COUNTRY REPORT

Senegal
The Gambia
Mauritania

2nd quarter 1997

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The Economist Intelligence Unit

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Senegal

Outlook for 1997-98: The government and opposition will trade verbal shots but street protests look unlikely, although some public agitation will continue. Violence in Casamance may escalate if recent fighting proves to be the work of hardline factions of the MFDC. Opposition to privatisation is softening and the government hopes to attract more investors. Growth will dip in 1997 but then revive slightly. Weakened exports will help to swell the current-account deficit.

Review: Secessionist fighting has broken out again in Casamance, and the separatist MFDC may have split. Social tensions have resurfaced elsewhere. Opposition parties have threatened to take demands for an independent electoral commission to foreign donors. The PDS and LD-MPT have remained in the unity government. An all-party forum on electoral reform has been launched. Another ESAF tranche has been approved. The government has estimated real GDP growth of 5.25% in 1996. Some workers have won concessions in wage disputes, but others have gone on strike. The government has backtracked on the SENELEC privatisation. A major gas reserve has been discovered. External debt rose in 1995, while aid inflows remained constant.

The Gambia

Outlook for 1997-98: Mr Jammeh is trying to build new alliances abroad, but he still needs the approval of the major donors and will have to demonstrate good governance if he is to win them over. The economy continues to face difficulties, including low groundnut production and tourist arrivals.

Review: A vice-president has been appointed and a new cabinet sworn in. Most political detainees have been freed, but arbitrary arrests and other signs of official edginess have continued. Relations with Taiwan have been reinforced. Groundnut farmers have had a disastrous season but tourism has picked up slightly. The balance-of-payments position has weakened.

Mauritania

Outlook for 1997-98: Cabinet shifts may signal deeper changes in the ruling PRDS. The country will continue to enjoy excellent relations with donors, but the introduction of VAT is likely to fan social discontent.

Review: The cabinet has been reshuffled. Some opposition parties have formed a new alliance to fight the presidential election, but the UDF may join the presidential camp. An opposition march has brought Nouakchott to a halt, but a teachers' strike has been suppressed. Public debate on slavery has been permitted for the first time. Relations with Libya have been restored. The World Bank has given an upbeat review of the economy and the ADB has resumed funding. EU aid has increased and the CFD has pledged more funds. Fishing contracts with Russia have resumed. Plans to divert the Senegal river have caused concern. Australian miners have found evidence of diamonds. Commercial debt has been repurchased at a discount. Trade with France rose by 21% in 1996.

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Senegal

Political structure

Official name	République du Sénégal	
Form of state	Unitary republic	
Legal system	Based on the Code Napoléon and the 1963 constitution	
National legislature	Assemblée nationale, with 120 members elected by universal suffrage on a part first-past-the-post (50) and part proportional representation (70) system; all serve a five-year term	
National elections	February 1993 (presidential), May 1993 (legislative); next elections due in May 1998 (legislative) and February 2000 (presidential)	
Head of state	President, elected by universal suffrage, serves a seven-year term and is re-electable	
National government	The president and his Council of Ministers; last major reshuffle March 1995	
Main political parties	Parti socialiste (PS) is the ruling party within a government of national unity; 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); Parti pour la libération du peuple (PLP); And-jëf/Parti africain pour la démocratie et le socialisme (AJ/PADS)	
	President	Abdou Diouf
	Prime minister	Habib Thiam
Ministers of state	Agriculture	Robert Sagna
	At the presidency	Abdoulaye Wade (PDS)
	Foreign affairs & Senegalese abroad	Moustapha Niasse
	Presidential affairs	Ousmane Tanor Dieng
Key ministers	Armed forces	Cheikh Hamidou Kane
	Commerce, crafts & industry	Idrissa Seck (PDS)
	Communications	Serigne Diop (PDS-R)
	Economy, finance & planning	Papa Ousmane Sakho
	Education	André Sonkho
	Energy, mines & industry	Magued Diouf
	Environment & protection of nature	Abdoulaye Bathily (LD-MPT)
	Fisheries & marine transport	Alassane Dialy Ndiaye
	Interior	Abdourahmane Sow
	Justice & keeper of seals	Jacques Baudin
	Labour & employment	Assane Diop
	National education	André Sonkho
	Public health & social action	Ousmane Ngom (PDS)
	Tourism & air transport	Tidiane Sylla
	Urban planning & housing	Daour Cissé
Governor of the BCEAO	Charles Konan Banny	

Economic structure

Latest available figures

Economic indicators	1992	1993	1994	1995	1996[a]
GDP at market prices CFAfr bn	1,613	1,589	2,148	2,413	2,610
Real GDP growth %	2.4	–2.0	2.4	4.8	5.2[b]
Consumer price inflation %	–0.1	–0.5	32.3	7.8	2.8[c]
Population[d] m	7.7	7.9	8.1	8.3	8.58
Exports fob $ m	861	737	818	968[b]	1,124
Imports fob $ m	1,192	1,087	1,022	1,224[b]	1,349
Current account $ m	–219	–279	3	–53[b]	–45
Reserves excl gold $ m	12.4	3.4	179.6	271.8	293.0[c]
Total external debt $ m	3,634	3,766	3,659	3,845	3,864
External debt-service ratio %	13.6	8.4	15.1	17.3	14.5
Groundnut production[e] '000 tons	579	628	718	791	850[b]
Exchange rate (av) CFAfr:$	264.7	283.2	555.2	499.2	511.6[c]

May 23, 1997 CFAfr569.6:$1

Origins of gross domestic product 1995	% of total
Primary sector	20.3
Secondary sector	30.5
Tertiary sector	49.2
GDP at factor cost	100.0

Components of gross domestic product 1995	% of total
Private consumption	77.6
Government consumption	11.5
Gross domestic investment	15.1
Exports of goods & services	33.6
Imports of goods & services	–37.8
GDP at market prices	100.0

Principal exports 1994	$ m
Fish & fish products	249
Groundnut products	204
Phosphates	102
Chemicals (ICS plant)	95

Principal imports cif 1994[a]	$ m
Intermediate goods	324
Food products	270
Capital goods	180
Petroleum products	123

Main destinations of exports 1995[f]	% of total
France	30.0
Italy	12.8
Mali	7.3
Spain	5.2

Main origins of imports 1995[f]	% of total
France	37.8
USA	5.6
Thailand	4.8
Germany	4.3

[a] EIU estimates. [b] Official estimate. [c] Actual. [d] UN estimates. [e] Unshelled; crop years beginning October. [f] Derived from partners' trade returns, subject to a wide margin of error.

Outlook for 1997-98

The government and opposition shy away from direct confrontation—

With much of Senegal's "political class" sitting down for an extended all-party consultation, there has been a significant break in the pattern of post-electoral politics that has prevailed over the past decade. Instead of confronting each other through street barricades, exchanges of rocks and tear gas, and arrests, the ruling and opposition parties are meeting across the conference table and trading shots through public press statements. During the first few months after the local and regional government elections in November 1996, it seemed that political violence might come to the fore once again, with the opposition parties threatening to back up their charges of fraud with mass protests, withdrawal from the cabinet and an international campaign to discredit the government. But the president, Abdou Diouf, and other leaders of the ruling Parti socialiste (PS) finally managed to entice the opposition into talks on further electoral reform, with an eye on the legislative poll that is to be held next year. But the government also has more immediate interests in negotiating an arrangement with the political opposition: it needs to devote greater attention to a sudden resurgence of fighting in the southern Casamance region and the numerous expressions of social discontent among the population more generally.

—but the year-long ceasefire is shattered in Casamance—

In March units of the separatist Mouvement des forces démocratiques de Casamance (MFDC) shattered the ceasefire that had been in effect since December 1995, striking from bases in neighbouring Guinea-Bissau and causing several dozen fatalities. The outbreak was both unexpected and troubling, coming just a couple days after the MFDC had sent a delegation of leaders to Europe for consultations with its representatives there, as a prelude to possible peace talks with the Senegalese government. If the clashes were simply intended to demonstrate the movement's continued armed strength and thereby give it greater leverage in talks, there is no reason to expect another serious escalation of the war. However, if the fighting was initiated by hardline factions within the MFDC, which are opposed to talks, then the region may be facing yet another period of debilitating conflict.

—while social agitation reflects the strains of economic reform

Meanwhile, the government is confronted with a wide range of social discontent elsewhere in the country, especially in Dakar. Strikes, or threats of strikes, are commonplace, although most have been very brief and none have yet reached serious proportions. Student agitation at the university took a violent turn as soon as the police moved in, and merchants pulled down their shutters for a day following police seizures of some of their rice stocks. Farmers' organisations are unhappy about their high debt burdens, while industrialists have complained about the influx of cheap imports brought about by trade liberalisation. Such strains are perhaps inevitable as the Senegalese government begins seriously to tackle long-overdue economic reforms. Paradoxically, things may have been made worse by relatively strong economic growth—GDP grew in real terms by 5.2% in 1996, according to official estimates—as ordinary Senegalese suffering from high unemployment and other hardships have yet to feel the benefits. But the strong support it is receiving from donor countries, and the opposition's willingness to talk rather than encourage agitation, gives the government a certain degree of latitude. Barring any gross misjudgements—and the president has shown himself quite adept at manoeuvre and compromise—no real crisis is likely to develop.

Labour opposition to privatisation softens—

As the government began to push seriously on privatisation, stiff opposition from the trade unions was expected, given instances in the past when labour resistance has delayed and even derailed planned sell-offs. But gradually the bulk of the union movement appears to have become reconciled to the inevitability of privatisation, even if workers remain worried about staffing levels, benefits and other immediate issues. The case of Senegal's telephone company, the Société nationale des télécommunications (SONATEL), is telling: the union's earlier outright opposition to privatisation was dissipated when the government offered employees 10% of the shares, thus shifting their focus of concern to the terms of the sale. The government's response to those opposing the privatisation of the Société nationale sénégalaise d'électricité (SENELEC) has been similar, although it has again decided, for the time being, to retain a majority stake in the enterprise.

—as the government hopes to attract more investors

Commitment to privatisation and to the further liberalisation of the economy will be important if Senegal is to attract the level of investment it needs. The purchase of one-third of SONATEL by a Swedish consortium is just one sign of growing investor confidence in the country. The government hopes to go much further by extending the current industrial free-zone in Dakar to the country as a whole, with a range of incentives including tax breaks designed to make Senegal a desirable location in an increasingly competitive world economy.

Growth will dip in 1997—

The government has put real GDP growth at a brisk 4.8% in 1995 and 5.2% in 1996, but the country is unlikely to be able to sustain this pace of expansion in the forecast period. The government expects real GDP growth of 4.5% in 1997 but, with rice and groundnut production subdued and cotton output less strong than previously expected, this is likely to prove optimistic, and the EIU therefore forecasts 4% growth. A new fishing deal with the EU will boost government revenue and, by offering safeguards against overfishing, it should go some way towards protecting the long-term livelihood of Senegal's artisanal fishermen, but it will not have a major impact on growth prospects. A new gas discovery will have important implications in the future, but it will not come on stream during the forecast period.

—but should improve in 1998

By 1998, however, growth may again be on the upturn. Senegal's mineral potential is attracting growing interest, with prospecting permits in hand or in the offing for a variety of foreign companies. Minerals sought include diamonds, copper and gold. Although such prospecting is highly unlikely to bear any fruit in terms of mineral production in 1997-98, investment connected with such work will boost growth on the demand side. Other signs of diversification include the growth of the horticultural sector, which is reported to have expanded its production by some 2.4% per year over the past decade. We therefore forecast that real GDP growth may rebound to 4.5% in 1998.

Inflation is on target

Figures published by the IMF in its monthly *International Financial Statistics* show that inflation slowed in 1996 to an average of 2.8%, lower even than the government's official estimate of 3%. The government is likely to rein in inflation even further, aided by the stable money supply afforded by the Franc Zone, and looks on course to meet its 1997 target of 2.5% in 1997 although lower rice production will exert some upward pressure on food prices. Prices could rise by an average of as little as 2% in 1998, in line with the very low levels of inflation seen in Senegal before the CFA franc devaluation in January 1994. The currency, which is expected to remain tied to the French franc at a parity of CFAfr100:FFr1 over the forecast period, now looks set to average CFAfr567:$1 this year as the French government keeps its currency in line with the weak D-mark, before strengthening slightly to an average of CFAfr549:$1 in 1998.

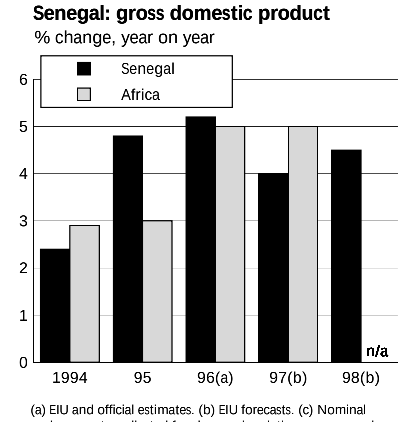
Senegal: forecast summary
($ m unless otherwise indicated)

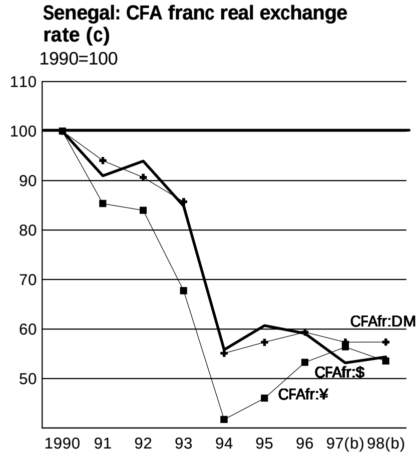
	1995[a]	1996[b]	1997[c]	1998[c]
Real GDP (% change)	4.8	5.2[d]	4.0	4.5
Consumer price inflation (%)	7.8	2.8[a]	2.5	2.0
Merchandise exports fob	968[d]	1,124	1,200	1,260
Merchandise imports fob	1,224[d]	1,349	1,424	1,500
Current-account balance	–53[d]	–45	–125	–144
Average exchange rate (CFAfr:$)	499	512[a]	567	549

[a] Actual. [b] EIU estimates. [c] EIU forecasts. [d] Official estimate.

Weakened exports will help to swell the current-account deficit

Indications of lower recorded groundnut and cotton production this year have led us to revise our total export forecast for 1997 downwards, to $1.2bn. The much-weakened CFA franc is likely to depress imports further than previously forecast, and these are now projected to reach $1.42bn in 1997. Nevertheless, the increased trade deficit will contribute to a substantially higher current-account deficit, forecast at $125m this year, compared with an estimated $45m in 1996. Increased mining investment is likely to suck more imports of capital goods into the country; imports are therefore forecast to reach $1.5bn next year, compared with exports of $1.26bn, helping to lift the current-account deficit to a projected $144m.





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

Review

The political scene

Social and political tensions resurface

Under the president, Abdou Diouf, the ruling Parti socialiste (PS) has had little time to congratulate itself on its sweeping victory in the local and regional government elections in November last year (1st quarter 1997, page 9). Predictably, the opposition parties have contested the results vociferously. But their challenge has been effectively deflected so far, with almost all the opposition agreeing to the president's proposal to take part in yet another round of all-party consultations on electoral reform, in advance of next year's legislative polls. More worrying for the authorities has been a sudden resurgence of secessionist fighting in the southern region of Casamance, while social agitation has erupted in Dakar and other cities, ranging from violent student protests to labour and merchants' strikes. None, however, pose any imminent threat to political stability at the national level, and the government has shown itself adept at managing such discord.

A year of peace is broken in Casamance—

Except for a few casualties caused by landmines, no serious incidents had been reported in Casamance since a ceasefire was proclaimed in December 1995 by the separatist Mouvement des forces démocratiques de Casamance (MFDC). However, this relative peace has been shattered: on March 11 two Senegalese soldiers were seriously wounded during a patrol near Babonda, on the border with Guinea-Bissau, where the MFDC maintains rear bases. On the same day several villagers were reported kidnapped in Djirak, also on the border. Skirmishes followed in the area over subsequent days, and on March 23 two Senegalese soldiers were killed in Djirak and several more wounded. Believing the attacks had been mounted from across the border, Senegalese reinforcement units were rushed into Djirak and directed mortar fire into rebel positions, killing up to 40 people according to a provisional toll. The MFDC confirmed the clash had taken place, but blamed the Senegalese army for provoking it.

—indicating a possible rift within the MFDC

Starting just days after an official MFDC delegation arrived in Europe on March 9 for consultations on possible peace talks with the Senegalese government, the sudden rise in military tensions in Casamance may indicate differences within the MFDC. Some analysts believe that a hardline faction may be seeking to prevent negotiations, and it is also possible that the attacks may have been stepped up to demonstrate the movement's continued relevance in advance of any talks. The declared aim of the MFDC delegation's European tour was to coordinate negotiating positions between its leaders in Ziguinchor, headed by Augustin Diamacoune Senghor, and those in exile in France, Belgium, Switzerland and other European countries. Led by Edmond Bora, reputedly second-in-command to Mr Senghor, the departure of the delegation was the first significant move by either the government or the MFDC since talks in April 1996 came to a standstill. When the delegates returned at the end of April, it was unclear when or whether talks would resume. In the meantime, the government took the trouble to go to Kolda in Casamance to announce the revival of a border security agreement with Guinea.

University students clash with the police—

In late January students at Gaston Berger University (formerly the University of Saint Louis) went on strike to back demands for improved conditions; they ended their action a few weeks later after winning some concessions. On March 13 a more serious round of student agitation began at the larger Cheikh Anta Diop University in Dakar, with demands including improved conditions on campus, the expansion of a subsidised meal programme and greater fairness in awarding scholarships. Police moved in immediately, using tear gas to stop students marching to the rector's office. Clashes soon escalated, leading to stone-throwing, barricades on the streets around the university, the burning of some university offices and numerous arrests. The university agreed to concessions as confrontations spread to high schools, and the strike was suspended on April 1.

—and find sympathy among disgruntled teachers

The national office of the Syndicat unique et démocratique des enseignants du Sénégal (SUDES) denounced the police's "authoritarian and repressive" response to the student agitation, while the Syndicat autonome des enseignants du supérieur (SAES) conducted a two-day strike of its own at the Dakar university in late March to demand a higher housing subsidy. Like other unionised sectors of labour (see The economy), Senegal's various teachers' unions have been growing increasingly angry about government austerity measures, which have led to stagnant salaries, limited benefits and the use of temporary volunteer teachers in some primary schools. SUDES and two other teachers' unions organised a widely followed 24-hour national strike in primary and secondary schools on January 14. When Intersyndicale, a grouping of seven unions, attempted to meet the following month to consider further action, they were blocked by police intervention. This only added to their bitterness; some of the individual unions organised sit-ins at the Ministry of Education and held another national strike on March 18-19, which was widely observed in both Dakar and Saint Louis.

Opposition parties demand an independent electoral commission—

For several months after last year's local elections it seemed that the disappointment and anger of the opposition parties might once again spill out into street violence, as it has following almost every election in Senegal over the past decade. But adroit manoeuvring and some conciliatory gestures by Mr Diouf's team meant that by and large the opposition kept its expressions of frustration confined to sharply worded manifestos and verbal exchanges. The opposition's main concern, as it was before the local government elections, has been the establishment of an independent electoral commission, the Commission électorale nationale indépendante (CENI). They believe that the current system, with voter registration and elections organised by the Interior Ministry, is stacked in favour of the ruling PS, whose patronage dominates the administration.

—and threaten to take their case to international donors

Most provocatively, a joint statement by 19 of the opposition parties drew attention to the CFAfr1.4bn ($2.74m) in electoral aid that the government received from abroad, suggesting that leading officials had misused the funds for election-rigging. The "Collective of 19", as the opposition grouping came to be known, then announced that it would send delegations to Europe and North America to appeal for an end to all electoral aid to Senegal until the conditions existed for "transparent, free and democratic" elections, guaranteed by an independent electoral commission. As a number of donors have been favourable to independent commissions in other African countries, the opposition believes it may receive a sympathetic hearing.

The PS reacts with charges of destabilisation and defamation—

The day after the initial opposition statement, the political bureau of the PS blasted back with charges that the opposition was acting irresponsibly, was engaged in destabilisation, and even that it was aiming to foment a "putch". The PS said the opposition's threat to take its grievances directly to donor governments was "anti-patriotic" and would constitute a violation of Senegal's national sovereignty. Subsequent statements dismissed the call for an independent electoral commission, charging that a CENI would be dangerous and a "juridical monster". Finally, on March 5 lawyers acting in the name of the PS secretary-general, Ousmane Tanor Dieng, filed a civil suit against 12 opposition leaders, accusing them of spreading false information and defaming the PS. This prompted the opposition collective to file a countersuit against Mr Dieng and four other PS leaders, whom they accused of diverting public funds for partisan political purposes.

—but also makes conciliatory gestures

The vitriolic reaction of some PS leaders was tempered by conciliatory comments by others, especially by the party spokesman, Abdourahim Agne, who in recent months has been cultivating his image as a voice of reason, in contrast to the much harder stance of Mr Dieng. Mr Agne not only affirmed the authorities' willingness to look afresh at all electoral procedures and mechanisms, but also pointedly said that the opposition's call for a CENI was open to discussion. Mindful of the pressures on some of the parties participating in the president's unity government to pull out of the cabinet, Mr Agne also insisted that the governing coalition should be maintained, and even broadened to include still more parties.

The unity government is saved—

The opposition collective's intended tour of donor capitals was "postponed" when the PS leadership agreed to all-party consultations on electoral reform. More significantly, leaders of both the Parti démocratique sénégalais (PDS) and the Ligue démocratique-Mouvement pour le parti du travail (LD-MPT), which have five and two ministers in the cabinet respectively, decided to keep their posts in the government. Both had been under pressure from sections of their memberships and from other parties to resign on the grounds that their continued participation undermined the opposition's solidarity and blurred its stance against the PS. Announcing his decision, the PDS leader, Abdoulaye Wade, affirmed that while he was in political opposition to the PS, he was not in opposition to the government, as he was himself a member of it. Other PDS leaders made it clear that in return Mr Wade expected more favourable consideration for some of the high-profile projects he has proposed (such as a new international airport in Dakar), but which were publicly ridiculed by Mr Dieng during the heat of the election campaign.

—as the authorities hope to dampen social unrest

For Mr Diouf and the PS, the advantages of having some of the other parties in the cabinet continue to outweigh the disadvantages. Internationally, their presence lends credibility to Mr Diouf's professions of democratic pluralism. Domestically, it helps to divide and disorient the opposition. As a price for their cabinet positions, the PDS and LD-MPT leaders are expected to use their influence to help dampen antagonism towards some of the government's more unpopular economic policies. It was notable that at a mass public rally held in Dakar's Parc à Mazout on March 8 to promote the call for an independent electoral commission, Mr Wade stuck to a narrowly political script, while one of the few speakers to argue strongly about poverty, unemployment and other social problems was Landing Savané, the leader of the And-jëf/Parti africain pour la démocratie et le socialisme (AJ/PADS), which is resolutely opposed to joining the government and has been gaining in popularity.

All-party consultation looks again at electoral reform—

At the start of a process that was expected to last several weeks, two delegates from each of Senegal's 26 legally registered parties sat down on March 17 to launch the all-party consultation on electoral reform proposed by Mr Diouf. At the first open plenary session, the opposition collective's spokesman, Iba Der Thiam, strongly denounced the shortcomings of the local elections and made the case for establishing a CENI. Mr Agne, for the PS, continued in a conciliatory mode and stressed the ruling party's openness to dialogue. The delegates subsequently continued their discussions behind closed doors. Their mandate is to look at all aspects of the electoral process, from the registration of voters to the final announcement of results. The plenary sessions have the authority to make recommendations to Mr Diouf, but only by full consensus, a stipulation that should enable the PS to block any proposal not to its liking.

—but fails to resolve the basic issues

Despite the obstacles, by late April it looked as though the consultative talks were on the point of a breakthrough. Advisers working for the opposition parties completed a constitutional bill to institute the CENI, while PS leaders, who had launched the talks in the first place, were thought to see the need for "realism" in granting concessions. In the following weeks, however, as summonses were issued in the defamation case, strains resurfaced and the opposition parties withdrew from the talks, accusing the PS of not being serious in its will for a conclusive resolution.

Funding disappoints rural councils

With Senegal's regional, municipal and rural governments now expected to take on greater responsibilities for local affairs, the central authorities have decided to reallocate to them a proportion of the revenue raised through the national value-added tax (VAT). On February 17 the Fonds de dotation de la décentralisation formally came into effect, with total resources of CFAfr4.9bn. Of this, CFAfr3.1bn will go to the country's ten regional councils (which at present have no other source of revenue), CFAfr1.6bn to the municipalities and CFAfr142.7m to the rural community councils. Like the municipalities, these have access to a variety of local taxes but experience great difficulty in collecting them, given the very low incomes of most villagers. The president of the Association des présidents de conseils ruraux du Sénégal, Aly Lô, expressed disappointment that only 3% of the fund's resources was allocated to rural councils, when 60% of the population lives in rural areas.

Mr Diouf pledges further progress on human rights—

Senegal's Assemblée nationale (parliament) voted on February 26 to establish a new Comité sénégalais des droits de l'homme et de la personne humaine, a consultative body mandated to ensure compliance with basic human rights principles and legislation and to consider complaints about violations. Speaking before France's Académie des sciences d'Outre-mer the following month, Mr Diouf called for the establishment of a standing human rights court in Africa.

—but the government is taken to task over prison conditions

In a report issued in Dakar on January 13, three human rights organisations sharply criticised the conditions in the capital's Reubeuss prison, originally built in 1914. It cited severe overcrowding, declining budgets, and insufficient food, sanitation and healthcare. The report also noted "serious violations of individual rights" after the authorities put down a riot at the prison in November.

The economy

Another ESAF tranche is approved—

Recognising that Senegal has attained most of its agreed economic performance targets, on January 13 the IMF approved the final annual tranche of a three-year Enhanced Structural Adjustment Facility (ESAF). Equivalent to $51m, the loan will be disbursed in two equal instalments, the first of which was made available immediately. Originally approved in the wake of the devaluation of the CFA franc in January 1994, the ESAF credit was intended to help Senegal carry out essential reforms. Progress has been strong enough for the IMF to judge that there will be no need for another ESAF when the current one expires this year.

—while most economic indicators are upbeat

According to official government estimates, Senegal's GDP grew by 5.2% in 1996. Agriculture showed a particularly strong performance, with growth of 11.1%, as did the construction and public works sectors, which expanded by 14.5%. The official GDP growth target for 1997 is 4.5%. Inflation was kept to 2.8% in 1996, below the target level of 3%, and the government hopes to reduce it further, to 2.5%, this year. The deficit on the current account stood at 8% of GDP in 1996, a figure the government aims to reduce to 5.3% by 1999. The overall budget deficit was 1.9% of GDP and the government projects a 1% budget surplus by 1999. In 1996 gross domestic savings reached 12% of GDP, and it is projected that this will rise to 14% by the end of the decade.

Mr Wolfensohn stresses foreign investment and the private sector—

Visiting Dakar on February 9 on the first leg of a four-nation Africa tour, the president of the World Bank, James Wolfensohn, was full of praise for Senegal's economic reforms. He noted in particular that the measures taken since the devaluation of the CFA franc in January 1994 have made the country potentially attractive to foreign investors. In order to realise that potential, he urged the Senegalese government to pursue further economic liberalisation and to learn how better to "market" its advantages abroad. At a meeting at Dakar's Chamber of Commerce, Mr Wolfensohn emphasised the importance of financing for private-sector development; towards that end, he later attended the formal inauguration of the new Dakar regional office of the International Finance Corporation, the Bank's private-sector lending arm.

—but also runs into criticism of World Bank prescriptions

Not all the reactions to Mr Wolfensohn's visit were so amiable. On the eve of his arrival, the Syndicat professionnel des industriels du Sénégal (SPIDS), the main association of industrialists, issued a statement condemning the "brutal" liberalisation prescribed by the World Bank and arguing that local industry had been hurt by cheap foreign imports. A teachers' union charged that the Bank's professed anti-poverty focus was hypocritical, while the Confédération nationale des travailleurs du Sénégal (CNTS), the largest trade union federation, affiliated with the ruling PS, accused the Bank of promoting "anti-social" policies.

The unions air their grievances—

In two separate meetings, with the prime minister, Habib Thiam, and other cabinet ministers on January 14 and with Mr Diouf on February 6, all of Senegal's national labour federations had a chance to present their grievances directly. Although average inflation has returned to its pre-devaluation levels, at least on paper, many of the unions raised concerns about the high prices of water, electricity, telephones, fish and other basic items. To ease the plight of wage-earners, the budget minister, Mamadou Lamine Loum, said the government hoped to reduce tax rates on salaried incomes, while at the same time broadening the tax net for other sectors. Some debate was stirred by government efforts to eliminate automatic civil service promotions, but the unions struck a compromise by agreeing for the first time that merit rather than pure seniority could be introduced as a promotion consideration.

—and express uneasiness over privatisation

The greatest controversy, as expected, revolved around the government's privatisation policies, which over the past few years have often led to strikes and protests by workers worried about changes to jobs, seniority and benefits. Outright opposition to privatisation was raised by the head of the radical Union nationale des syndicats autonomes du Sénégal (UNSAS), Mademba Sock, in both meetings. But Madia Diop, the president of both the CNTS and the Intersyndicale, which groups the CNTS and three other federations, took a much more conciliatory stance. "Workers are becoming more and more resigned to accepting the privatisation of their enterprises," he said. "They want to become shareholders in the privatised enterprises."

Some workers win concessions, while others go on strike

Immediately after the unions' meeting with Mr Diouf, and on the president's direct instructions, the Société des transports du Cap-Vert (SOTRAC), the Dakar metropolitan bus company, released CFAfr563m in back-pay to 2,400 employees, an issue that had provoked a strike in November. A week later, at Senegal's telephone company, the Société nationale des télécommunications (SONATEL), the government made a significant concession to the employees' demands for a discount on the shares they will purchase as part of the enterprise's privatisation (1st quarter 1997, page 14). Instead of having to pay CFAfr21bn for 10% of the shares (the value to which the shares had risen following a better-than-expected deal with a Swedish-led consortium, Telia Overseas, they will be able buy them for CFAfr11.5bn, which represents a 45% discount. Of this, the workers have already raised CFAfr3.5bn in financing, with the remainder to come as a credit advance on future dividends. In a number of less strategic enterprises, however, labour disputes have led to strikes. The radical UNSAS led a week-long strike at the Société nationale des forages in mid-February over wages and other issues, while at the Banque de l'habitat du Sénégal, workers organised by the CNTS walked out at the end of March over disparities in salary increases.

The government backtracks on SENELEC's privatisation

After initially announcing in December that it would privatise the Société nationale sénégalaise d'électricité (SENELEC), the government subsequently shifted direction in the face of opposition from the Syndicat unique des travailleurs de l'éléctricité (SUTELEC), headed by Mr Sock of the UNSAS federation, which threatened a 72-hour nationwide power black-out. Although other unions in the sector favoured privatisation, provided a bloc of shares went to the workers, the government evidently decided to avoid a confrontation. Stressing the continued importance of bringing in external and private Senegalese capital to finance SENELEC's ambitious rehabilitation and expansion programme, the communications minister, Serigne Diop, said that a plan would nevertheless be worked out in partnership with workers.

Dakar merchants strike to protest against rice seizures

With domestic rice production barely covering one-fifth of the country's annual consumption of over 500,000 tons, import prices are always a sensitive issue. In March the Ministry of Commerce, Crafts and Industry, worried about speculative peaks in Dakar at a time when world market prices have been in decline, issued a directive restricting profit margins on imports to between CFAfr10,000/ton and CFAfr15,000/ton. Confiscations accompanying the directive led to a one-day merchants' strike, organised by the Union nationale des commerçants et industriels du Sénégal (UNACOIS), which was also behind protests last August against the introduction of VAT. The directive has been popular with consumers, however, and UNACOIS stressed that its actions were in response to stock seizures and other instances of alleged police harassment.

Woodcutters are upset over higher taxes

Two forestry organisations, the Union nationale des coopératives forestières and the Fédération nationale des organismes d'exploitants forestiers, have appealed to the government to postpone raising taxes on forest products until 2000. However, the government, which first announced the tax increase in February, is adamant that it will go into effect in time for the 1996/97 season. Its arguments are both environmental and fiscal. Cutting in managed areas, which are replanted, will be taxed at CFAfr500-700 per quintal (100 kg), while unmanaged areas will attract a rate of CFAfr500-1,400. In addition, while taxes remained static, retail prices of charcoal and fuelwood more than doubled following the devaluation of the CFA franc in 1994.

Agriculture and fishing

Mr Diouf promises the "year of agriculture"—

Following the pattern of high-level consultations with labour and employer representatives, the government organised two general meetings to hear the concerns of farmers, the first of which was chaired by Mr Thiam on January 16 and the second by Mr Diouf on February 13. Having proclaimed 1997 the "year of agriculture", Mr Diouf and his ministers recited long lists of measures to boost agricultural production and incomes.

—but he also insists farmers repay their debts

Among the various concerns raised by farmers' organisations during the meetings, the problem of agricultural debt, which currently totals some CFAfr12bn, emerged as a particular worry. "Farmers can't absorb all of this debt," said Samba Gueye, secretary-general of the Comité national de concertation des ruraux (CNCR), which comprises nine farmers' associations with a total of 3 million members. While acknowledging that repayment difficulties were partly caused by inadequate state marketing and input services, neither Mr Thiam nor Mr Diouf gave any indication that debts to state suppliers would be forgiven. They did, however, pledge that more financing would be made available through the Caisse nationale de crédit agricole, at a lower, single-digit interest rate.

Rice farmers face marketing and credit problems—

The particular difficulties of rice producers in the Senegal river valley also arose during the meetings. Because they had still not been able to sell some 5,400 tons left over from the 1995/96 harvest, it was said to be impossible for them to pay off their debts, estimated at CFAfr1bn, and suppliers have been reluctant to advance new credits for the current season. Two days after the farmers' meeting with Mr Diouf, various state institutions, from the food security office to the army and prisons service, began buying up the excess stocks at the direction of the government. However, because of the delays in getting new credits, rice plantings had already declined from 34,000 ha to only 20,000 ha this season.

—while groundnut smuggling increases

Although the government had projected a 7.5% increase in groundnut production in the 1996/97 season, to 850,000 tons, reports from Ziguinchor, Tambacounda, Kolda and other areas during the first three months of 1997 indicated lower than expected collections. One reason, officials concede, is an increase in groundnut purchases by well-financed private merchants, known as *bana-banas*, who operate in competition with the publicly owned Société nationale de commercialisation des oléagineux de Sénégal (SONACOS). The merchants, who sell their stocks in neighbouring countries, offer CFAfr150/kg compared with SONACOS's price of CFAfr126/kg, and without the latter's delays in payment. Cotton production is expected to rise in the 1996/97 season to some 40,000 tons compared with the previous season's 31,000 tons; however, this is lower than the 50,000 tons previously projected by the cotton parastatal, the Société de développement des fibres textiles (SODEFITEX).

A new EU fishing accord is finally signed

Nearly five months after EU fishing vessels had to withdraw from Senegalese waters, a new, four-year fishing accord was signed in Dakar on March 26. Covering the period from April 1, 1997, to March 31, 2001, the agreement stipulates that the EU will pay Senegal Ecu12m ($15.2m) per year in compensation, more than the Ecu9m provided in the previous accord, but significantly less than the Ecu18m which the government had been asking. Nevertheless, Senegal won important new clauses designed to protect its stocks from overfishing, a key concern of artisanal fishermen, who account for the bulk of Senegal's own catch. The accord sets an annual limit of 10,000 tons for EU trawlers, compared with 13,000 tons under the previous accord, while open-sea vessels are limited to 25,000 tons. However, EU vessels with capacities of less than 150 tons are now permitted within 12 miles of the Senegalese coast for the first time, a concession that was denounced by the Collectif national des pêcheurs artisanaux du Sénégal, one of the artisanal fishing associations.

Energy and transport

A major gas reserve has been discovered—

Just in time to boost Senegal's ambitious electricity development and rehabilitation programme, the state-owned Société des pétroles du Sénégal (Petrosen) announced in late February that it had discovered a deposit of natural gas estimated at up to 10bn cu metres in Gadiaga, near Thiès. This new discovery dwarfs a previous find in 1993 of 500m cu metres in Diamniadio. Petrosen's director-general, Ousmane Ndiaye, said that the new reserve would be devoted solely to supplying electricity, and that the size of the deposit was sufficient to generate 50 mw per year for the next 30 years. Mr Ndiaye reported that Petrosen had spent $10m in exploration costs and estimated that a further $60m in investments would be needed to exploit the reserve.

—and oil imports and distribution are being liberalised

The publicly owned Société africaine de raffinage (SAR) is to lose its monopoly on the import, storage and distribution of oil and other petroleum products this year, with private companies now permitted to invest in such activities. SAR currently imports some 950,000 tons of oil per year, in addition to another 80,000 tons that are re-exported after refining to neighbouring countries, especially Mali. With refining costs of just $37.70/ton, the SAR refinery is ranked by the World Bank as one of the cheapest in its class in West and Central Africa. Given the high costs of investing in new oil storage and distribution facilities, it is possible that prospective private operators may seek to buy or lease some of SAR's existing capacity, in turn providing additional financing for the enterprise's own investment programme.

Dakar-Marine is partially privatised

The Dakar ship-repair enterprise, Dakar-Marine, which has been undergoing restructuring for the past decade, is being split into two new entities. A state-owned management company will take responsibility for rehabilitating and maintaining the repair yards, while Lisnave Internacional, a private Portuguese firm, will run the yards. The new operation, to be known as Dakarnave, hopes to expand activities to include repairs on international shipping, although it will keep only 240 of Dakar-Marine's 437 permanent employees.

Foreign trade and payments

External debt rose in 1995—

Having fallen slightly in 1994, Senegal's total external debt stock rose by $186m in 1995, to $3,845m at the year-end, according to the World Bank's *World Development Finance* (formerly the *World Debt Tables*). The increase was made up of public debt from official creditors ($165m), almost all of it concessional, while private credits fell by around $20m, to $803m. However, with total debt-service payments also rising, to $296m, interest arrears on long-term debt were substantially reduced. As a result of good growth in recent years, total debt stocks have declined as a percentage of GNP, from 98.6% in 1994 to 82.3% in 1995, although this is well above the low of 62% seen in 1992. The increase in debt-service payments increased the debt-service ratio to 17.3%, from 15.1% the previous year.

Senegal: external debt
($ m)

	1994	1995
Total external debt	3,659	3,845
Long-term[a]	3,096	3,235
Short-term	262	263
of which:		
interest arrears on long-term debt	39	13
Use of IMF credit	300	347
Total debt service paid	223	296
Principal repayments	151	223
Interest payments	72	74
Disbursements	199	247

[a] Maturity over one year.

Source: World Bank, *Global Development Finance.*

—while aid flows remained relatively stable

Net aid flows remained relatively stable in 1995, according to the latest edition of the OECD Development Assistance Committee's *Geographical Distribution of Financial Flows to Aid Recipients.* The country received net aid inflows of just over $1bn, roughly average for the 1990s, although the total was $54.2m lower than in 1994. The whole of the year-on-year fall was due to the decrease in bilateral receipts from France, far and away Senegal's largest source of aid, from $280.8m to $228.1m. Receipts from other bilateral sources also fell, including those from Japan, the USA, Canada, Italy and Spain, while receipts increased from several important multilateral sources, including the EU, the World Bank and the IMF.

Senegal: net official development assistance[a]
($ m)

	1994	1995
Bilateral donors	476.5	409.4
of which:		
France	280.8	228.1
Japan	76.9	72.8
USA	30.0	22.0
Germany	18.3	17.0
Multilateral donors	645.0	668.9
of which:		
IDA	48.7	101.0
EU	69.6	75.2
IMF	–1.0	42.3

[a] Disbursements minus principal repayments on earlier lending. Official development assistance is defined as grants and loans with at least a 25% grant element, provided by OECD and OPEC member countries and multilateral agencies, and administered with the aim of promoting development and welfare in the recipient country.

Source: OECD Development Assistance Committee, *Geographical Distribution of Financial Flows to Aid Recipients.*

The entire country becomes an export free-zone

In a law signed by Mr Diouf in October, all of Senegal has become an export free-zone, along the lines of similar regimes in Mauritius and Tunisia. The move follows the relative failure of the existing Zone franche industrielle de

Dakar (ZFID), which has not had a new application since 1991 and where only a dozen of the 32 export enterprises that once operated there remain. Under the new system, any Senegalese or foreign-owned company that exports 80% or more of its output can benefit from reduced taxation, lower customs duties and few restrictions on staff recruitment, for renewable periods of 25 years. In late January the association of enterprises in the existing ZFID expressed concern that the new regulations might erode their own position, in part by raising the export requirement from 60% to 80%.

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 16 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
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
The government	Following the January 16 inauguration of House of Assembly delegates, the new cabinet was announced in March 1997

	President & minister for defence	Yahyah Jammeh
	Vice-president & minister for health, social welfare & women's affairs	Isatou Njie Saidy
Key ministers	Agriculture	Musa Mbenga
	Civil service	Mustapha Wadda
	Culture & tourism	Susan Waffa-Ogoo
	Education	Satang Jow
	External affairs	Omar Njie
	Finance & economic affairs	Dominic Mendy
	Interior & religious affairs	Momodou Bojang
	Justice & attorney general	Hawa Sisay Sabally
	Local government & lands	Yankuba Touray
	Presidential affairs, national assembly, civil service, fisheries & natural resources	Edward Singhateh
	Public works, communications & information	Ebrihima Ceesay
	Trade, industry & employment	Famara Jatta
	Youth & sports	Lamin Bajo
Central Bank governor	Clarke Bajo	

Economic structure

Latest available figures

Economic indicators	1992	1993	1994	1995	1996[a]
GDP at market prices[b] D m	2,948	2,519	2,886	n/a	n/a
Real GDP growth[b] %	5.4	1.4	1.5	–6.5[c]	3.2[c]
Consumer price inflation %	9.5	6.5	1.7	7.0	1.1[d]
Population[e] '000	986	1,026	1,080	1,120	1,161
Exports fob[b] $ m	147.0	157.0	125.0	123.0	130.0
Imports fob[b] $ m	177.8	214.5	181.6	162.5	168.0
Current account[b] $ m	37.2	–5.3	8.2	–8.2	n/a
Reserves excl gold $ m	94.0	102.2[f]	98.0	106.2	101.8[d]
Total external debt $ m	403.4	425.4	421.3	425.6	n/a
External debt-service ratio %	12.7	11.7	14.4	14.0	n/a
Groundnut production[g] '000 tons	84.2	54.9	76.7	80.8	32.0
Charter tourists[b] '000	65.8	63.9	90.0	43.3	67.1[c]
Exchange rate (av) D:$	8.89	9.13	9.58	9.55	9.78[d]

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Origins of gross domestic product 1994[b]	% of total
Agriculture	23
Industry	12
Services	65
GDP at factor cost	100

Components of gross domestic product 1994[b]	% of total
Private consumption	74
Government consumption	18
Gross domestic investment	20
Exports of goods & services	53
Imports of goods & services	–65
GDP at market prices	100

Principal exports 1993[b]	$ m
Fish & fish preparations	2.7
Groundnuts (shelled)	1.5

Principal imports 1993[b]	$ m
Food	77.5
Machinery & transport equipment	61.7
Manufactures	52.7
Minerals & fuel	15.7

Main destinations of exports 1995[h]	% of total
Japan	29.2
Senegal	10.8
Hong Kong	9.2
France	7.7

Main origins of imports 1995[h]	% of total
China	20.3
Côte d'Ivoire	13.9
Hong Kong	9.8
UK	7.6

[a] EIU estimates. [b] Fiscal year ending June 30. [c] Official estimate. [d] Actual. [e] Based on 1993 census. [f] End-September. [g] Crop years ending in calendar years. [h] Derived from partners' trade returns, subject to a wide margin of error.

Outlook for 1997-98

Mr Jammeh is trying to build new alliances abroad—

Aware of the fact that his regime is not looked on favourably by The Gambia's longstanding allies and aid donors, the UK, the Commonwealth and the USA, and of the distinctly faint praise with which his recent transition from army coup leader to elected civilian president was received by the EU, the president, Yahyah Jammeh, is bent on building productive alliances elsewhere. He is not the only aid-hungry African president to have capitalised on Taiwan's desperate search for diplomatic recognition: The Gambia's friendship with Taipei has already yielded generous helpings of new bilateral assistance, and will no doubt continue to do so. Mr Jammeh has also cultivated alliances with Egypt, Libya, Nigeria and Iran.

—but he still needs the approval of the big donors

In the longer term, however, The Gambia's government still needs the major sources of bilateral and multilateral assistance and debt relief on which it has depended for decades, with as much as 70% of government revenue coming from aid in the years directly before the coup. The country's only other significant sources of foreign exchange, tourism and groundnut exports, have been badly hit since 1994, the former by European reactions to the military takeover and the latter by poor rainfall. The once profitable re-export trade to Senegal and other Franc Zone states has been hit by currency restrictions in those countries and by the devaluation of the CFA franc.

In terms of restoring aid, Mr Jammeh has taken the right steps. He has retired from the army and become a civilian, won an election and will probably be The Gambia's president, by fair means or foul, for many years to come. But donors will wait to see whether the country moves to real rather than cosmetic democracy and whether the government is prepared to respect human rights. This in turn depends on whether the government can control the armed forces. Anecdotal evidence suggests that it cannot.

The economy may be entering a difficult patch—

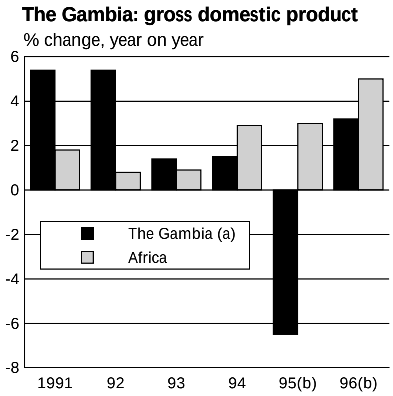
Agriculture has had two poor years. Groundnut output has fallen drastically and the sector desperately needs aid, in the form of inputs, investment and training. Tourism has been slow to recover and remains highly sensitive to the political situation, although if Mr Jammeh can keep order in the streets without creating an oppressive atmosphere, it should be able to maintain its recovery.

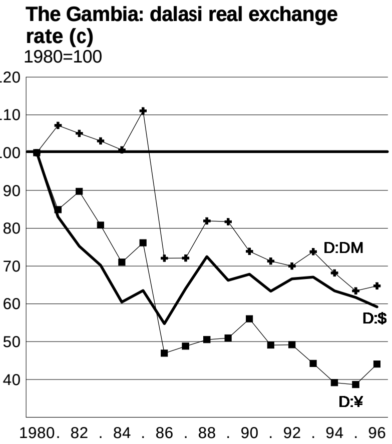
—and the government should heed the Central Bank—

The Central Bank of The Gambia has called for confidence-building measures in order to bring the private sector more strongly into the development process, pointing out the need for a "prudent and appropriate" fiscal policy in order to maintain stability. In the early years of Mr Jammeh's rule, the authorities relied heavily on confiscation of assets from discredited former politicians and officials, but this is clearly only a short-term source of revenue and a well-managed taxation system is now being called for.

—if its growth projections are to stand any chance

The government's hopes for 3.2% GDP growth in fiscal year 1996/97 (July-June) remain realistic, but matching even that modest level of growth may be difficult in 1997/98. Estimates of tourist numbers in the region of 80,000-90,000 in the current season may have to be scaled down and the poor groundnut crop will also have an impact.





(a) Fiscal years starting July 1. (b) Official estimates. (c) Nominal exchange rates adjusted for changes in relative consumer prices. Sources: EIU; IMF, *International Financial Statistics; World Economic Outlook.*

Review

The political scene

Opposition MPs demand a government—

On February 27, six weeks after The Gambia's newly elected House of Assembly (parliament) began sitting, members of the opposition United Democratic Party (UDP) walked out, protesting that the president, Yahyah Jammeh, had failed to form a government, as required by the new democratic constitution which the former coup leader had sworn to honour (1st quarter 1997, pages 24-25). The UDP has seven of the 16 opposition seats in the 49-member Assembly.

—after Captain Singhateh's age becomes an issue—

The reason for the delay was that Mr Jammeh had wanted his former fellow officer in the Gambian army and, until then, the defence minister, Edward Singhateh, to become his vice-president. However, the constitution specifies that both the president and the vice-president must be aged between 30 and 65. Mr Jammeh had himself introduced the age stipulations as a device to keep out a generation of former politicians (3rd quarter 1996, page 23). In February this year, Mr Singhateh was only 27, four years the president's junior.

—until a suitable post is found for him—

When Mr Jammeh finally announced his new 13-member government on March 7, Mr Singhateh—now calling himself Captain (rtd)—emerged with a newly created super-ministry under the title of Secretary of State to the Presidency, with responsibility for presidential affairs, relations with the assembly, the civil service, fisheries and natural resources. Four ministers in the outgoing government lost their portfolios: Lamin Bajo (interior), Baboucar Blaise Jagne (exterior affairs), Amina Faal-Sonko (youth and sports) and Bala Garba Jahumpa (finance and economic affairs).

—but the opposition still has objections

There was still no vice-president, and in a statement on March 10 the UDP leader, Ousainou Darbo, a lawyer, alleged that the new government had no legal standing. Mr Darbo argued that the formation of a government without a vice-president was a violation of Article 67 of the constitution, which could even lead to the dismissal of the president. Ten days later Mr Jammeh named as vice-president Isatou Njie Saidy, who also retained her position as secretary of state for health, social welfare and women's affairs. An economist who studied in the UK, the Netherlands and the Philippines, Mrs Njie Saidy was chairman of the Gambian Women's Union before her appointment to the government in July 1996 (3rd quarter 1996, page 24).

The president honours a pledge to free political detainees—

Twelve political prisoners, five of them members of the security forces, were freed from detention on February 3 under a presidential decree marking Ramadan, the Muslim month of fasting, and Mr Jammeh's return from a pilgrimage to Mecca. They included Pa Sallah Jagne, who was chief of police under the overthrown former president; his former deputy, Ebrahima Chonga; Mr Jammeh's former chief-of-staff, Ebrahima Kambi, who had been accused of plotting against the president; and Lamin Waa Juwara, a former MP who has been arrested repeatedly since Mr Jammeh seized power. The French news agency, Agence France-presse (AFP), reported on February 18 that the only detainees remaining were two army corporals accused of attempting a coup against Mr Jammeh in November 1994 (4th quarter 1994, page 22; 1st quarter 1995, pages 18-19).

—but the authorities are still edgy

The return of democratic government has not, however, brought a return to the free-and-easy lifestyle to which Gambians and European tourists had grown accustomed during three decades of benign neglect under the former president, Dawda Jawara, and Mr Jammeh and his group are always on the lookout for signs of dissidence. Three weeks after the latest releases of detainees, the commander of the presidential guard, Lieutenant Sanneh, was taken into custody. Four Liberian journalists found themselves harassed by the authorities in various petty ways in January before being deported: their newspaper, the *Daily Observer*, had just reported on an allegedly corrupt transaction between senior government figures and a Swiss bank. More generally, there are persistent reports of official paranoia, marked by periodic spates of arbitrary arrests, the seizing of private property, especially cars, and increasing boldness and violence on the part of the feared National Intelligence Agency.

Relations with Taiwan are all smiles—

The Dutch presidency of the EU issued a statement on January 27 congratulating "the people and the independent electoral commission" on the way in which the legislative elections in January had been conducted, while also noting that the ban on three former political parties was still in force. Relations with Taiwan, however, have flourished. Taiwan is currently The Gambia's biggest bilateral aid donor and its foreign minister, John Chang, arrived in Banjul on January 20 for two days, receiving a warm welcome from Mr Jammeh who thanked Taiwan for its support since diplomatic relations were established in July 1995, to the annoyance of Beijing (3rd quarter 1995, page 20; 4th quarter 1995, page 23). So far, Taiwanese aid has focused on help with rice cultivation, medical training and provision, and road building.

—and Mr Jammeh visits Egypt and Nigeria

Mr Jammeh made a four-day visit to Egypt in late January, on his way to Mecca. He met the Egyptian president, Hosni Mubarak, and a joint communiqué spoke of the two countries' desire for close cooperation in a variety of fields, including tourism and technical assistance. The following month he went to the Nigerian federal capital, Abuja, for two days of talks with the Nigerian head of state, Sani Abacha. In an official statement General Abacha praised Mr Jammeh for restoring democratic rule; a Nigerian spokesman said that the military leader had briefed the Gambian president on Nigeria's plans for local government elections and on his regime's commitment to "a successful transition to civilian rule". Both leaders have incurred the reproach of the Commonwealth, which in February reiterated concerns about the "flawed" process of Gambian democratisation.

The economy

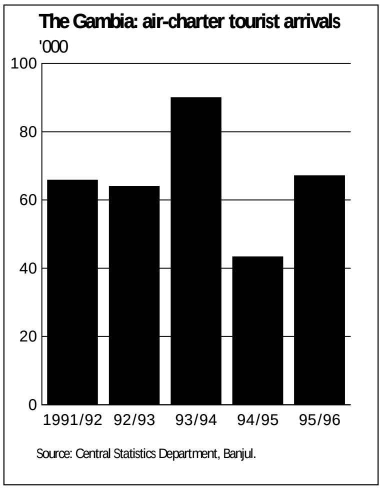
Groundnut farmers have had a disastrous season but tourism is rising

According to the latest official figures, total arable output for 1993/94-94/95 was relatively stable at around 175,000 tons, with an 11.6% fall in coarse grains, particularly maize, offset by a rise in rice production from 12,060 tons in 1993/94 to 20,270 tons in 1994/95. Since then, however, production of groundnuts, the country's main export, has fallen off drastically. In 1994/95 a 9.2% expansion of land under cultivation produced 80,800 tons, while the total harvest for 1996/97 was only 16,000 tons. The director-general of the Gambia Cooperative Union (GCU), Lamin William Jammeh, blamed low and unevenly distributed rainfall, the poor state of much of the country's arable land, inadequate planting, the drift of farm workers to towns, shortage of fertilisers and a lack of cooperation between the agricultural services and farmers. Many donors withdrew their support for the union, which acts as both bank and wholesaler for its 110,000 members, following financial scandals in 1989 and 1993.

The Gambia: groundnut cultivated area and production

	Area ('000 ha)	Production ('000 tons)
1990/91	92.2	74.5
1991/92	81.9	84.2
1992/93	67.0	54.9
1993/94	65.4	76.7
1994/95	79.7	80.8
1995/96	n/a	32.0
1996/97	n/a	16.0

Sources: Ministry of Agriculture; Gambia Produce Marketing Board; Gambia Cooperative Union.



The latest available statistics for tourist visits show that in the 1995/96 financial year 67,098 air-charter tourists visited The Gambia, compared with 43,317 in 1994/95 following the coup, when the contribution of hotels and restaurants to GDP fell by 60%. The government and hotel operators have had little success in diversifying the sources of tourists away from the UK, Scandinavia and Germany. But now that the UK and other European governments have withdrawn their advice against visiting The Gambia, the number of arrivals is likely to continue to rise.

A weaker balance of payments reflects political events—

The balance-of-payments position, as disclosed by the Central Bank, weakened in 1994/95 from an estimated surplus of SDR4.5m in 1993/94 to a deficit estimated at SDR4.9m. A significant cause was the ban on the repurchase of CFA franc notes by the issuing authorities in neighbouring Franc Zone countries, with which The Gambia had built up a profitable re-export trade. Meanwhile, the fallout from the coup affected tourism, foreign direct investment and short-term trade finance. The deficit was financed by drawing on official reserves, which nevertheless increased due to a lower import bill, bringing reserve cover at the end of June 1995 to the equivalent of six months of imports.

—which were also reflected in lower GDP

GDP was estimated to have fallen by 6.5% in 1994/95 in real terms, to D564.59 from D604.05m in 1993/94, as a result of a broad deterioration across the economy. Consumer prices appear to have remained fairly stable over the past few years and not to have been affected unduly by the political and external factors which affected the economy as a whole; official figures show that consumer price inflation averaged 1.1% in 1996. According to the Central Bank, in order to achieve its aims the government needs to focus on stability, strengthen the primary role of the private sector in the development process, rationalise its revenue base and continue to tighten fiscal and monetary policies.

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 Assemblée nationale, consists of an upper house with 56 senators and a lower house with 79 deputies	
National elections	January 1992 (presidential), October 1996 (legislative); next elections due in December 1997 (presidential) and October 2001 (legislative)	
Head of state	President, elected for a renewable six-year term	
National government	The president and his appointed Council of Ministers; last major reshuffle May 1997	
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 (UFD)	
	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	Khattry Ould Jiddou
	Defence	Mohamed Yeslem Ould Vil
	Education	S'Ghaïr Ould M'Bare
	Finance	Camara Aly Gueladio
	Fisheries & the maritime economy	Boïdel Ould Houmeid
	Foreign affairs & cooperation	Abdallahi Ould Neme
	Health & social affairs	Mohamed Mahmoud Ould Dahmane
	Information & relations with parliament	Rachid Ould Saleh
	Interior, posts & telecommunications	Kaba Ould Elewa
	Mines & industry	N'Gaidé Lamine Kayou
	Planning	Mohamed Ould Amar
	Rural development & environment	Ahmed Salem Ould Saleck
	Trade, crafts & tourism	Abou Demba Sow
	Water & energy	Ahmed Killy Ould Cheikh Sidya
Central Bank governor	Ahmed Ould Zein	

Economic structure

Latest available figures

Economic indicators	1992	1993	1994	1995	1996[a]
GDP at market prices UM bn	103.6	114.0	126.9	138.6	150.1
Real GDP growth %	1.6	5.5	4.6	4.6	4.7
Consumer price inflation %	10.1	9.3	4.1[b]	6.5[b]	4.8
Population m	2.11	2.16	2.21	2.28	2.34
Exports fob $ m	341	392	401	483	448
Imports fob $ m	359	368	357	330	330
Current account $ m	–88	–91	–52	3	20
Reserves excl gold $ m	61.2	44.6	39.7	85.5	141.2[c]
Total external debt $ m	2,134	2,174	2,329	2,467	2,351
External debt-service ratio %	18.1	30.1	24.4	21.5	22.5
Iron-ore exports ’000 tons	8,010	9,737	10,342	11,514	11,158
Fisheries output ’000 tons	289	313	196	287	250[d]
Exchange rate (av) UM:$	87.0	120.8	123.6	129.8	137.2[c]

May 23, 1997 UM145.78:$1

Origins of gross domestic product 1994	% of total
Agriculture & fishing	24.9
Mining	12.3
Manufacturing	3.9
Services	41.5
GDP at factor cost incl others	100.0

Components of gross domestic product 1994	% of total
Private consumption	82.6
Public consumption	10.2
Gross fixed investment	16.1
Exports of goods & services	42.1
Imports of goods & services	–50.9
GDP at market prices	100.0

Principal exports 1995	$ m
Iron ore	203.0
Fish & fish products	132.3
Gold	14.4

Principal imports 1994	$ m
SNIM	103.9
Food	101.1
Fuel	33.5
Transport equipment & machinery	30.9
Consumer goods	12.7

Main destinations of exports 1995[e]	% of total
Japan	27.2
Italy	18.3
France	12.4
Spain	11.0

Main origins of imports 1995[e]	% of total
France	23.9
Spain	8.0
USA	7.4
Belgium-Luxembourg	5.7

[a] EIU estimates. [b] IMF estimate. [c] Actual. [d] Official estimate. [e] Derived from partners’ trade returns, subject to a wide margin of error.

Outlook for 1997-98

Cabinet shifts may signal deeper change—

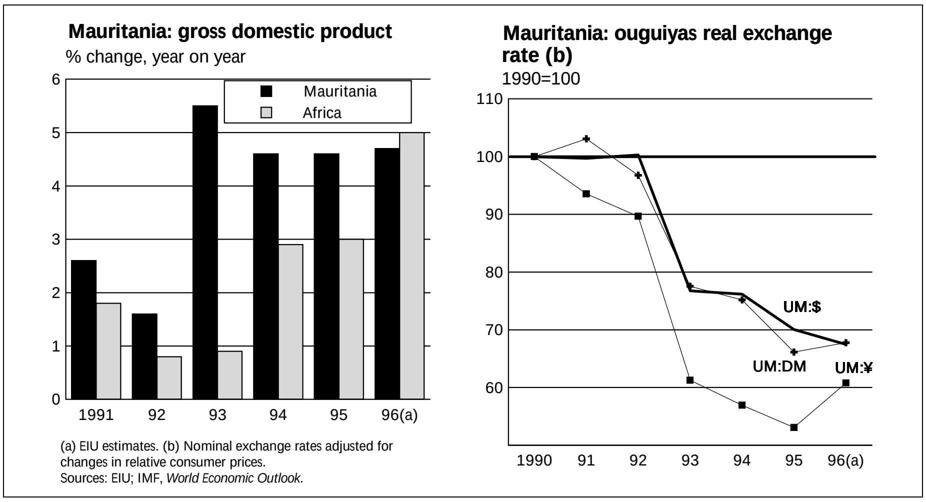
Cheikh El Avia Ould Mohamed Khouna has made six changes in his cabinet since taking over as prime minister in January 1996, the latest of which involved five portfolios in mid-February. More sweeping changes had been widely expected, and may still be in the pipeline. The departure of the prime minister himself has also been widely predicted, not only because of the patent instability of the government and widely reported rifts between various ministers, but because his predecessor, Sidi Mohamed Ould Boubacar, has now completed his job of ensuring the ruling Parti républicain démocratique et social (PRDS) won a sweeping victory in the legislative elections. With less than nine months to go before the presidential elections, it is unlikely that the president, Maaouya Ould Sid'Ahmed Taya, would wish to delay any further cabinet change.

—while blaming Nasserists veils the true issues

Negro-Mauritanians, Islamic fundamentalists, Baathists and Nasserists are frequently accused of acting against the general interests of the state, and of fomenting "plots" against the government. In the latest turn of events, the Nasserists have been accused of developing links with a foreign power (Libya), of being behind student unrest and threatened strikes in the teaching profession, and even of causing the diplomatic rift between Nouakchott and Washington arising from accusations that slavery is still practised in Mauritania. But the campaign against them that erupted last January appears to have run out of steam. Nasserists close to the ruling majority escaped the police action and only prominent members of the opposition (and two marginalised members of the PRDS) were arraigned, while all but one of those arrested have now been released. It is difficult to disentangle this incident from the reopening of diplomatic ties with Libya in early April, a rapprochement brokered by Tunisia in the hope of relaunching the moribund Arab Maghreb Union. The campaign also served to breed suspicion of opposition personalities, especially the leader of the Action pour le changement, Messaoud Ould Boulkheir, and to provide a convenient scapegoat for a wave of protests and strikes.

Financial progress is made at a social cost

Mauritania has enjoyed excellent relations with its financial and economic partners in recent years. After receiving the IMF seal of approval last November, the EU has announced a $100m funding package for projects under the eighth round of the European Development Fund (EDF), the African Development Bank (ADB) has resumed project funding within the concessional African Development Fund (ADF) window and, more importantly, Mauritania has completed a debt buy-back operation that wipes out all commercial debts and opens the way for renewed access by the private sector to international capital. Nevertheless, the progressive introduction of value-added tax as an accompaniment to reform of the foreign trade regime is likely to cause domestic concern, with the removal of exemptions from petrol and cooking gas already serving as the basis for student protests and an opposition demonstration.



(a) EIU estimates. (b) Nominal exchange rates adjusted for changes in relative consumer prices.
Sources: EIU; IMF, *World Economic Outlook*.

Review

The political scene

The cabinet is reshuffled again

It is not easy to keep track of who is in charge at the various government departments in Mauritania. Just six weeks after the mini-shuffle in early January (1st quarter 1997, page 33) the president, Maaouya Ould Sid'Ahmed Taya, introduced a further "technical" adjustment involving the exchange of portfolios between five of his cabinet ministers (the sixth reorganisation since Cheikh El Avia Ould Mohamed Khouna was appointed prime minister in January 1996). Mohamed Ould Amar, appointed minister for defence in the post-election reshuffle in October 1996 (4th quarter 1996, page 36), has moved back to his former job at the Planning Ministry. He lost his cabinet seat in October 1995, following the discovery of a so-called Baathist plot, but was reinstated in March 1996 and now appears to have completed his rehabilitation. Mohamed Yeslem Ould Vil, who joined the cabinet last October, takes over at defence and is replaced at the Ministry of Water and Energy by Ahmed Killy Ould Cheikh Sidya (who also entered government for the first time last October, as minister for planning). The other change is a straight swap of responsibilities: Boïdiel Ould Houmeid took over fisheries, a sector overhauled by his predecessor, Abdallahi Ould Neme, who was given the job of performing a similar feat at the Ministry of Rural Development. He held this portfolio for an even shorter time, however, moving upwards to take over the Foreign Ministry in another cabinet adjustment in May.

The president continues his nationwide tour

In early April the president delivered a speech in the country's economic capital, Nouadhibou, in which he thanked the province for returning candidates of his Parti républicain démocratique et social (PRDS) to the national legislature (the town had previously been in the opposition camp). His visit follows a similar trip to the Trarza region late last year (1st quarter 1997, page 33), and was marked by the formal announcement of defections to the ruling party by local leaders of the Union des forces démocratiques (UFD), and the presence of notables from the Union pour la démocratie et le progrès (UDP) in the presidential cortege. The president will complete his nationwide tour in June with a visit to the southern region of Gorgol. In the meantime, electoral registers are to be revised in July and August in time for the presidential elections, which have been brought forward from January to December to avoid clashing with Ramadan, the Muslim month of fasting.

Opposition parties regroup to fight elections—

Five of the leading opposition parties in Mauritania have decided to join forces to fight the presidential election. The new Front des parties de l'opposition (FPO) groups Action pour le Changement (AC) led by Messaoud Ould Boulkheir, the UFD led by Ahmed Ould Daddah, the faction of the UDP led by Mohammed Ould Babah, the Nasserist Alliance populaire progressiste (APP) led by Mohamed Ould Hafedh Ould Ismail, and the Baathist Parti de l'avant garde nationale (PAGN, also known as Atalia'a). The main aim of the FPO is to coordinate the opposition strategy towards the presidential elections. Its demands include the formulation of a consensual electoral code, the establishment of an independent electoral commission and access for political parties to the state-run media. The realignment followed months of negotiations in the wake of the opposition rout in the October 1996 legislative elections (4th quarter 1996, pages 33-34). The FPO claims to be in favour of a pluralist democracy and the maintenance of liberal economic policies, while stressing the need for respect for Islam and its principles. The parties involved have also joined the debate on slavery (see below) and seek the rapid return of Mauritanian refugees still living in Senegal.

—but the UDP may join the presidential camp—

The larger of the two groups to emerge from the split of the UDP has opened wide the door to a rapprochement with the PRDS. The faction led by Hamdi Ould Moukness, issued a statement after the formation of the FPO denying all involvement in the front, and calling on Ahmed Ould Daddah and his new partners to stop "sowing doubt and confusion" regarding the leadership and the goals of the "true" UDP. In an interview with a French magazine, *Jeune Afrique*, the party leader said that he was open to dialogue with the presidential majority and that, if consensus could be reached, he could not ask for anything more. Asked if he would support Ould Taya's candidacy for the presidential ballot in January 1998, he said there were no reasons to prevent his party backing whichever candidate was dedicated to maintaining the policies advocated by his party, policies which he felt were being pursued by the present government.

—and the MND threatens to quit the UFD

The massive defeat of opposition candidates in the 1996 elections continues to create waves. The latest hints of defections from the UFD surfaced in early April, when leaders of the Mouvement nationale démocratique (MND) published an appeal for greater dialogue with the presidential party. The MND has been the principal component of the UFD since the departure of the Haratine movement, El-Hor, and the Negro-Mauritanian Crisis Committee, which together form the backbone of the AC (see *Country Profile*, page 29; 4th quarter 1995, page 29). The MND statement overturns much of the radical socialist philosophy previously espoused by the movement, favouring a policy of "dynamic compromise" and "realpolitik" that would allow them to influence change from within, rather than outside the system. If the split occurs, the UFD will be reduced to Ahmed Ould Daddah and the group of "independents" that attached themselves to the party at the height of its influence in 1992.

The FPO mounts a demonstration in Nouakchott—

A demonstration organised by the FPO brought an estimated 5,000 people onto the streets of Nouakchott in early April to express their displeasure at the way in which Mauritania is being ruled. The organisers of the march, which had been banned on several earlier occasions for security reasons, denounced increased prices, corruption and the "confiscation" of political and trade union freedom. The demonstration ended on a low note, as the AC leader, Messaoud Ould Boulkheir, refused to take the stage despite popular appeals for a speech. A month earlier students and school children in Nouakchott, angered by increases in the prices of petrol (up by 7.8%) and cooking gas (up by 17.7%), took to the streets burning tyres, setting up barricades and throwing stones at passing official vehicles. The government responded by promising severe measures against those responsible.

—but a teachers' strike is quickly suppressed

Also in April, a strike planned by secondary school teachers in support of better pay was suppressed with the dispersal and house arrest of the leaders of the organising union, the Syndicat indépendant des professeurs de l'enseignement secondaire (SIPES), which claims to represent 90% of the country's teachers. Justifying the action, the minister of national education, S'Ghair Ould M'Bare, said that "it is common knowledge that these people generally receive orders from foreign intelligence services."

An open debate on slavery—

After years of official silence regarding the continued practice of slavery in Mauritania, the president scored a "first" in a speech to mark the start of Ramadan, when he criticised reports of slavery in Mauritania. The speech opened a lively public debate on the issue. Two broad groups of argument emerged. The first is typified by the comment of an official who appealed for a wider understanding of the situation in Mauritania, saying that slavery could only be eradicated by the application of programmes to fight poverty and promote social awareness. "Dealing in drugs is illegal in the United States, but we all know that it goes on. Should we sanction the US administration for failing to impose its will?" he said. The alternative view, adopted by the opposition parties and human rights organisations, claims that the state has failed in its duty to educate and inform, let alone to give executive backing to the rights and guarantees enshrined in the constitution that are supposed to have abolished slavery.

—but press harassment continues

Following the president's speech, Mauritania's independent press devoted pages to articles about slavery which a few weeks earlier would almost certainly have been censored and possibly would have earned the editors a period in detention. Nevertheless, censorship under the press law remains tough and arbitrary. An issue of the local weekly newspaper, *L'Eveil Hebdo*, was seized in early March, and publication of an Arab-language newspaper, *Al Akbar*, was suspended for printing an article critical of religious teachers. In May issues of *La Tribune de Nouakchott* were seized over a period of two weeks following articles on political influence and drug-trafficking, and *Mauritanie Nouvelle* was suspended for two months (1st quarter 1997, page 34).

Relations with Libya are restored—

Low-key mediation on the part of the Tunisian president, Zine al-Abidine Ben Ali, has brought a restoration in diplomatic relations with Libya, which withdrew its ambassador when Mauritania established ties with Israel in 1995. Accompanying the president on a trip to Tunisia, the then foreign minister, Sidi Ould Khaliva, met with the Libyan special envoy, Ibrahim al Bashar, and agreed to re-establish “sincere and brotherly relations”. This may in turn ease domestic tensions in Mauritania. Of the ten opposition leaders arrested in January in connection with a visit to Libya in September 1996 to celebrate the anniversary of Muammar Qadhafi coming to power, it turns out that only one, Abdellahi El Atigh Ould Yahi, is being made to serve out his (six-month) sentence.

—but the future of AMU remains unclear

The two sides also expressed a wish to revive the Arab Maghreb Union (AMU), which has been all but defunct since Libya withdrew over what it saw as lack of support for its stand on the Lockerbie bombing case. Whether this can happen is open to conjecture. The body has also been affected by the dispute between Morocco and Algeria over Western Sahara, and in May it was reported that its staff is to be reduced from 15 to five due to budget problems and lack of feasible projects. Mauritania has agreed to assume the presidency but a rotation can only be approved at a full summit meeting and such a gathering has not yet been scheduled.

A new census is planned for 1998

A new census will be undertaken in Mauritania in 1998. An official request for aid and assistance has been made to the UN Population Fund (UNFPA), with initial estimates putting the expected cost of the exercise at $5.9m. The UNFPA will no doubt bear a substantial part of the cost of the census, but Mauritania is seeking other sources to ensure the operation is completed successfully. Censuses are politically sensitive in Mauritania, where questions of representation on the basis of ethnicity influence not only politics but the allocation of budget resources. Results of past headcounts have never officially been published, but Mauritania promises that the outcome of the new count will be widely circulated. Moreover, the 1998 census is to be the first of a regular ten-yearly exercise. An administrative survey is also to be undertaken, with French finance, to assist in updating records of births, marriages and deaths.

The economy

The World Bank representative gives an upbeat view—

Shortly before his departure from Mauritania, the local representative of the World Bank, Claude Delapierre, congratulated the country on the reforms introduced during his four years in the country. He said that the economy had evolved from one relatively controlled by the state to a free-market economy where private initiative was encouraged. Real GDP growth had averaged 4.6% in 1993-96, and GDP per head had risen at an annual rate of 1.9%. Inflation had been kept under control, falling from 6.5% in 1995 to an estimated 4.8% in 1996, while a fiscal deficit had been turned into a surplus. The balance of payments is positive and the external debt burden has been relieved with Paris Club rescheduling. Mr Delapierre said he foresaw full convertibility of the ouguiya before the end of 1998, but that no precise date could be fixed as it would depend on the availability of Mauritania’s foreign reserves and further consolidation of the domestic banking system.

—and the ADB resumes funding

Mauritania has been particularly affected by the two-year suspension of fresh loans by the African Development Fund (ADF), the soft-loan arm of the African Development Bank (ADB). A delegation from the bank visited Nouakchott in late February to start the process of examining various applications for fresh loans, and hopes were high that several schemes could benefit from fresh funding by the pan-African institution. These were borne out by the signing in Abidjan of a convention awarding Mauritania $11m in balance-of-payments support. The loan, granted at 2% interest and repayable over 40 years (with ten years' grace), is the second of this type granted by the ADF to Mauritania, the first being in 1990.

EU aid is on the increase—

The indicative programme of EU aid earmarked for Mauritania within the eighth round of the European Development Fund (EDF) amounts to roughly $100m, 26% more than was awarded under the previous convention. The EDF, set up within the framework of the Lomé Convention linking Europe to African, Caribbean and Pacific (ACP) states, covers a five-year rolling programme of investments due in 1997-2001. A breakdown of the package, agreed in mid-February, shows that 60% of the amount will be dedicated to infrastructure development (notably roads) and improving water availability, 20% is for the promotion of rural activities and environmental protection, and 10% will go towards development of democratic institutions and allied activities. $10m is to be distributed to joint-venture schemes with the private sector and various smaller targeted projects. The money will be disbursed in annual slices, on the recommendation of representatives of the European Commission delegation in Mauritania. An EU spokesman said that the package did not exclude other European interventions that might be possible within the framework of the regional structural adjustment programme, or other specific projects, such as funding for the mining sector under the Sysmin scheme.

Before the EDF announcement, the EU approved a grant of Ecu1.9m ($2.4m) towards a project to support the institutional capacity-building programme in Mauritania. The project is destined to redress some of the gaps in the Mauritanian administration, notably its inability to attract foreign investors. The scheme aims to reinforce the efficiency and capabilities of economic and financial administrations, create an institutional environment conducive to investment, and help to establish better programme-monitoring and reporting tools (notably those concerned with recovering tax and customs revenue).

—and the CFD agrees new funding

The director of the Caisse française de développement (CFD, the French state development bank), Antoine Pouillette, signed three new funding agreements during a visit to Mauritania in late February, all for the aviation sector. The first, worth FFr10m ($1.8m), will fund the rehabilitation of the airports at Kiffa, Sélibaby and Tidjikja. The second, for FFr10.8m, is for overall support of services at the country's two international airports (Nouakchott and Nouadhibou) while the third, for FFr3m, will boost the management capacity of the national airline, Air Mauritania, which has been close to liquidation.

Fishing

Chinese fishermen want their money

Two Chinese fishing companies, the China National Fisheries Corporation (CNFC) and Shanghai Marine, have complained to the Mauritanian government that the Banque centrale de Mauritania (the central bank) and the privately owned Banque nationale de Mauritanie (BNM) had not carried out transfers of money owed to them. The two companies, based in the Canary Islands but incorporated in Mauritania, currently operate some 113 trawlers in Mauritanian waters. They claimed that payments worth some $26m have been blocked by the banks ($3.7m by the central bank and the rest by BNM), and accused BNM of applying unreasonably high exchange rates to transactions and of deducting sizeable commissions without prior agreement. The companies issued a veiled threat in letters to members of the government, implying that failure to settle the accounts could compromise investments estimated at $80m in Mauritania (mainly in onshore facilities). Mauritanian crew employed by the two companies have complained about harsh and unfair treatment allegedly received on board the Chinese trawlers.

Squid stocks find a buyer—

The fish-marketing company, SMCP Société mauritanienne de commercialisation des poissons (SMCP), has managed to find a buyer for some 6,000 tons of squid that has been stocked in its warehouses since last October. The sale comes after months of negotiations with Japanese buyers, who sought to profit from the SMCP's "error" in building up its stocks. Finally a separate consortium, Tayo-Frislomar, offered to take the whole 6,000 tons at a 15% discount (roughly the same price as offered by the traditional buyers). Japan has opened the door to greater cooperation in fisheries with Mauritania. The then minister for planning, Ahmed Killy Ould Cheikh Sidya, received the promise of two new vessels specialised in scientific research during a trip to Tokyo in mid-February. The minister requested additional Japanese aid to help Mauritania combat marine pollution and to assist in the protection of the maritime environment.

—and contracts with Russia are resumed

A delegation from the Russian Fishing Federation was in Nouakchott in late March, and signed an agreement defining the framework for bilateral cooperation. Russian fishing companies have had a chequered history in Mauritania (especially following the break-up of the Soviet Union), and have lost much of their influence in Mauritanian waters over the past few years. The new pact allows Russia's fleet to land 360,000 tons off Mauritania's coast, compared with 300,000 tons last year, in return for handing over 19% of the catch. Of the UM16bn ($116.6m) collected by the customs service in 1996, roughly 25% was derived from fish exports. This was achieved despite the transfer of 5% of fishing rights, a 35% cut in customs duties on exports, and reduced activities due to the enforced biological rest period and an interruption to trade with Europe (2nd quarter 1996, page 35).

Energy, mining and industry

Plans to divert the River Senegal are strongly contested

Publication of a call for tenders for a scheme to revitalise the *Vallées fossiles* scheme in Senegal has caused considerable agitation in Mauritania. The scheme involves the construction of a two canals draining water from the

River Senegal into river beds that are presently dry other than at the height of the rainy season. The first channel will be approximately 45-km long, and will link the river at Bakel (across the river from the Mauritanian town of Gouraye) with a tributary of the Ferlo river. The second offtake would link the river at Matam (125 km further downstream) with the Lougguéré valley (also known as the *Vallée fossiles* because of its paleontological wealth). These valleys join at the town of Linguère and continue to Lake Guiers (linked to the river Senegal by the Cayor canal, 75 km from the mouth of the river). This ambitious scheme has been costed at approximately $500m (compared with the $120m considered expensive for Mauritania's own Aftout Es Saheli water project), and funding is reported to have been secured from Taiwan and other backers. People living along the banks of the Senegal river are understandably concerned. Completion of the Manantali dam in Mali has already affected the annual flood of water that used to follow the rainy season in the Guinean Fouta Djallon (the source of the river Senegal and its tributaries), and seriously affected traditional agriculture on the *Chemama* (the flood plain). The new projects would reduce the volume of water even further.

An iron ore pelletisation project takes off

The state iron-ore mining company, Société nationale des industries minières (SNIM), inaugurated its iron-pelletisation project in Nouadhibou in early April. The $200m project is being supported by the Arab Iron and Steel Union and the EU. Project studies were completed late last year and funding was arranged with the donor agencies. The new plant will add to the value of Mauritanian exports, by reducing the impurities in iron-bearing ore, and will provide an estimated 5,000 jobs once fully operational.

Australian miners find evidence of diamonds—

An Australian company, Ashton Mining, reports that initial surveys of its 57,900 sq km Reguibat Shield concession in northern Mauritania have produced some "highly encouraging" indicators of diamond-bearing strata. Meanwhile, General Gold Resources (GGR) has been awarded another 3,000 sq km of exploration concession in northern Mauritania. The company, involved in the operation to recover gold from the tailings at the old Akjoujt copper mine, is also involved in the Guelb Moghrein copper-cobalt-gold project (1st quarter 1997, page 39), where estimates of output have been revised upwards.

—and a plan to fight desertification is launched

A multi-sector two-year project to fight desert encroachment has been launched with a $200,000 grant from the UN Environment Programme. This "seed" money is destined to cover domestic and international environment studies, which should lead to the establishment of a database and the definition of viable projects, as well as pay for the training of local personnel.

Commercial debt is repurchased at a discount

Mauritania has been able to wipe most of its privately contracted commercial debt off the books in a buy-back operation launched in late 1996, erasing debts amounting to $92m. This operation, undertaken with World Bank assistance and as part of the IMF-backed economic programme, was made possible by a grant of $5.4m from Switzerland, Germany and the debt-relief fund of the World Bank's soft loan window, the International Development Association (IDA), which enabled the government of Mauritania to purchase 100% of the principal outstanding to the creditor banks ($54m) at a discount of 90%.

The banks waived payments on the $38m outstanding in interest payments. Most of these debts had been contracted by businesses in the fishing sector, which had rushed to profit from the boom in activity in the mid- and late 1980s, but have failed to cope with the slump that has hit the sector in recent years. Completion of the operation removes the constraints that have prevented viable Mauritanian enterprises from raising money on the international capital markets.

Trade with France rises by 21% in 1996

Statistics covering trade between France and the AMU countries show widely contrasting trends and, as far as Mauritania is concerned, a significant trade surplus in France's favour. In 1996 French exports to Mauritania increased by an estimated 34% (in value terms), while imports of fish and iron ore (the two primary components of Mauritania's exports) remained more or less stable. The composition of French exports is roughly one-third foodstuffs and two-thirds manufactured goods. The growth in value in 1996 was in the region of 40% and 30% respectively, with a strong expansion of trade in industrial and professional equipment compensating for a decline in sales of semi-finished and transport goods.

Mauritania: trade with France
(FFr m)

	1995	1996
French exports	688	922
French imports	–404	–397
Trade balance	285	525
Total trade	1092	1319

Source: *Maghreb Sélection*.

Food aid remains vital—

Mauritania is expected to be around 115,000 tons short of its basic cereal requirements this year. As a result, the grain management committee of the EU has agreed to supply Italian rice worth L150m ($90,000) and Italian soft wheat worth L350m. France has also donated 3,000 tons of wheat, while China has donated 1,000 tons of cereals. Beijing has also promised Rmb3m ($362,000) for economic and technical cooperation, in return for which Mauritania has agreed not to grant diplomatic recognition to Taiwan.

—and Japan extends its aid

Japan has granted balance-of-payments aid for the purchase of goods and equipment to improve the infrastructure. The grant, worth approximately ¥1.4bn ($12.1m), will be administered by the UN Development Programme (UNDP) to guarantee transparency in contract awards. Japan has also agreed to annul part of Mauritania's debt, converting ¥130.4m advanced in 1979 to the state mining company, SNIM, into a grant, and has awarded food aid valued at ¥200m, essentially for the purchase of rice.

Quarterly indicators and trade data

Senegal: quarterly indicators of economic activity

		1994	1995				1996				1997
		4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr
Prices: Dakar	Monthly av										
Consumer prices:	1990=100	138.3	134.0	135.6	143.0	144.3	139.5	140.4	146.3	146.0	144.3[a]
change year on year	%	40.4	13.8	8.6	5.7	4.3	4.1	3.5	2.3	1.2	n/a
Money & banking	End-Qtr										
M1, seasonally adj:	CFAfr bn	299.1	295.4	278.9	318.0	309.6	n/a	n/a	n/a	n/a	n/a
change year on year	%	53.7	31.7	9.3	12.1	3.5	n/a	n/a	n/a	n/a	n/a
Discount rate	% per year	10.00	9.00	8.50	8.50	7.50	7.50	7.50	7.00	6.50	6.25[b]
Foreign trade[c]	Qtrly totals										
Exports fob	CFAfr bn	44.80	69.93	82.53	77.59	66.55	75.28	77.64	90.83	73.61	25.58[a]
Imports cif	"	112.84	173.08	175.02	143.09	201.55	189.13	188.56	185.11	220.68	79.19[a]
Exchange holdings	End-Qtr										
Central Bank:											
gold[d]	$ m	8.4	8.2	8.4	8.4	8.4	8.7	8.5	8.4	8.2	n/a
foreign exchange	"	176.9	244.2	275.5	277.4	266.2	287.1	233.9	277.6	289.5	n/a
Exchange rate											
Official rate	CFAfr:$	534.6	484.9	485.3	491.5	490.0	503.2	515.3	517.2	523.7	564.4

Note. Annual figures of most of the series shown above will be found in the Country Profile.
[a] January only. [b] End-February. [c] *DOTS* estimate. [d] End-quarter holdings at quarter's average of London daily price less 25%.

Source: IMF, *International Financial Statistics*.

The Gambia: quarterly indicators of economic activity

		1994	1995				1996				1997
		4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr
Prices	Monthly av										
Consumer prices:	1990=100	132.4	134.6	136.3	140.9	139.2	138.8	136.4	140.4	141.2	141.1[a]
change year on year	%	4.9	6.1	5.8	11.1	5.1	3.1	0.1	–0.4	1.4	n/a
Money	End-Qtr										
M1, seasonally adj:	D m	405.5	399.4	449.1	446.5	468.7	486.3	459.4	469.6	450.8	471.1[b]
change year on year	%	–11.9	–10.3	7.8	11.7	15.6	21.8	2.3	5.2	–3.8	n/a
Foreign trade	Qtrly totals										
Exports fob	D m	65.56	72.19	38.61	25.53	18.90	n/a	n/a	n/a	n/a	n/a
Imports cif	"	430.93	350.08	315.72	315.38	358.66	n/a	n/a	n/a	n/a	n/a
Exchange holdings	End-Qtr										
Monetary authorities:											
foreign exchange	$ m	95.59	95.99	98.09	97.98	103.81	110.73	102.07	100.27	99.37	99.78[b]
Exchange rate											
Market rate	D:$	9.579	9.372	9.542	9.630	9.640	9.700	9.790	9.810	9.892	9.980[b]

Note. Annual figures of most of the series shown above will be found in the Country Profile.
[a] January only. [b] End-February.

Source: IMF, *International Financial Statistics*.

Mauritania: quarterly indicators of economic activity

		1994	1995				1996				1997
		4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr
Prices	Monthly av										
Consumer prices[a]:	1990=100	135.3	138.3	140.0	142.2	n/a	n/a	n/a	n/a	n/a	n/a
change year on year	%	5.0	8.1	6.5	5.4	n/a	n/a	n/a	n/a	n/a	n/a
Money	End-Qtr										
M1, seasonally adj:	UM m	20,324	19,498	19,480	19,780	18,631	18,518	n/a	n/a	n/a	n/a
change year on year	%	–5.3	–1.9	–2.8	11.7	–8.3	–5.0	n/a	n/a	n/a	n/a
Foreign trade[b]	Annual totals										
Exports fob	$ m	462	(		591	)	(		n/a	)	n/a
Imports cif	“	570	(		637	)	(		n/a	)	n/a
Exchange holdings	End-Qtr										
Foreign exchange	$ m	39.7	70.9	61.5	73.4	85.4	87.3	110.8	108.3	139.8	153.6
Exchange rate											
Market rate	UM:$	128.37	125.28	130.16	134.05	137.11	136.21	139.80	138.16	142.45	144.59

Note. Annual figures of most of the series shown above will be found in the Country Profile.
[a] Mauritanian households. [b] *DOTS* estimate.

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

Senegal: foreign trade

	$ '000		
Imports	Jan-Dec 1989	Jan-Dec 1990	Jan-Dec 1991
Dairy products	42,881	46,490	41,737
Cereals & products	156,476	180,544	115,011
Sugar & products	9,280	36,534	8,115
Beverages, tobacco & manufactures	29,760	29,334	15,303
Mineral fuels	361,029	258,680	120,418
of which:			
crude petroleum	353,105	248,628	91,437
Animal & vegetable oils & fats	19,444	33,186	50,056
Chemicals	147,478	157,626	155,127
Manufactured goods	218,592	259,763	168,130
of which:			
cotton yarn & fabrics	41,953	45,534	28,620
iron & steel	49,060	64,911	39,688
metal manufactures	46,682	51,875	34,161
Machinery incl electric	190,655	235,195	177,720
Transport equipment	119,713	109,294	71,311
of which:			
road vehicles	107,002	102,329	66,6659
Total incl others	1,533,973	1,620,419	1,096,951

continued

Exports fob[a]	Jan-Dec 1989	Jan-Dec 1990	Jan-Dec 1991	Jan-Dec 1993
Fish & products	208,121	216,041	215,256	121,108
Oilseed cakes	39,112	35,366	17,451	11,647
Cotton, raw	10,718	9,533	20,248	27,210
Phosphates, mineral	63,875	56,962	43,926	4,145
Salt	6,330	7,820	7,625	7,470
Mineral fuels	84,515	96,768	104,390	87,434
Groundnut oil	102,828	129,980	69,534	33,722
Chemicals	97,452	116,680	95,110	102,538
Machinery & transport equipment	28,197	18,470	13,695	35,092
Total incl others	750,884	782,600	652,208	521,464

	$ m			
Exports fob	Jan-Dec 1992	Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1995[b]
France	191	138	77	173
Italy	36	36	19	74
Mali	40	27	34	42
Spain	16	8	7	30
India	96	67	28	22
Germany	13	8	5	15
Portugal	4	2	2	14
Guinea	18	13	10	12
Netherlands	17	6	17	11
Cameroon	27	18	11	11
Iran	23	12	8	9
Total incl others	741	530	340	577

	$ m			
Imports cif	Jan-Dec 1992	Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1995[b]
France	391	352	257	508
USA	80	52	38	75
Thailand	46	41	33	64
Italy	70	42	28	57
UK	23	15	11	56
Netherlands	29	34	26	55
Japan	44	36	34	41
China	24	20	21	40
Hong Kong	6	8	6	35
Belgium-Luxembourg	37	27	28	33
Nigeria	78	62	20	23
Total incl others	1,258	996	704	1,344

[a] Export statistics are not available for 1992. [b] *DOTS* estimate.

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

The Gambia: foreign trade

	D '000				
Imports cif	Jan-Dec 1990	Jan-Dec 1991	Jan-Dec 1992	Jan-Sep 1992	Jan-Sep 1993
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

Exports fob	Jan-Dec 1990	Jan-Dec 1991	Jan-Dec 1992	Jan-Sep 1991	Jan-Sep 1992	Jan-Jun 1993
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

continued

Exports fob	$ m Jan-Dec 1992[a]	Jan-Dec 1993[a]	Jan-Dec 1994	Jan-Dec 1995[a]
Belgium-Luxembourg	119	59	n/a	n/a
Japan	33	35	n/a	19
Senegal	2	1	6	7
Hong Kong	5	4	n/a	6
UK	5	8	8	5
France	1	1	3	5
Spain	5	2	2	4
Indonesia	n/a	n/a	3	3
Total incl others	232	153	35	65

Imports cif	$ m Jan-Dec 1992[a]	Jan-Dec 1993[a]	Jan-Dec 1994	Jan-Dec 1995[a]
China	57	77	11	64
Côte d'Ivoire	11	13	36	44
Hong Kong	62	42	9	31
UK	39	39	22	24
Netherlands	18	22	13	21
Belgium-Luxembourg	22	24	13	16
France	24	30	25	15
Thailand	17	16	7	15
Total incl others	392	376	209	316

[a] *DOTS* estimate.

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

Mauritania: foreign trade

Imports fob	UM m Jan-Dec 1991	Jan-Dec 1992	Jan-Dec 1993	Jan-Dec 1994
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

Exports fob	Jan-Dec 1991	Jan-Dec 1992	Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1995
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

Exports fob[a]	$ m Jan-Dec 1992	Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1995
Japan	138	107	129	161
Italy	58	75	69	108
France	46	63	63	73
Spain	49	46	53	65
Côte d'Ivoire	21	25	30	37
Belgium-Luxembourg	39	21	25	30
Total incl others	450	424	462	591

Imports cif[a]	$ m Jan-Dec 1992	Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1995
France	166	149	137	152
Spain	48	48	30	51
Belgium-Luxembourg	29	27	30	36
China	16	5	35	35
Netherlands	15	46	16	33
Germany	37	24	36	32
Total incl others	599	591	570	637

[a] *DOTS* estimate.

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

Senegal and Mauritania: French trade

($ '000)

	Senegal				Mauritania			
	Jan-Dec 1992	Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1992	Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1995
Exports fob								
Food, drink & tobacco	78,799	83,766	63,857	63,944	42,590	45,255	29,759	38,371
of which:								
dairy products	35,429	37,177	21,861	13,998	9,334	4,262	3,470	2,358
cereals & preparations	19,512	25,611	27,130	26,921	19,744	21,068	15,682	22,147
sugar & products	4,678	5,913	1,201	4,954	9,811	15,775	4,064	9,995
Mineral fuels	4,871	12,181	16,434	24,758	9,369	17,291	6,090	7,580
Chemicals	83,732	79,154	63,796	70,853	16,172	16,694	15,547	16,025
Rubber manufactures	5,526	4,971	5,069	5,721	3,679	2,486	4,426	2,914
Paper & manufactures	9,847	8,980	7,038	12,508	1,405	1,178	1,033	1,193
Textile fibres, yarn & manufactures, incl clothing	9,658	9,021	6,382	7,373	2,467	2,162	2,262	1,762
Non-metallic mineral manufactures	7,038	6,808	6,615	8,119	1,876	1,482	1,415	1,271
Iron & steel	11,228	14,927	6,982	8,813	4,340	1,355	1,995	5,994
Metal manufactures	14,264	12,124	9,874	16,718	9,763	5,874	5,761	5,638
Machinery incl electric	113,857	100,224	86,770	117,832	36,810	33,041	37,944	35,185
Transport equipment	44,002	33,593	27,867	41,037	11,945	9,394	23,276	12,473
Scientific instruments etc	16,847	9,548	9,667	11,645	3,104	2,568	3,506	2,013
Total incl others	448,800	421,460	363,374	461,599	149,705	142,516	138,215	138,033
Imports cif								
Fish & products	106,620	97,476	94,836	108,657	1,477	4,221	4,841	7,236
Crude fertilisers & minerals	8,117	6,397	6,392	3,853	0	1	1	0
Metalliferous ores & scrap	853	477	538	1,738	50,069	65,979	66,069	71,961
Petroleum & products	0	0	0	0	0	1,570	0	0
Animal & vegetable oils & fats	32,060	29,969	47,380	46,136	0	0	0	0
Total incl others	178,584	161,822	183,113	194,095	52,196	72,873	72,673	80,723

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

Mauritania: Japan's imports

($ '000)

Imports cif	Jan-Dec 1992	Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996
Fish & products	146,023	113,569	138,414	176,323	n/a
Total incl others	151,100	117,550	140,861	178,749	189,484

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