.0	65.4	79.7	78.8	68.1
Charter tourists ^a ('000)	63.9	90.0	42.9	72.1	75.9
Exchange rate (av; D:\$)	9.13	9.58	9.55	9.78	10.20

November 27th 1998 D10.35:\$1

Origins of gross domestic product 1997 ^a	% of total	Components of gross domestic product 1997 ^a	% 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 ^a	\$ m	Principal imports 1997 ^a	\$ 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 ^d	% of total	Main origins of imports 1997 ^d	% of total
Belgium-Luxembourg	77.9	China (incl Hong Kong)	25.1
Japan	4.5	UK	10.4
UK	3.2	Netherlands	7.4
US	1.9	Côte d'Ivoire	7.1
France	1.9	France	5.8
China include Hong Kong	1.9	Belgium-Luxembourg	4.9

^a Fiscal year ending June 30th. ^b EIU estimate. ^c Official estimate. ^d Derived from partners' trade returns, subject to a wide margin of error.

Outlook for 1999-2000

President Jammeh's confidence abroad—

The president, Lieutenant-Colonel Yahyah Jammeh, has continued to play a vigorous role internationally. He gained some regional kudos in October, when The Gambia's capital, Banjul, became the centre stage for peace negotiations in Guinea-Bissau. Relations with Senegal, the all-encompassing francophone neighbour, remain difficult however, and Dakar's suspicions over President Jammeh's attitude to its rebellious Casamance province will need to be allayed before the relationship can move forward. Colonel Jammeh, who has ambitions for a bigger role in Africa, will continue to set himself up as a regional peacebroker and promote security in the region, while systematically denying allegations of support to rebels. The president will also seek the favours of the new Nigerian leader, Abdulsalami Abubakar. Presently preoccupied by mending its own battered economy, Nigeria is unlikely to provide substantial financial help, but it remains, all the same, a powerful ally for The Gambia, which would otherwise find itself isolated in a sub-region dominated by francophone African countries. Besides, claiming a special relationship with Nigeria gives the tiny country greater authority on the international stage.

—belies suspicion and insecurity at home

The government seems to have adopted a two-pronged strategy, consisting of coaxing Western governments on one side, and continually harassing the opposition, muzzling the independent press and promoting friendships with highly unpopular countries such as Libya on the other. Anecdotal evidence suggests that public resentment against what used to be a military regime is still strong. The political opposition, mainly the United Democratic Party (UDP), will probably make capital from such resentment when the opportunity comes, no matter how much the president may seek to distance himself from his army roots. The opposition is also becoming increasingly suspicious of Colonel Jammeh's cosy relationship with the Islamist revolutionary Libyan leader, Colonel Muammar Qadhafi, and several opposition figures have repeatedly complained of what is regarded as Libya's excessive influence on the country, harking back to the days of Sir Dawda Jawara, whose regime was noteworthy for its religious tolerance. Colonel Jammeh knows that tightening his grip on the country by using strong-armed tactics could bring the regime back into disrepute with international partners; as a result, opposition political leaders can expect routine harassment to remain low-key. Nevertheless, the decision to sentence three army officers to death for their part in the botched coup attempt of July 1997 will remind other soldiers that the regime can be ruthless when it wants to be.

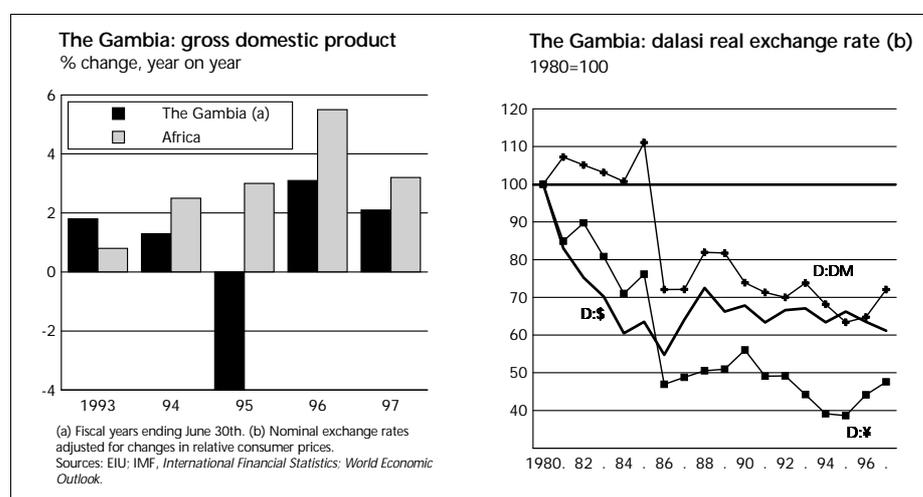
Gambians will have to live with structural reforms

Indications are that the government's policies will be welcomed by donors, as the president continues to show a strong commitment to economic reforms, in line with the IMF enhanced structural adjustment facility (ESAF). The president has recently secured new loans from the World Bank and the EU, and donors at the Geneva round-table conference in July have pledged significant funds towards improved human development. At the same time, the economic programme raises the prospect of cutbacks in public-sector jobs and this could bring inevitable social consequences, no doubt increasing public resentment. In addition, political, administrative and technical hitches will undoubtedly

Agriculture has become the president's crusade

hold off the implementation of new projects in education, health and infrastructure, rendering any social benefits elusive for many years to come.

The president has set for The Gambia what looks like an impossible mission: food self-sufficiency within 18 months. No doubt a vigorous resurgence of sturdy peasant life will help. The country needs to produce more rice, sorghum, cassava and maize for domestic use, in order to reduce the import bill. This is in part because The Gambia's main source of foreign exchange, groundnuts, has been consistently drying up over the past five years. Poor and unevenly distributed rainfall, inadequate agricultural services and a loss of competitiveness since the devaluation of the CFA franc in 1994 have been the main factors behind such a decline. With agriculture, livestock and fisheries providing a livelihood for as much as 75% of the population, help from multilateral and bilateral donors will be crucial to help diversify this sector. The IMF predicts real GDP growth of 3.8% this year, 4% in 1999 and 5% in 2000, with inflation being held steady at less than 3% per year. The governments intends to curb the overall budget deficit to 2% of GDP by 2000 and lower the current-account deficit to less than 10% of GDP.



Review

The political scene

Colonel Jammeh unceremoniously sacks the justice minister—

The president, Lieutenant-Colonel Yahyah Jammeh, dismissed Hawa Sisay Sabally as justice minister and attorney-general on July 31st, appointing The Gambia's solicitor-general, Fatou Bensouda, in her stead. Like her predecessor, Musa Bittaye, who was sacked in April 1996 on presidential orders, no official reason was given for Mrs Sabally's dismissal (3rd quarter 1996, page 25). Although a brief presidential statement described the change as "a slight reshuffle", the president delivered a stiff, and heavily publicised, warning to the rest of the cabinet at Mrs Bensouda's swearing-in ceremony on August 5th,

telling ministers that any of them could expect to be sacked if they failed to live up to the demands of their jobs.

—and singles out the agriculture minister for a warning—

In particular, the president has threatened the agriculture minister, Musa Mbenga, with the sack if he does not bring about food self-sufficiency within 18 months. The ultimatum seems particularly harsh. The Gambia has persistently failed to achieve food self-sufficiency over the years, partly because of climatic factors, and partly because of a simple lack of investment in the sector. For President Jammeh, however, the crusade has a strong moral component. A fervent Muslim, he is an outright admirer of Libya's Colonel Muammar Qadhafi, who characteristically retires from time to time to the countryside for contemplation. President Jammeh has been seen repeatedly on television in recent months, cultivating communal fields, hoe in hand, around his own village, Kanilai, 120 km up-river from the capital, Banjul. Presenting himself as a man of the land, the farmer-president has not been afraid to get his hands dirty and set a valuable example to young Gambians, in an attempt to encourage them back to farming and thereby reverse the rural-urban migration trend that has greatly impoverished the countryside over the past three decades.

—before appointing a new police chief

A civil service shake-up followed on October 15th, with new secretaries of state appointed in the ministries of education, local government and lands, youth and sports, in the cabinet office and the office of the vice-president. On the same day, the inspector-general of police, Famara Jammeh, was officially suspended from his functions and replaced by Pa Sallah Jagne. Mr Jagne already served as inspector-general of police under the former regime of Sir Dawda Jawara. He was arrested after Colonel Jammeh's coup in July 1994 and released three years later, in February 1997, when he was appointed commissioner for The Gambia's administrative Western Division (3rd quarter 1997, page 25), a position now held by Mr Jammeh. Observers attributed Mr Jammeh's sacking to recent clashes between the police and secondary students protesting at poor transport facilities. Mr Jammeh's predecessor, Gibril Joof, was sacked in 1996 after similar events.

The opposition remains entangled in legal proceedings

The propaganda secretary of the opposition United Democratic Party (UDP), Lamin Waa Juwara, was reported on July 31st to have lost a \$2m law suit against the government dating from July 1997. Mr Juwara alleges that he has been unlawfully detained following Colonel Jammeh's coup in 1994, but the supreme court rejected the case, saying that at the time, the country was run by a Provisional Military Council, whose members were covered by an immunity clause, thus excluding them from prosecution. Mr Juwara has recently lodged another complaint regarding his forceful removal from a UN Development Programme (UNDP) workshop in Mansa Konko, south of the River Gambia, in July 1998. Along with the local imam, Karamo Touray, and other UDP personalities, he has recently been charged with conspiracy and destruction of public property, following an incident at Brikama, 20 km south of the capital, in May, when a newly erected mosque was damaged (3rd quarter 1998, page 25). The Brikama magistrates court was said to want to carry out further investigations in November before legal proceedings could resume.

Journalists are harassed again

The managing director, editor-in-chief and news editor of the independent Banjul *Daily Observer* newspaper, Theophilus George, Baba Galeh Jallow, and Demba Jawo, were all arrested on August 30th after the paper printed a report alleging the existence of a substantial armoury at President Jammeh's official residence, State House. The unsigned report said that heavy rain and winds had brought down part of the perimeter wall, to reveal the presence of six armoured cars, affording a clear view of "President Jammeh's armoury". Armed soldiers hastily pulled down branches from nearby trees in an attempt to screen the vehicles, while other soldiers drove off onlookers and diverted traffic away from the scene, the report said.

The Gambia Press Union protested about the arrests, in a statement on September 1st, in which it also called for the reopening of the popular local radio station, *Citizen FM*, which was closed down in February (1st quarter 1998, pages 26-27). Colonel Jammeh's regime has been especially sensitive to press criticism since taking power in 1994. The *Daily Observer* has been a frequent target of official harassment (2nd quarter 1998, page 28) and a number of its staff have been detained at different times. The *Daily Observer's* owner, a Liberian, Kenneth Betce, was deported in 1995.

Three former officers are sentenced to death

Three former army officers involved in a disastrous attempt to overthrow President Jammeh in July 1997 were sentenced to death for treason, murder and endeavour to overthrow, on October 27th. President Jammeh's government re-introduced death sentences in 1995, making The Gambia one of the very few countries where the formal abolition of death penalty was subsequently overturned. According to evidence presented before the Supreme Court, Lamin Jarju, Lamin Jammeh and Aliu Bah broke into an army camp bordering Senegal, at Kartong, shooting and injuring four soldiers and stealing quantities of weapons. They then fled across the border, killing three soldiers on a routine army patrol in the process. They were extradited from Senegal to face trial, while a fourth member of the group, Sheikh Cham, was said to have escaped. The ex-soldiers denied the charges of treason and murder, but confessed to stealing weapons which, it was argued in mitigation, they had hoped to sell in the rebellious region of Casamance, south of Senegal (4th quarter 1997, pages 24-25). All three men were also alleged to have taken part in two earlier attempts to overthrow the Jammeh regime in November 1994 (4th quarter 1994, page 22) and in November 1996 (1st quarter 1997, pages 26-27). Two other officers involved in the November 1996 attack were freed on the president's orders earlier in the month. A report on October 5th named the two as Alajie Kebben and Lamin Bojana. The international news agency, Reuters, cited security sources as saying that there were no more political detainees in The Gambia.

A Belgian is arrested for arms smuggling

Bruno Jensen, a Belgian national, was reported in early November to have been freed on bail pending investigations, after customs officials seized quantities of arms and pornographic materials from containers which he had allegedly attempted to import. Mr Jensen's supposed "personal effects" included several pistols and a bomb, according to officials of the National Intelligence Agency. The arrest was mostly seen as a goodwill gesture towards the Economic Community of West African States (Ecowas). Less than a week before Mr Jensen's

arrest, at a summit in Nigeria's administrative capital, Abuja, on October 30th, Ecowas leaders agreed to set up a three-year moratorium on the trade in and manufacture of small arms, in a bid to promote peace in West Africa. In practice, such a moratorium is very unlikely to be observed in a region mostly governed by former military leaders who are only recent, and often reluctant, converts to civilian politics.

- President Jammeh denies backing rebels in Guinea-Bissau—
- Colonel Jammeh paid a visit to his Senegalese counterpart, Abdou Diouf, in Dakar, on August 7th to discuss the situation in neighbouring Guinea-Bissau where a two-month rebellion against the elected president, João Bernardo Vieira, was the cause of deep consternation among West African governments, fearful of its possible destabilising effects. Colonel Jammeh took the opportunity to reject firmly any suggestion that The Gambia might have been backing the rebels. Since the beginning of the hostilities, reports in Senegal had made "false and unfounded" allegations that The Gambia had smuggled truckloads of arms to the soldier rebels in Guinea-Bissau, with some even claiming that 50 armoured vehicles had been sent across Senegalese territory to support the uprising. President Jammeh accused Senegalese and other media concerned of engaging in irresponsible journalism. He insisted that The Gambia had never supported the rebels and had always condemned the rebellion in Guinea-Bissau. There could be no peace in Senegal or in The Gambia if there was no peace in Guinea-Bissau, President Jammeh added. The Gambia's foreign affairs minister, Lamine Sedat Jobe, brought a similar message to Dakar on July 29th, when he declared that The Gambia had never contested the legality of President Vieira's mandate. Much of the speculation (3rd quarter 1998, page 27) stems from the fact that the rebel leader, General Ansumane Mané, was born in The Gambia and that Colonel Jammeh is a Diola, like most Casamançais rebels who crossed the border to fight alongside General Mané's troops.
- and throws his weight behind Ecowas mediation—
- Before leaving Dakar, the president, these days increasingly forceful in his pursuit of recognition as a sub-regional statesman and peacemaker, made a strong appeal for all concerned to think again, saying that there could be no military solution to the situation. President Jammeh was in fact the first leader to offer his mediation when the conflict broke out in early June (3rd quarter 1998, page 27). At his invitation, the Ecowas "Group of Seven" mediation committee—comprising foreign affairs and defence ministers from The Gambia, Senegal, Guinea (Conakry), Côte d'Ivoire, Ghana, Nigeria, and Burkina Faso—met in Banjul at the end of July, a first stage in a long succession of missions to capitals in the sub-region. After a series of failed mediation attempts, the Community of Portuguese-speaking Countries (CPLP) succeeded in brokering a truce between the two warring side on July 26th. The Group of Seven decided to co-operate with the CPLP thereafter and a first meeting between the two contact groups took place in Banjul on August 9th, paving the way for a formal ceasefire agreement on August 26th in Cape Verde's capital, Praia.
- setting himself up as the main peacebroker in the sub-region
- Fighting, nevertheless, resumed shortly thereafter. A number of subsequent sub-regional contacts culminated in a face-to-face meeting between President Vieira and General Mané on October 29th at the luxurious Gambian beach hotel, the Kairaba, in Serrekunda, 25 km west of Banjul. President Jammeh made the most

of the photo-opportunity, linking hands in a smiling group with the two opponents, even before anything had been achieved at the conference table. French, Swedish and Portuguese diplomats attended the talks, together with the African delegations. Following the signing of a peace settlement in Abuja on November 3rd, the two protagonists were flown back to Banjul together by French military helicopter. The Gambian press and foreign diplomats subsequently commended Colonel Jammeh's mediation successes, with the Nigeria High Commissioner, Alhaji Mahmud Bauchi, reportedly saying "He [Colonel Jammeh] is the sole initiator of the peace process and has single-handedly succeeded in inviting both here where they shook hands and hugged".

The president strengthens his ties with Kuwait and Libya

President Jammeh left Banjul on September 6th, on what was announced as a week of official visits to Islamic countries with which The Gambia has cultivated strong partnerships since the coup in 1994. Countries such as Iran, Egypt, Algeria, the Gulf states, and especially Libya, helped his military regime to survive the severance of traditional aid partnerships following his military coup in July 1994 and he has continued to cultivate strong relations with this part of the world ever since. This time around, he was due to travel to Algeria, Iran, Kuwait and Libya. However, the visits to Algeria and Iran were subsequently cancelled, mysteriously, in the case of Iran "because of the internal situation" there, and "for technical reasons" in the case of Algeria. The Gambia and Nigeria were among the many African countries to send presidential delegations to Libya in early September, in implementation with the Organisation of African Unity (OAU)'s unilateral decision partially to lift the UN sanctions imposed against that country in 1992. The leaders took part in the festivities marking the 30th anniversary of Colonel Qadhafi's seizure of power. President Jammeh, who arrived in Libya's capital, Tripoli, on September 10th, after a three-day visit to Kuwait, has been particularly vocal in his support of Libya since The Gambia took its seat at the UN Security Council in January 1998. His regular appeals to the international community to lift the UN sanctions (1st quarter 1998, page 27), has undoubtedly strengthened his developing friendship with Colonel Qadhafi.

Economic policy

The government fleshes out details of its 1998-2000 economic programme

Documentation prepared by the authorities in connection with the round-table consultation with donors in Geneva during July has shed some long-awaited light on the government's economic reform programme for 1998-2000 and beyond. Restoring macroeconomic stability remains the government's main priority. In particular, the fiscal deficit and domestic public debt have raised lending rates to a prohibitive level of 25%, a major deterrent for investment.

In line with the enhanced structural adjustment facility (ESAF) agreed with IMF in June, the government aims to reduce the overall fiscal deficit (excluding grants) from 7.8% of GDP in 1997 to 4% in 1998, and to 2% in 2000. During the same period, total government revenue is targeted to increase by 1 percentage point of GDP, while total government spending and net lending should decrease by 5 percentage points of GDP (3rd quarter 1998, pages 28-29). At the same time, the authorities will streamline the import tariff structure, which

currently counts as much as 31 different duty rates, while the maximum rate, currently at 90%, is to be reduced to less than 20%.

A tight monetary policy will be maintained to keep the inflation rate down to about 3%, while maintaining an adequate level of gross official reserves. According to the IMF, The Gambia's inflation rate was already at a moderate 2.8% in 1997 and foreign reserves (excluding gold) stood at \$96m at the end of that year, which is equivalent to 2-3 months' import cover.

Private-sector development is a major aim of Vision 2020—

The government's longer-term economic objectives, long trumpeted in the local media under the heading Vision 2020, were also committed to paper for the roundtable meeting. The overambitious document, originally drawn up by the Armed Forces Provisional Ruling Council (AFPRC) in 1994, has been promoted as the key solution for the country's development. It carries a strong message of commitment toward the private sector. According to the government's policy paper, development should be "human-centred and export-oriented", a position clearly adopted with Geneva donors in mind. The production base will be "strengthened and diversified to cater for the needs of an export-oriented industry", meaning "high-value" agricultural production, light agro-based industries, light manufacturing, high-technology and high value-added industrial activities. In the tourism industry, more private-sector participation is to be encouraged.

According to the same document, the government acknowledges that the main hurdles for private investment in the country are cumbersome business regulations, a weak legal framework, high energy costs, an unreliable banking system and the limited nature of financial services. The authorities will seek IMF technical help to assist with the reform of the banking sector. It was disclosed that, from early 1999, commercial banks are to be allowed to accept foreign-currency deposits. The government will also seek to improve the regulatory and legal environment for private-sector activity and introduce an investment incentive system.

—alongside improved public-sector management—

Under Vision 2020, the government pledges specifically to improve government expenditure control and public investment programming by adopting a new procurement code, computerising expenditure control at the accountant-general's department, conducting annual sectoral public expenditure reviews, allocating adequate resources for the preparation of economic statistics, and also improving economic management through continued training. The UN Development Programme (UNDP) and the World Bank will supply the necessary technical assistance, under existing commitments.

The authorities also pledged that they would adopt a "good governance" programme in 1998, starting with local government reforms and decentralisation. In November the authorities made a firm gesture towards rooting out corruption, when they ordered ten customs officers to return over D95m (\$9m) within two weeks. The corrupt officers were said to have obtained the money by abuse of office. They were also ordered to hand over property and vehicles and to pay the accountant general 25% annual interest on the properties involved.

—and public enterprise reform, including privatisations

In the same Vision 2020 document, the government reaffirmed its plans to reform its financial relations with major public enterprises, develop a new regulatory framework for public utilities, and ensure better consumer protection. It says it will support the commercialisation of public enterprises by eliminating subsidies and promised to unveil a new divestiture strategy by the end of the year. The first divestitures for 1999 will include the Trust Bank, the Atlantic Hotel, and the sale of the government's share in Novotel. The government also pledged it would establish a "leaner, better focused and better motivated" civil service, by converting savings made through job cuts into higher salaries for more qualified personnel.

The World Bank is assisting the government with a programme of reforms seeking to encourage private-sector participation in the management of Banjul port, the international airport and the national telecommunications company, Gamtel. Gamtel is to be restructured, with its telecommunications business being separated from the radio and television activities. A levy on receivers (presumably a television and radio licence) is to be introduced. Also with World Bank help, the government plans to reform the energy sector and promote cost-saving measures. An appropriate regulatory framework will be established, and the capital of the National Water and Electricity Company (Nawec) further opened up to a "strategic partner".

The economy

Recent economic performance will not alleviate poverty

According to the UN Development Programme (UNDP)'s *Human Development Report 1998*, The Gambia ranks 165th among 174 countries listed in terms of the *Human Development Index*, a measure of the quality of life in terms of such factors as health, education, life expectancy, and career opportunities. It is estimated that 63% of the population lives below the poverty line. After a contraction of 4% in 1994/95, real GDP growth picked up to 3.1% in 1995/96 and 2.1% in 1996/97, but this barely matches an estimated population growth of 3-4%. This means that if the economy does not take off, Gambians could suffer further hardship in the coming years. According to the EIU's estimates GDP per head was at \$322 in 1996/97 compared with \$516 in 1997 in neighbouring Senegal.

The UNDP gives an average life expectancy of 44.4 years for Gambian men, and 47.6 years for women, with 38% of the total population expected to die before the age of 40. Over 61% of adults are able to read. It is estimated that 52% have no access to safe water, 7% lack access to health services and 63% of people are without access to sanitation.

Agriculture

Reforms in agriculture are also under way

Under Vision 2020, the government has made as its main priorities for agriculture and natural resources:

- implementation of market-based pricing policies for all inputs and outputs;
- fostering the private sector's role in the provision of inputs and services;

- strengthening local government authorities, community groups, farmers' organisations, and women's groups, to enable them to take charge of irrigation systems and local infrastructure;
- strengthening and streamlining extension and research services;
- promoting of the production and marketing of high-value products, such as vegetables, fruits, fish and shrimps, for urban, tourism, and export markets;
- promotion of upland production of such crops as sorghum, cassava and maize, to help meet food-security needs;
- establishment of a conducive environment for the development of rural financial systems, including micro-credit financing;
- allocation of adequate resources to develop the basic rural infrastructure;
- implementation of institutional reforms, including land reform, and develop necessary human resources.

The government also says it will redevelop the groundnut sector, with EU assistance, and encourage private-sector participation in fisheries. Despite various attempt during the Jawara era to encourage the development of the agricultural sector, there has been little progress towards both food self-reliance and product diversification. Virtually all farmers are engaged in groundnut cultivation, while rice, the main staple of Gambians, is largely imported. Although the president, Colonel Yahyah Jammeh, has always shown a strong commitment to agricultural development, the announcement of largely market-oriented reforms could prove to be a device to encourage donors to boost aid in this sector.

Foreign trade, aid and payments

Donors are asked to help close financing gaps

In its documentation, the government estimates the total financing requirement for the 1998-2000 programme at SDR157.5m (\$218m), with financing gaps of SDR50m in the case of health and SDR20m in the case of education. SDR51m is needed for 1998. The government said that its financing requirements for the three-year programme could be "largely financed by the resumption of assistance from multilateral and bilateral donors, and lenders to The Gambia's development projects". A financing gap estimated at SDR26.25m would remain, which could be made up from the resources provided by the IMF under its ESAF and from budgetary support from donors such as the EU. The Gambia's total external public debt stood at \$421.9m at the end of 1997, according to the government, and this was expected to grow over the programme period, to \$481.7m.

The Gambia: external financing requirement, 1997-2000
(m SDRs)

	1997 ^a	1998 ^b	1999 ^b	2000 ^b
Requirements	-46.3	-51.0	-53.0	-53.5
Current account deficit excl official transfers	-34.4	-33.3	-34.3	-35.7
Amortisations	-6.9	-6.9	-7.0	-7.4
Gross official reserves	-0.1	-7.1	-8.6	-8.7
IMF repurchases	-4.6	-3.6	-2.6	-1.2
London Club	0.0	0.0	0.0	0.0
Other liabilities, net	0.0	0.0	0.0	0.0
Amortisation (commercial)	-0.5	-0.5	-0.5	-0.5
Resources	46.3	42.5	43.7	45.1
Official transfers	19.2	19.7	20.2	20.9
Loan disbursements	15.3	16.9	17.4	17.8
Private capital inflows ^c	11.3	6.6	6.9	7.1
Loan disbursements (commercial)	0.0	0.0	0.0	0.0
Suppliers' credits	0.0	-0.7	-0.7	-0.7
Debt relief	0.5	0.0	0.0	0.0
Residual financing need	0.0	8.5	9.3	8.5
Use of fund resources	0.0	6.9	6.9	6.9
of which:				
ESAF	0.0	6.9	6.9	6.9
Financing gap	0.0	1.6	2.4	1.6

^a Official estimates. ^b Government projections. ^c Including errors and omissions.

Sources: The Gambian authorities; IMF staff estimates and projections.

The World Bank
announces a \$20m credit
for education —

The latest World Bank credit, which will provide further encouragement for The Gambia's human resource development programme, was announced on September 11th. It follows the announcement of an \$18m package for public health last April, which marked the Bank's return as a donor, following four years during which it showed its displeasure with President Yahyah Jammeh's coup by suspending its programme (2nd quarter 1998, page 29). The latest \$20m package, also via the International Development Association (IDA—the Bank's soft-loan affiliate), is intended to help finance the first half of a \$51.3m eight-year government programme of wide-ranging improvements in education, with a special emphasis on the education of girls. The government will provide a further \$9m, while non-governmental and local community contributions are expected to total \$2.2m, with other bilateral and multilateral institutions providing a further \$20.1m.

—while further pledges
have come from the EU—

The EU announced a Ecu28.5m (\$33m) package of assistance to The Gambia in late July, 20% of which will be used to finance the education programme, the bulk of which is for rural development and agriculture.

—and OPEC

A \$1.93m loan from the OPEC Fund for International Development was announced on August 20th. Gambian officials said that the sum would finance construction of 28 km of road. The government says it will adopt an effective road maintenance policy and establish a highway authority based on the recommendations of a 1997 study.

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; currently Maaouya Ould Sid'Ahmed Taya, re-elected in December 1997	
National government	The president and his appointed Council of Ministers; last reshuffle November 1998	
Main political parties	21 political parties are registered, the foremost of which are: Parti républicain démocratique et social (PRDS, ruling party); Action pour le changement (AC); Rassemblement pour la démocratie et l'unité (RDU); Union des forces démocratiques-Ere nouvelle (UFD-en); Union pour la démocratie et le progrès (UDP)	
	President	Maaouya Ould Sid'Ahmed Taya
	Prime minister	Cheikh El Avia Ould Mohamed Khouna
Key ministers	Civil service, labour, youth & sports	Baba Ould Sidi
	Culture & Islamic affairs	Isselmou Ould Sid'El Moustaph
	Defence	Kaba Ould Elewa
	Economy and development	Sid'El Moctar Ould Nagi
	Education	Sghair Ould M'Bareck
	Equipment & transport	N'gaide Lamino Kayo
	Finance	Camara Aly Gueladio
	Fisheries & maritime economy	Mohamed El Moctar Ould Zamel
	Foreign affairs & co-operation	Ahmed Oud Sid'Ahmed
	Information & relations with parliament	Rachid Ould Saleh
	Justice	Mohamed Lemine Ould Ahmed
	Interior, posts & telecommunications	Dah Ould Abdel Jalil
	Mines & industry	Sagh Ould Rajel
	Rural development & environment	Colonel Mohamed Ould Sid'Ahmed Lekhal
	Trade, crafts & tourism	Ehemdi Ould Hamadii
	Water & energy	Mohamed Salem Ould Merzoug
Central Bank governor	Mahfoud Ould Mohamed Ali	

Economic structure

Latest available figures

Economic indicators	1993	1994	1995	1996	1997
GDP at market prices (UM bn)	116.2	124.9	138.6	150.1 ^a	166.5 ^a
Real GDP growth (%)	5.5	4.9	4.5	4.8	4.4
Consumer price inflation (%)	9.6	3.9	6.6	4.7	4.6
Population (m)	2.16	2.21	2.28	2.35	2.42
Exports fob (\$ m)	403	398	476	448	425 ^a
Imports fob (\$ m)	400	352	293	433	444 ^a
Current-account balance (\$ m)	-174	-70	22	-62	-24 ^a
Reserves excl gold (\$ m)	44.6	39.7	85.5	141.2	200.8
Total external debt (\$ m)	2,138	2,193	2,320	2,363	2,410 ^a
External debt-service ratio (%)	30.0	24.3	22.4	21.7	17.5 ^a
Iron ore exports ('000 tonnes)	9,737	10,342	11,514	11,158	11,689
Fisheries output ('000 tonnes)	480	306	503	623	587
Exchange rate (av; UM:\$)	120.8	123.6	129.8	137.2	151.7

November 27th 1998 UM204.5:\$1

Origins of gross domestic product 1996	% of total	Components of gross domestic product 1996	% of total
Agriculture & fishing	29.1	Private consumption	78.4
Mining	12.3	Public consumption	9.5
Manufacturing	3.8	Gross fixed investment	16.3
Services	33.5	Exports of goods & services	42.0
GDP at factor cost incl others	100.0	Imports of goods & services	-46.2
		GDP at market prices	100.0

Principal exports 1996	\$ m	Principal imports 1996	\$ m
Fish & fish products	267.0	Energy & mineral products	129.0
Iron ore	216.0	Food & agricultural products	116.0
Gold & gypsum	2.0	Machinery & equipment	67.0
		Consumer goods	22.0

Main destinations of exports 1997	% of total	Main origins of imports 1997	% of total
Japan	23.9	France	25.9
Italy	17.0	Spain	8.7
France	14.2	Thailand	5.6
Spain	8.5	Japan	5.4

^a Official estimate.

Outlook for 1999-2000

Opposition forces realign Municipal elections will take place in Mauritania on January 29th, with a second ballot one week later in those constituencies where no candidate secures more than 50% of the vote. A crushing victory for the ruling Parti républicain démocratique et social (PRDS) may be safely predicted and few contests for the 208 local governments are expected to require a second count. President Maaouya Ould Sid'Ahmed Taya's recent decision to re-appoint Cheikh El Avia Ould Mohamed Khouna as prime minister should also bring renewed stability to the PRDS-dominated government. Indeed, evidence suggests that the main aim of the upheaval was to remove the prime minister, Mohamed Lemine Ould Guig, whose popularity was rapidly on the wane.

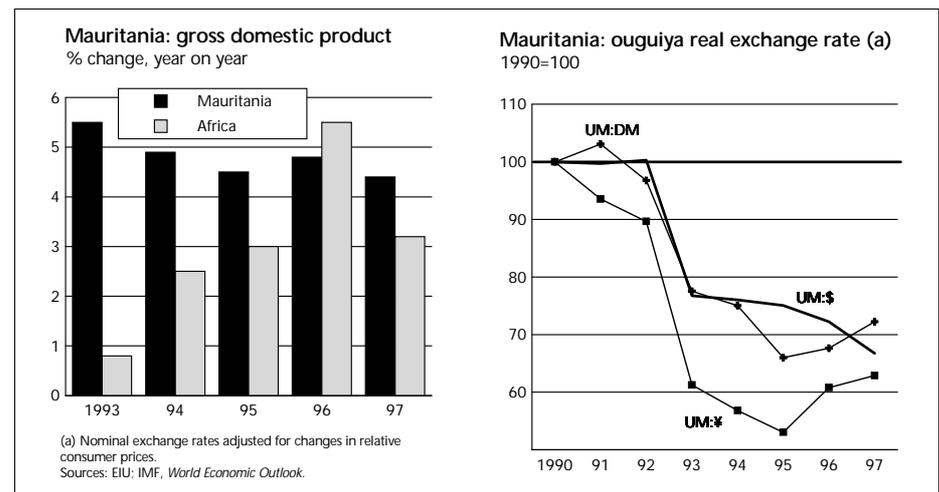
Meanwhile, the constellation of vocal, if poorly represented, opposition groups are squabbling energetically over what crumbs may remain. Ahmed Ould Daddah's Union des forces démocratiques-Ere nouvelle (UFD-EN), once considered the bastion of opposition to the PRDS, has been in decline since the rump of the party split in two earlier this year, with Moustapha Ould Bédredine's faction claiming title to the party name. While the PRDS is firmly established at centre stage, the other parties may be broadly grouped into diehards that refuse to participate in the constitutional process (the Front de l'opposition grouping the UFD-EN/Daddah, the AC and two nationalist parties), and pragmatists who continue to flirt with the ruling camp. This latter group comprises the UFD-EN/Bédredine, the Front Populaire (FP) and the Union nationale pour la démocratie et le développement (UNDD). The ebb and flow of factions within the parties also has financial implications. All parties that were officially recognised before the 1996 legislative election receive a grant from the government. That allocated to the UFD-EN has been split between it and the Action pour le changement (AC), and now there is a third claimant to the stipend. A review of the allocation formula is widely anticipated and the government may well ask itself why it should continue to fund political parties that refuse to participate in elections, whereas others prepared to play the democratic game receive none.

Progress with reforms will become more difficult Mauritania, which faces heavy debt-service repayments, urgently requires a multilateral debt rescheduling agreement. But a price will have to be paid if the country is to qualify for relief under the World Bank's heavily indebted poor countries debt initiative in the near future. Despite the glowing praise heaped on Mauritania by the IMF and the World Bank for its successful management of the 1995-98 reform programme, the country is quickly discovering that "second generation" reforms will not be so easy to introduce. Talks with the Bretton Woods institutions failed to reach a conclusion in mid September, and a delegation travelled to Washington in October to finalise details of the 1999-2001 programme. Conditions attached to the new programme will call for steady progress towards privatisation of those enterprises remaining under state control, and already domestic voices are being raised against any auction of the nation's assets. Some companies are headed for liquidation, notably the national airline, Air Mauritanie, whereas others, including the electricity and water supply company, Société nationale d'eau et d'électricité (Senelec), will undergo staggered privatisation. In addition, the effective devaluation of the

ouguiya in mid-1998 has caused jitters among the financial community regarding the proposed convertibility of the ouguiya and full liberalisation of the foreign-exchange market due in January. Despite relative exchange-rate stability since mid-July (at around UM203:\$1), there are fears that, in the absence of safeguards, there will be a significant exodus of capital and further currency slippage in the new year.

Economic diversification
is beginning

Slow progress on reducing Mauritania's dependence on two major export revenue generating activities, fisheries and iron ore, has received a boost with recent decisions to develop the country's large phosphate reserves, and the discovery of potentially commercial diamond deposits. Indeed, the introduction of a new mining code in late 1997 is starting to bear fruit. Foreign companies have been active in the sector and the state-owned iron ore concern Société nationale industrielle et minière (SNIM) is also broadening its interests. Subsidiaries involved in plaster manufacturing and marble quarrying are operational or on the point of starting, and the Société arabe de fer et d'acier (SAFA) iron foundry and Construction mécanique de l'Atlantique (Comeca) mechanical workshop are producing parts for the mines and for agriculture. Diversification is unlikely to be reflected in the commercial balance until the turn of the century, but real GDP is forecast to grow by roughly 5% per year over the next couple of years (having reached 4.2% in 1998).



Review

The Political Scene

The president sacks the
prime minister

Mohamed Lemine Ould Guig was sacked as prime minister in mid-November and replaced by his predecessor, the foreign minister, Cheikh El Avia Ould Mohamed Khouna, who served as prime minister from January 1996 to December 1997. As usual the presidential decree announcing the change gave no explanation for the move. Mr Ould Guig may have fallen from grace largely for political reasons. His removal comes in the midst of campaigning for municipal

elections, and the day after the IMF and World Bank announced that negotiations regarding the medium-term economic programme had resulted in “total agreement”. At the same time, President Maaouya Ould Sid’Ahmed Taya’s appointment of Mr Khouna has been interpreted as a sign of confidence in him and his recent diplomatic “success” in Israel, where promises of assistance with irrigation and other agricultural support schemes have been secured. Mr Khouna’s first act was a slight cabinet shuffle, including the appointment of four new ministers (foreign affairs; rural development and environment; trade, crafts and tourism; mines and industry). Mr Ould Guig’s appointment as prime minister in December last year had come as a surprise to many observers, since at the time he was a relatively unknown 47-year-old law professor.

The UFD splits down the middle

Since its creation in 1991, the opposition Union des forces démocratiques-Ere nouvelle (UFD-EN) has witnessed a steady haemorrhage with the departure of several of its components. Created as a coalition of groups with little in common but their hostility towards President Ould Taya, the party started to lose support when it boycotted the 1992 legislative election. A defection in 1993 led to the formation of the Union pour la démocratie et le progrès (UDP), and the Haratine (freed slave) movement, El-Hor, left in mid-1994 and joined another faction of the UFD in 1995 to form Action pour le changement (AC). The latest split follows the decision, last March by the party leader, Ahmed Ould Daddah, to welcome into the party fold Arab nationalists who had been excluded from the ruling Parti républicain démocratique et social (PRDS) (2nd quarter 1998, page 35). This displeased the moderate wing of the party grouped in the Mouvement national démocratique (MND), which first demanded the resignation of Mr Ould Daddah and then walked out to constitute a distinct party, also called the UFD-EN. This new group held its first congress in mid- August when Moustapha Ould Bédredine was elected general secretary of the party and Mohamed Ould Maouloud president of the executive committee. This not only creates confusion in the minds of the electorate, but also complicates the allocation of official subsidies to political parties. The UM18m (\$91,000) government grant to the UFD-EN, previously split between the UFD-EN and the AC, is now divided three ways and observers are waiting a decision by the electoral commission on the status of the two UFD-EN parties regarding their right to bear the party name.

Some opposition groups decide to boycott local government elections—

Electoral rolls have been updated nationwide in preparation for the municipal polls on January 29th. An administrative census has also been completed that will allow the introduction of a more reliable identity card system, one of the conditions for transparency demanded by the opposition. Those wishing to run for office may present their candidatures before December 10th, and the official campaign period will run from January 13th to 28th. Already the four opposition parties grouped in the Front de l’opposition (FO)—the UFD/Daddah, AC, the APP and Attaliaa—have made it known they will boycott the exercise. Mr Ould Daddah, spokesman for the FO, said the group will systematically boycott all ballots for as long as the government refuses to accept all-party participation in the preparation and management of elections.

—while other centre parties announced their participation

Three recently created parties claiming to represent the moderate opposition have announced their intention to present candidates against those of the ruling PRDS and its allies in the pro-presidential majority. They are the Bédredine faction of the UFD-EN, the Front Populaire (FP), headed by Ch'Bih Ould Melainine, and the Union nationale pour la démocratie et le développement (UNDD) formed by Tidjane Koïta, a senator and the mayor of Kaédi who was excluded from the opposition AC for openly welcoming President Ould Taya to his home town in the run-up to the 1997 presidential election. None has serious hopes of breaking the PRDS's stranglehold on power and each more or less admits the main purpose is to broadcast their opinions and, they hope, attract further support from other opposition groups. The leaders of these parties openly favour dialogue with the ruling majority and have said they hope that participation in elections will allow the democratic process in Mauritania to "escape its present impasse".

The longest-serving cabinet member dies

The minister secretary-general of the presidency, Colonel Ahmed Ould Minnih, was killed in a car accident in mid-October. A close friend of President Ould Taya, the late minister was a member of the Military Committee that overthrew Moktar Ould Daddah in 1978 and had cabinet-rank status in every subsequent government. Sidi Mohamed Ould Boubacar, the general secretary of the PRDS and a former prime minister, was nominated to replace Colonel Ahmed Minnih. The new general secretary of the PRDS is Mohamed Yehdih Ould Moctar El-Hacen, a renowned economist and former minister of finance in the early 1980s. President of the finance commission of the Assemblée Nationale, Mr El-Hacen was director of President Ould Taya's election campaign in Nouakchott in 1997.

A former OMVS high commissioner is acquitted

Baba Ould Sidi Abdallah, charged with high treason for acting against the national interests (3rd quarter 1998, page 34), was acquitted and released by the criminal court in Mauritania's capital, Nouakchott, in early August. The former high commissioner of the Dakar-based Organisation pour la mise en valeur du fleuve Sénégal (OMVS—grouping Mauritania, Mali and Senegal) was accused of sacking six Mauritanian executives of the organisation and of opening OMVS files to allow Senegal study the impact of diverting water away from the Senegal River into the Vallées Fossiles scheme. He did not deny the facts, but claimed he was acting in the best interests of the OMVS, in accordance with his mandate. He pointed out that while six Mauritanians were dismissed, six Senegalese and six Malians were also laid off by the organisation in line with the recommendations of the international donor community (under a World Bank-backed reorganisation scheme). As for the other charge, he asked on what grounds he should refuse Senegal access to information held by the organisation. Furthermore, he pointed out that it was this information that allowed the Senegalese authorities better to analyse the project, and to abandon plans for pursuing the scheme. Despite a strong defence, led by the eminent French lawyer, Jacques Vergès, many observers had feared the court would side with a prosecution that had demanded a punishment of 20 years in prison. That it found for the accused has been interpreted as a positive sign in the slow improvement of the judicial system in Mauritania.

The UN chief visits
Mauritania

The UN secretary-general, Kofi Annan, visited Mauritania in early November as the first stop on a tour of North African countries. His discussions with President Ould Taya and other African leaders centred on the forthcoming referendum to be staged in the Western Sahara. The referendum, repeatedly delayed over the past six years, is to decide whether the phosphate-rich territory should be incorporated into Morocco, which controls most of the former Spanish colony, or become independent, as sought by the Algeria-based Frente Popular para la Liberacion de Saguia el-Hamra y Rio d'Oro (Polisario). Prior to his visit the UN head proposed that members of three tribal groups whose eligibility to vote has been in dispute should be allowed to register. The referendum was originally set for January 1992 and is tentatively scheduled for December 1999. The UN Mission for the Referendum in Western Sahara (Minurso), has been monitoring a ceasefire since September 1991: it currently numbers about 455 military and 81 civilian observers. Mr Annan continued his tour with visits to El Ayoun (Western Sahara), Tindouf (Algeria), Tunis (Tunisia) and Algiers (Algeria). Mr Annan was preceded, two weeks earlier, by his representative, Bernard Miyet, who said, after meeting President Ould Taya, that the views of Mauritania and the UN were "identical" regarding the peace process.

Mauritania will not stock
Israeli nuclear waste

The Mauritanian minister for foreign affairs, Mr Khouna, made a landmark first official visit to Israel in late October. Mauritania is one of only three Maghreb states with official diplomatic representation in Israel, the others being Morocco and Tunisia. Relations had been renewed in 1995, at the start of the Israel-Palestine peace process, but with repeated delays to the negotiations were kept at a relatively low profile prior to the signing of an accord between the Israeli prime minister, Binyamin Netanyahu, and the Palestinians at the US Wye Plantation in October. The trip encountered opposition in Nouakchott where critics claimed the time was not yet ripe and also asked why the minister was not accompanied by Mauritania's ambassador to Israel, Mohamed Ould Lekhal. Days after the trip Moroccan press reports claimed that Mauritania had agreed to receive and bury, in the desert, nuclear waste coming from the Israeli reactor at Dimona. This was categorically denied by the minister who claimed the report was an "attempt to tarnish the image" of Mauritania. He added that his visit was designed to encourage the Israeli and Palestinian people in their search for a lasting peace.

Mauritania is to tighten
ties with Liberia
and Ghana

President Charles Taylor of Liberia spent three days in Nouakchott in early October. The aim of the visit was to boost bilateral ties between the two largest iron ore producers in Africa and the two leaders agreed to set up a joint co-operation committee to look into strengthening ties in various areas, especially agriculture and mining. Earlier this year President Ould Taya visited Monrovia, where there is a significant community of Mauritanian traders, and the Ghanaian capital, Accra. While in Accra he discussed bilateral relations with President Jerry Rawlings and agreed to improve on the framework for scientific, cultural, economic and commercial co-operation between the two countries, especially in the areas of fisheries, livestock, mining, trade, tourism and communications.

Refugees are stranded
in Senegal

Representatives of the estimated 60,000 Mauritanian refugees sheltering in Senegal since the clashes in the 1980s are complaining that Senegalese authorities

no longer issue them with travel documents. They said: "We can no longer return to our country and cannot travel outside Senegal, so we believe that we are being held hostage", adding that they judged their plight as part of a plan orchestrated by Mauritania to compel them to return home unconditionally. According to the office of the UN High Commissioner for Refugees (UNHCR), 31,966 Mauritians living in Senegal have returned home under their assisted programme since the start of this year.

Telephone numbers
are changed

As from October 1st 1998, telephone numbers in Mauritania have six figures. This was made in preparation for the eventual privatisation of the Office des postes et des telecommunications (OPT), to make room for additional subscribers. The international code remains the same (222) but all four- and five-figure numbers have new prefixes. Numbers in Nouakchott now begin with the figure 2, followed by the (unchanged) previous number. Numbers in Nouadhibou now begin with 74. The full list of new prefixes is available on the web site of the OPT—<http://www.opt.mr>.

Economic policy

IMF and World Bank
consider debt relief status

Representatives of the World Bank and the IMF met with other donor institutions in Nouakchott in early November to discuss various sector development programmes submitted by Mauritania for external funding. According to the World Bank mission leader, Hassen Tuluy, the proposals "merit support" by the donor community. He confirmed the intention of the Bretton Woods institutions to maintain financial support for Mauritania and to work for additional debt relief through the heavily indebted poor countries (HIPC) initiative. The minister for economic and development affairs, Sid'El Moktar Ould Nagi, told the meeting that Mauritania, had established the basis for durable self-sustaining development. New reforms had been introduced to improve private-sector competitiveness, he said, adding that this was making Mauritania more attractive as an operational base for foreign investors. Commenting on macro-economic developments, he said that GDP growth would reach 4.2% in 1998, inflation would be pegged to 7.8% and budgetary operations would result in a surplus equivalent to 2.5% of GDP. Mauritania will present its formal application for multilateral debt relief in mid-December (essentially covering debts due to the World Bank, the EU, the African Development Bank and the IMF). Further bilateral relief through the Paris Club is unlikely to be granted before 2001, while a formal signature with the World Bank of a structural adjustment programme (SAP) is due in January 1999.

A few days earlier the resident Bank representative in Nouakchott, Jean Mazurelle, echoed previous complementary remarks regarding the implementation of economic reforms and application of prudent policies in Mauritania. He said that the granting of debt relief would assist with the introduction of second generation reforms that would, without doubt, be more difficult than the structural reforms realised. Forthcoming reforms include the privatisation of major state-owned enterprises the water and electricity companies, posts and telecommunications, and Air Mauritanie, full liberalisation of the foreign-exchange market and convertibility of the ouguiya. Regarding recent turbulence on the

currency market, Mr Mazurelle considered that Banque Centrale de Mauritanie (the Central Bank) forex reserves were adequate to stabilise and, eventually, strengthen the ouguiya's value. Other initiatives will seek to reduce trade tariffs in a bid to discourage fraud and bring them in line with the common tariffs recently introduced in Senegal, Mali and other members of the West African monetary union, Union économique et monétaire ouest-africaine (UEMOA).

Sonelec privatisation comes a step closer

The Mauritanian press has been critical of the supposedly preferred formula proposed for the privatisation of the state electricity and water supply company, Société nationale d'eau et d'électricité (Senelec). A first stage will be the sale, to private operators, of 49% of the capital in the organisation, with a further 19% being transferred three years later. Even then, the state, with its 32% shareholding, will retain a right of veto in strategic decisions, and will appoint the administrator of the company. Despite these safeguards, voices have been raised against the sale of what many consider part of the national heritage.

The economy

Poverty could be on the wane

A recent report by the commissioner for human rights and poverty alleviation in Mauritania claims a decline of more than 10% since 1990 in the proportion of the population living below the poverty line. Whereas 56.6% of the population were classified as poor in 1990 the comparable figure for 1996 was 50.5%. The proportion of people living in extreme poverty also fell substantially over the same period, from 44.7% to 32.6% of the population. The report notes uneven distribution of poverty, with only 26.8% of urban dwellers classed as poor compared with 68.1% of the rural population. The greatest regression of poverty was reported in the capital and in the region of the Senegal River. The Mauritanian anti-poverty programme aims to reduce poverty incidence to 32.5% of the total population by 2002. Among concrete initiatives, 24 shops are being created in suburbs of the capital, Nouakchott, to provide retail outlets for some 1,600 women engaged in making clothing and household items. The first nine shops, managed by unemployed graduates were recently inaugurated. Each women's co-operative will receive a subsidy of UM400,000 (\$2,000) to set up their shop.

Agriculture and fisheries

The FAO warns of food shortages

A report issued in late August by the Rome-based UN Food and Agriculture Organisation of the United Nations (FAO) claimed that several African countries were facing exceptional food emergencies. Mauritania was listed among countries suffering localised food shortages owing to poor harvests. According to Famine early warning system (Fews) bulletin, published by the US Agency for International Development (USAID), good rains in August and September have slightly enhanced prospects for the 1998/99 agricultural season. Although production of irrigated cereal crops could increase, assuming no major pest damage, most rain-fed crops (*dieri*) will produce below average harvests owing to the late start of rains and late planting.

The fishing pause comes to an end

The now annual two-month biological rest period for fish breeding in Mauritanian waters ended on November 1st, when more than 300 vessels took to the seas. Fish catches have increased since the introduction of the policy in 1994. The volume caught in 1996 was more than double that of 1993 and in line with record catches of the mid 1980s, but the catch has to be divided among many more operators. Indeed, there has been considerable expansion in the number of vessels operating in Mauritanian waters in the past two years. According to the Société mauritanienne d'exploitation de poisson (SMEP) there are now 300 registered vessels compared with just 200 in 1996. Despite the recovery in volumes, the fisheries sector is experiencing serious difficulties. Export revenue has fallen from \$180m to \$130m in the past two years owing to much lower prices being paid for higher-value species, notably squid and octopus destined, essentially, for the Asian markets. Forecasts of the catch in 1998 indicate a drastic slump, with a predicted volume of just 400,000 tonnes.

Further fish protection measures are in the offing. The president of the International Foundation for the Banc d'Arguin (the World heritage site located on the northern Mauritanian coast), Luc Hoffman, has requested that a ban be imposed on the use of rotating fishing nets during the spawning season of mullet. This species thrives in the waters of the Banc d'Arguin (and provides nourishment for the millions of sea birds) but migrates south to breed between the months of October and January. Mr Hoffman presented his petition to President Ould Taya in mid October, when he said that the nature reserve's authorities had obtained three fast pirogues to better police the waters and prevent illicit fishing in the protected waters.

Mauritania: fish catches (tonnes)

	1992	1993	1994	1995	1996	1997
Traditional artisanal	7,013	6,000	6,657	13,909	12,988	9,275
Modern artisanal	8,428	11,173	8,671	7,069	9,248	8,562
Sub-total artisanal	15,441	17,173	15,328	20,978	22,236	17,837
Demersal cold store	8,133	14,252	11,535	10,677	12,110	10,259
Demersal freezers	41,671	35,617	30,148	27,927	23,891	19,517
Pelagic freezer trawlers	367,871	379,824	213,634	364,214	501,742	474,784
Specialised vessels	90	66	7	10	12	11
Other licensed vessels	22,584	32,892	35,682	79,651	62,807	64,553
Sub-total industrial	440,349	462,651	291,651	291,006	482,479	569,124
Total catch	455,790	479,824	306,334	503,457	622,798	586,961
Exports						
Pelagic	n/a	n/a	137,329	247,898	321,161	165,525
Demersal	n/a	n/a	49,393	42,887	41,774	34,471
Artisanal	n/a	n/a	3,316	5,580	3,683	4,726
Total exports	n/a	n/a	190,038	296,365	366,617	204,722

Sources: *L'Opinion Libre* (11/10/98); BCM, *Bulletin Trimestrielle* (various).

A fisheries forum is staged in Nouakchott

Representatives of 14 Arab countries and organisations met in Nouakchott in early November to discuss ways of improving trade in fish and fish products among the Arab world. Conference delegates discussed ways of improving the flow of information regarding the offer and demand for marine produce, and the necessity of promoting investments linked to fishing. According to figures

presented to the meeting, inter-Arab commerce represented just one-tenth of its potential; whereas Mauritania was the foremost producer and exporter, little of its produce was destined for Egypt, the largest importer of fish in the Arab World. Mauritanian fishermen used the forum as a platform to promote their activities, and to appeal for investment funds from potential Arab partners. The symposium followed the signature in mid October of an agreement to revitalise co-operation in the fishing sector by Algeria and Mauritania, the Société algérienne-mauritanienne de pêche (ALMAP), the joint fishing company established by the two governments in 1980, has been more or less moribund for the past decade but will resume operations in early 1999, if all goes to plan. The company is being "restructured" with new participation by Kuwaiti investors, and the possible offer of part of the state shareholdings to other private interests.

Mining and energy

Phosphate mining is to start

Mauritania's long-held hopes of becoming a phosphate and fertiliser producer have come one step closer to fruition. Sipia, a Mauritanian mining company in partnership with foreign partners, has spent \$20m in exploring and preparing feasibility studies to exploit phosphate reserves located at Bofal (north of Bogué in the Brakna region of southern Mauritania). The company has identified proven deposits of roughly 136m tonnes of high-grade ore. Current plans allow for two phases of activities. Initial work will start in 1999 when solid fertiliser will be produced essentially for the domestic market, although some surplus could be exported. The second stage involves installation of a phosphoric acid production unit, the output of which will mainly be for export. This will require infrastructure development. The site is some 25 km off the main road from Bogué to Aleg (and then to Nouakchott), and production would have to be evacuated either by road (some 400 km to Nouakchott port) or by river (Bogué is some 300 km from the mouth of the River Senegal). Hopes of developing a rail link are unlikely to be realised. Commenting on the announcement, the government spokesman, Rachid Ould Saleh, said the initiative was important not only as a boon for domestic agriculture, but also as a provider of employment for an estimated 1,500 Mauritians.

Ashton Mining finds three additional diamond bearing deposits

The quarterly report of Ashton Mining published in late September indicates that drill testing has allowed identification of three new kimberlite deposits in the company's Guelber Richat concession on the Adrar Plateau in central Mauritania. This brings to six the number of diamond-bearing bodies discovered and processing of samples has yielded small diamonds in three distinct areas. According to the company, this further highlights Mauritania's potential to become an economically viable prospect in the near future. In a separate announcement in late August, Rex Diamond Mining (Canada) announced the discovery of potentially viable reserves 80 km south of Zouérate.

Europe backs gold prospecting

A programme to search for gold in the Ouassates-Sfariates region of northern Mauritania has received backing from the EU's Sysmin fund, destined to diversify mining sector activity. The target zone, 100 km from Zouérate, possesses "classic" geological signs indicating the presence of gold, and will allow surveying and prospecting using techniques already employed elsewhere in

Mauritania. The EU grant of Ecu2.75m (\$3.2m) will also be used to conduct ground surveys of the 20,000 sq km area to give a better idea of its mineral potential.

An oil prospector finds new partners

Hardman Resources, the Australian oil prospecting company looking for oil off the coast of Mauritania, has signed a new agreement with financial partners to permit continued exploration. The company, on the verge of departing when Shell withdrew from the joint venture earlier this year, has granted a 35% stake in the operation to each of British-Borneo International and Woodside (also of Australia) in return for approximately \$30m to be spent on drilling two wells and conducting seismic surveys.

Infrastructure

European aid backs health and road development

The EU has granted aid worth more than Ecu4.4m towards the development of health facilities and road infrastructure in Mauritania. The EU resident representative, Marco Mazzocchi Alemanni, and the minister for economic and development affairs, Sid'El Moctar Ould Nagi, signed a convention to this effect in Nouakchott in early November. The aid forms part of the general envelope of structural adjustment funds earmarked for Mauritania by the EU amounting to Ecu11.2m in 1998.

The Islamic Bank funds the Trans-African highway scheme

The Saudi-based Islamic Development Bank (IDB) has offered loans of \$14.5m towards funding construction of a 190-km road linking Aioun el Atrouss in Mauritania to Nioro du Sahel in Mali. The road is part of the Trans-Africa Highway, destined to link Nouakchott with N'djamena via Bamako, Ouagadougou and Niamey. Mauritania will receive \$7.5m towards the 125 km within its territory, while \$7m is earmarked for the Malian section of 65 km. The loans, repayable over 25 years (including a seven-year grace period), will cover roughly 51% of the construction cost. The road will open up the Port of Nouakchott as an alternative point of transit for goods destined for Mali.

Air Mauritanie remains grounded

The troubled national airline, Air Mauritanie, continues to face significant problems in attracting foreign interest in its privatisation (3rd quarter 1998, page 39). The situation has not improved. An audit of the airline's accounts revealed debts of approximately \$5m and drastic cost-cutting measures have been taken. Unable to maintain payments on two ATR 42 aircraft acquired from a French supplier in 1996 (under a \$25m leasing agreement), the company decided to return the planes in early October. In addition, the payroll has been trimmed with the dismissal of 111 of the airline's 340 employees. Air Mauritanie now operates just two: a 30-year-old Fokker 28 and a plane sub-leased from Air Mali. Meanwhile the government has authorised private airlines to operate in Mauritania: a Spanish airline operates a route between Las Palmas and Nouadhibou, and a charter service operating a Hawker-Siddley 125 is based at Nouakchott.

Spain is to promote
bilateral links

Spain is providing a loan of \$31m to Mauritania, to be used to build a hospital in Nouadhibou and update gas storage facilities in Nouakchott. Announcing the loan in early October, the new Spanish ambassador added that future co-operation would include promoting air links between Mauritania, Spain and the Canary Islands, and aid for the fishing industry. One month earlier Spain presented UM25m (\$125,000) to the Mauritanian Red Crescent as humanitarian aid to be used in alleviating food shortages being suffered in interior provinces of Mauritania.

Quarterly indicators and trade data

Senegal: quarterly indicators of economic activity

		1996			1997				1998		
		2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr
Prices: Dakar	Monthly av										
Consumer prices:	1990=100	140.4	146.3	146.0	144.2	143.0	146.3	148.6	n/a	n/a	n/a
change year on year	%	3.5	2.3	1.2	3.4	1.9	0.0	1.8	n/a	n/a	n/a
Money & banking	End-Qtr										
M1, seasonally adj:	CFAfr bn	308.3	326.1	328.8	327.2	323.1	318.1	326.5	325.7	351.7	n/a
change year on year	%	9.2	3.9	7.8	5.3	4.8	-2.5	-0.7	-0.5	8.9	n/a
Discount rate	% per year	7.50	7.00	6.50	6.25	6.25	6.00	6.00	6.00	6.00	6.25
Foreign trade ^a	Qtrly totals										
Exports fob	CFAfr bn	51.57	79.67	85.08	50.23	54.21	56.39	68.54	92.26	85.28	n/a
Imports cif	"	156.70	180.29	167.84	167.31	171.86	168.59	169.01	247.40	227.59	n/a
Exchange holdings	End-Qtr										
Central bank:											
gold ^b	\$ m	8.5	8.4	8.2	7.6	7.5	7.0	6.7	6.4	6.5	6.4 ^c
foreign exchange	"	233.9	277.6	284.8	347.2	297.7	394.1	383.9	386.0	368.3	380.3 ^c
Exchange rate											
Official rate	CFAfr:\$	515.3	517.2	523.7	564.4	587.8	593.3	598.8	618.5	611.7	561.6

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%. ^c End-July.

Source: IMF, *International Financial Statistics*.

The Gambia: quarterly indicators of economic activity

		1996			1997				1998		
		2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr
Prices	Monthly av										
Consumer prices:	1990=100	136.4	140.5	141.4	141.7	143.7	145.0	142.3	138.9	143.2	147.7 ^a
change year on year	%	0.1	-0.4	1.6	2.0	5.4	3.2	0.6	-2.0	-0.3	n/a
Money	End-Qtr										
M1, seasonally adj:	D m	457.5	475.7	455.3	455.0	554.0	523.3	632.6	569.6	610.2	647.2 ^b
change year on year	%	2.1	5.5	-3.6	-8.2	21.1	10.0	38.9	25.2	10.1	n/a
Foreign trade	Qtrly totals										
Exports fob	D m	97.08	28.69	9.47	59.99	55.22	23.23	7.54	n/a	n/a	n/a
Imports cif	"	875.40	583.83	387.36	827.92	695.55	782.52	527.29	n/a	n/a	n/a
Exchange holdings	End-Qtr										
Monetary authorities:											
foreign exchange	\$ m	102.07	100.27	99.71	93.25	96.54	81.29	93.92	93.85	91.25	100.03
Exchange rate											
Market rate	D:\$	9.790	9.810	9.892	10.015	10.300	10.452	10.530	10.536	10.583	10.679

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

^a Average for July-August. ^b End-August.

Source: IMF, *International Financial Statistics*.

Mauritania: quarterly indicators of economic activity

		1996			1997				1998		
		2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr
Prices	Monthly av										
Consumer prices ^a :	1990=100	146.1	149.0	150.8	152.2	152.9	155.2	158.1	163.0	163.9 ^b	n/a
change year on year	%	4.3	4.7	4.7	4.8	4.7	4.2	4.8	7.1	n/a	n/a
Money	End-Qtr										
M1, seasonally adj:	UM m	17,664	17,571	16,729	16,821	17,058	17,580	18,198	17,777	17,802 ^c	n/a
change year on year	%	-10.4	-10.7	-10.5	-9.7	-3.4	0.1	8.8	5.7	n/a	n/a
Foreign trade ^d	Annual totals										
Exports fob	\$ m	(551)	(540)	(n/a)	
Imports cif	"	(642)	(613)	(n/a)	
Exchange holdings	End-Qtr										
Foreign exchange	\$ m	110.8	108.3	139.8	153.6	162.5	225.8	200.4	201.2	195.3	232.7
Exchange rate											
Market rate	UM:\$	139.80	138.16	142.45	144.59	149.27	160.22	168.35	177.04	179.11	205.52

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

^a Mauritanian households. ^b Average for April-May. ^c End-May. ^d *DOTS* estimate.

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

Senegal: foreign trade

	\$ '000			
	Jan-Dec 1990	Jan-Dec 1991	Jan-Dec 1992	Jan-Dec 1993
Imports				
Dairy products	46,490	41,737	60,605	70,375
Cereals & products	180,544	115,011	112,710	126,051
Fruit & vegetables & preparations	30,040	24,753	23,127	24,352
Beverages, tobacco & manufactures	29,334	15,303	13,060	14,120
Mineral fuels	258,680	120,418	103,415	103,893
of which:				
crude petroleum	248,628	91,437	79,441	84,129
Animal & vegetable oils & fats	33,186	50,056	52,132	63,915
Chemicals	157,626	155,127	151,023	134,104
Manufactured goods	259,763	168,130	190,318	175,537
of which:				
textile yarn, cloth & manufactures	45,534	28,620	34,258	24,320
iron & steel	64,911	39,688	49,180	51,948
metal manufactures	51,875	34,161	31,904	30,856
Machinery incl electric	235,195	177,720	185,730	168,970
Transport equipment	109,294	71,311	85,368	83,415
of which:				
road vehicles	102,329	66,659	80,890	79,924
Total incl others	1,620,419	1,096,951	1,172,453	1,139,203
Exports fob				
Fish & products	216,041	215,256	186,875	143,623
Oilseed cake	35,366	17,451	18,889	11,889
Cotton, raw	9,533	20,248	27,409	27,210
Phosphates, mineral	56,962	43,926	66,434	51,166
Salt	7,820	7,625	10,337	9,193
Mineral fuels	96,768	104,390	80,284	87,445
Groundnut oil	129,980	69,534	55,040	33,722
Chemicals	116,680	95,110	127,506	103,819
Machinery & transport equipment	18,470	13,695	21,805	9,328
Total incl others	782,600	652,208	683,031	605,102

	\$ m					\$ m			
	Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996	Jan-Dec 1997		Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996	Jan-Dec 1997
Exports fob					Imports cif				
India	67	136	111	101	France	300	387	379	370
Mali	41	45	48	37	Nigeria	39	78	77	88
France	80	59	76	33	US	44	70	67	58
Côte d'Ivoire	8	8	15	18	Spain	47	42	56	54
Benin	3	13	17	16	India	3	44	90	47
Mauritania	6	n/a	15	14	Belgium-Luxembourg	33	38	37	46
The Gambia	7	9	13	12	Germany	28	60	90	45
Italy	22	38	28	8	Italy	55	43	46	40
Netherlands	22	8	12	6	Japan	35	46	40	36
Cameroon	4	9	10	5	Thailand	33	60	44	35
Taiwan	9	22	3	4	Netherlands	34	34	42	33
Total incl others	484	530	531	394	Total incl others	884	1,223	1,308	1,206

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

The Gambia: foreign trade

	D '000				
	Jan-Dec 1990	Jan-Dec 1991	Jan-Dec 1992	Jan-Sep 1992	Jan-Sep 1993
Imports cif					
Food	522,882	566,846	690,667	457,405	412,552
Beverages & tobacco	77,554	72,048	87,493	63,746	88,856
Crude materials	14,617	21,369	20,974	13,881	48,947
Mineral fuels	136,827	195,582	167,364	135,002	96,805
Animal & vegetable oils	22,701	36,661	74,083	45,438	58,690
Chemicals	95,590	149,831	120,733	85,744	83,205
Manufactured goods	310,363	358,011	363,327	245,914	285,120
Machinery & transport equipment	237,797	310,445	413,348	297,749	413,349
Total incl others	1,932,744	1,932,744	2,081,387	1,483,760	1,617,061

	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Sep	Jan-Sep	Jan-Jun
	1990	1991	1992	1991	1992	1993
Exports fob						
Fish & preparations	32,809	36,019	19,429	26,515	13,412	10,218
Groundnuts, shelled	63,483	40,433	n/a	40,433	25,660	n/a
Groundnut oil	38,637	18,197	n/a	10,288	0	n/a
Groundnut meal	7,788	9,978	n/a	9,226	6,362	n/a
Total incl others	320,066	371,358	565,734	280,422	472,977	311,449

	\$ m					\$ m			
	Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996	Jan-Dec 1997 ^a		Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996	Jan-Dec 1997 ^a
Exports fob					Imports cif				
Belgium-Luxembourg	n/a	1	1	120	China	11	9	14	46
Japan	n/a	n/a	1	7	Hong Kong	9	5	8	36
UK	8	7	5	5	UK	22	20	39	34
France	3	6	8	3	Netherlands	13	7	17	24
Spain	2	1	n/a	3	Côte d'Ivoire	36	19	21	23
Hong Kong	n/a	1	n/a	3	France	25	11	29	19
US	2	1	n/a	n/a	Belgium-Luxembourg	13	10	10	16
China	2	1	1	n/a	Senegal	3	4	8	13
Netherlands	1	1	1	n/a	Brazil	3	2	15	12
Senegal	6	6	n/a	n/a	US	7	7	18	11
Total incl others	35	28	22	154	Total incl others	209	140	272	326

^a DOTS estimates.

Sources: Central Bank of The Gambia, *Quarterly bulletin*; IMF, *Direction of Trade Statistics*, yearbook.

Mauritania: foreign trade
(Um m)

	Jan-Dec 1991	Jan-Dec 1992	Jan-Dec 1993	Jan-Dec 1994
Imports fob				
Food	8,838	13,801	11,358	12,500
Other consumer goods	1,881	2,785	1,603	1,574
Fuels	2,972	3,735	4,212	4,142
Machinery & transport equipment	2,304	3,054	6,429	3,823

	Jan-Dec 1991	Jan-Dec 1992	Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1995
Exports fob					
Fish & products	18,044	27,522	26,945	28,073	17,169
Iron ore	17,287	17,377	19,442	22,282	26,353
Gold	n/a	775	1,893	2,605	1,869

	\$ m					\$ m			
	Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996	Jan-Dec 1997		Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996	Jan-Dec 1997
Exports fob ^a					Imports cif ^a				
Japan	129	161	172	129	France	137	152	198	159
Italy	69	108	88	92	Spain	30	51	46	47
France	63	73	62	77	Germany	36	32	31	42
Spain	53	65	57	46	Belgium-Luxembourg	44	54	40	41
Belgium-Luxembourg	35	37	36	40	Thailand	13	16	33	30
UK	15	21	20	24	Japan	33	32	15	29
Germany	12	22	20	23	Italy	22	14	24	16
Total incl others	436	557	551	540	Total incl others	561	642	638	613

^a DOTS estimates.

Sources: National statistics; IMF, *Direction of Trade Statistics*, yearbook.

Senegal and Mauritania: French trade

(\$ '000)

	Senegal				Mauritania			
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
	1994	1995	1996	1997	1994	1995	1996	1997
Exports fob								
Food, drink & tobacco	63,857	63,944	72,871	97,904	29,759	38,371	60,165	63,785
of which:								
dairy products	21,861	13,998	21,651	23,049	3,470	2,358	6,100	7,394
cereals & preparations	27,130	26,921	16,863	32,437	15,682	22,147	34,815	38,256
sugar & products	1,201	4,954	14,216	17,695	4,064	9,995	12,551	11,703
Mineral fuels	16,434	24,758	48,918	27,769	6,090	7,580	18,361	8,028
Chemicals	63,796	70,853	78,410	77,784	15,547	16,025	11,333	11,542
Rubber manufactures	5,069	5,721	5,263	5,443	4,426	2,914	3,710	2,658
Paper & manufactures	7,038	12,508	11,534	9,014	1,033	1,193	1,596	1,080
Textile fibres, yarn								
& manufactures, incl clothing	6,382	7,373	11,326	9,210	2,262	1,762	1,774	1,689
Non-metallic								
mineral manufactures	6,615	8,119	9,357	7,542	1,415	1,271	1,855	1,876
Iron & steel	6,982	8,813	9,019	5,115	1,995	5,994	4,556	445
Metal manufactures	9,874	16,718	21,994	16,846	5,761	5,638	4,084	5,595
Machinery incl electric	86,770	117,832	159,996	116,077	37,944	35,185	30,041	27,378
Transport equipment	27,867	41,037	52,996	33,997	23,276	12,473	35,569	13,073
Scientific instruments etc	9,667	11,645	11,249	11,913	3,506	2,013	2,452	1,892
Total incl others	363,374	461,599	542,641	470,397	138,215	138,033	180,216	144,377
Imports cif								
Fish & products	94,836	108,657	97,575	92,285	4,841	7,236	5,933	6,717
Crude fertilisers & minerals	6,392	3,853	4,781	4,388	1	0	6	0
Metalliferous ores & scrap	538	1,738	1,902	0	66,069	71,961	71,045	78,139
Animal & vegetable oils & fats	47,380	46,136	42,516	25,795	0	0	0	0
Total incl others	183,113	194,095	181,390	150,231	72,673	80,723	77,968	86,243

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

Mauritania: Japan's imports

(\$ '000)

	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Aug	Jan-Aug
	1993	1994	1995	1996	1997	1997	1998
Imports cif							
Fish & products	113,569	138,414	176,323	188,500	142,616	106,105	52,889
Total incl others	117,550	140,861	178,749	189,493	143,194	106,482	53,229

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