
COUNTRY REPORT

Guinea

Sierra Leone

Liberia

1st quarter 1996

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The Economist Intelligence Unit

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

Summary

Guinea, Sierra Leone, Liberia 1st quarter 1996

January 15, 1996

- Guinea Political and economic structures **Pages 3-4**
- Outlook: The president, Lansana Conté, and the ruling PUP will make few concessions to the opposition Codem. Codem is unlikely to boycott the Assemblée nationale. The 1996 budget is projected to balance and real GDP growth of 4.7% is expected for the year. Mining development will continue to be encouraged. **Pages 5-6**
- Review: The PUP has awarded itself the bulk of executive posts in the Assemblée nationale. This constitutes a rejection of Codem's demands. Amnesty International has criticised the government's human rights record. Teachers have gone on strike and have clashed with security forces. Relations with Côte d'Ivoire have improved. Liberian refugees have begun to be airlifted out of the country. The IMF has approved the third loan under its Enhanced Structural Adjustment Facility, while Guinea has accepted Article VIII of the Fund's conditions for debtor countries. Inflation remains above target. Total bauxite production has topped 200 million tons. Action has been taken against traffic congestion in Conakry. Franco-Guinean trade has remained stable. **Pages 7-16**
- Sierra Leone Political and economic structures **Pages 17-18**
- Outlook: The authorities appear determined to press on with plans to hold multiparty elections, although polls are almost certain to be disrupted by continued fighting between the government and rebel forces. Efforts to woo back mining companies are likely to have only limited success. **Pages 19-20**
- Review: Fierce fighting has erupted around the southern town of Bo, although the humanitarian crisis in the area appears to have been averted. Rebels have staged unexpected attacks in the north-east. Hopes for talks between the government and the rebels have been disappointed. Voter registration has begun despite calls for elections to be postponed. Demonstrations by political parties have been banned. In an otherwise depressing budget speech, the finance minister has announced a salary increase for government employees. The army says it has regained control of rutile and bauxite mining areas, and a big diamond deal has been signed. **Pages 20-26**
- Liberia Political and economic structures **Pages 27-28**
- Outlook: Serious battles between militiamen and peacekeeping troops will cast fresh doubt over the peace process, with militia leaders appearing to have little control over their fighters. The election timetable looks wildly optimistic. Donors will remain cautious. **Pages 29-30**

Review: More than 60 peacekeeping soldiers have been reported killed in fighting with one of the militias. Other fighters have continued abuses, both up-country and in Monrovia. Buffer zones have been agreed. Donors have pledged \$146m to support the peace process. The West African peacekeeping force and UN observer mission are to be expanded, but troop deployment and disarmament have remained far behind schedule. Elections have been set for August 12, 1996. A case of ebola has been confirmed. Teachers have gone on strike. Rubber production estimates have been revised. The government has tried, unsuccessfully, to boost the Liberian dollar. A World Bank report has ranked Liberia highly in terms of potential wealth. **Pages 30-38**

Statistical appendices

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Political structure: Guinea

Official name: République de Guinée

Form of state: unitary republic

Legal system: new constitution approved by referendum in December 1990

National legislature: 114-member Assemblée nationale elected June 1995; previous parliament dissolved in 1994

Last election: December 1993 (presidential); June 1995 (legislative)

Next election due: December 1998 (presidential)

Head of state: president

National government: the president and his appointed Council of Ministers; last major reshuffle August 1994

Main political parties: of 46 registered political parties, nine are represented in the Assemblée nationale. They include: the ruling Parti de l'unité et du progrès (PUP); the Rassemblement du peuple guinéen (RPG); the Parti du renouveau et du progrès (PRP); the Union pour la nouvelle république (UNR); and the Union pour le progrès en Guinée (UPG)

President

Lansana Conté

Key ministers

administrative reform & civil service

Germain Doualamou

agriculture, livestock & forests

Makalé Camara

economic & financial control

Kazaliou Baldé

energy & environment

Dorante Assifat Diassény

finance

El Hadj Ibrahima Camara

fishing & aquaculture

Mamadi Diaré

foreign affairs

Kozo Zoumanigui

health

Kandjoura Dramé

higher education & scientific research

Aliou Baniré Diallo

interior & security

Alsény René Gomez

justice & keeper of the seals

Salifou Sylla

labour & social affairs

Joséphine Guilao Lenaud

mines & geology

Facinet Fofana

national defence

Lieutenant-Colonel Abdourahmane Diallo

planning & cooperation

Michel Kamano

posts & telecommunications

Empanel Gnan

pre-university education & vocational training

Hadja Aïcha Bah Diallo

public works

Thierno Mamadou Cellou Dalin Diallo

trade, industry & small & medium-sized enterprises

Sékou Konaté

transport

Ibrahima Sylla

urban affairs & housing

Lieutenant-Colonel Jean Traoré

Governor of Banque centrale de la république de Guinée

Kerfalla Yansané

Economic structure: Guinea

Latest available figures

Economic indicators	1990	1991	1992	1993	1994 ^a
GDP at market prices Gfr bn	1,860	2,248	2,683	3,031	3,325
Real GDP growth %	4.3	2.4	3.0	4.5	4.0 ^b
Consumer price inflation %	19.4	19.6	16.6	7.1	4.1 ^c
Population m	7.0	7.1	7.2 ^{ad}	7.3 ^a	7.4
Exports fob \$ m	672	687	517	561	516 ^c
Imports cif \$ m	723	735	740	730	688 ^b
Current account \$ m	-203	-288	-262	-57	-286 ^c
Total reserves minus gold \$ m	n/a	80.1	86.9	132.1	87.8 ^c
Total external debt \$ m	2,469	2,628	2,657	2,864	3,020 ^b
External debt-service ratio %	19.9	16.4	12.4	12.7	18.0 ^b
Bauxite production m tons	13.6	13.7	11.9	13.7	12.2
Exchange rate (av) Gfr:\$	660.2	753.9	902.0	955.5	976.6 ^c

January 5, 1996 Gfr997.0:\$1

Origins of gross domestic product 1993	% of total	Components of gross domestic product 1994	% of total
Agriculture, livestock & fishing	24.0	Private consumption	81.3
Mining	19.5	Government consumption	9.4
Construction, manufacturing, water & electricity	11.7	Gross domestic investment	16.7
Commerce & transport	30.7	Exports of goods & services	19.7
Government services	5.6	Imports of goods & services	-27.1
GDP at factor cost incl others	100.0	GDP at market prices	100.0

Principal exports 1993	\$ m	Principal imports 1993	\$ m
Bauxite	324	Private sector	366
Alumina	109	Mining companies	218
Diamonds	70	Public sector	146
Coffee	37		

Main destinations of exports 1994 ^e	% of total	Main origins of imports 1994 ^e	% of total
Belgium-Luxembourg	27	France	20
USA	15	Côte d'Ivoire	16
Spain	10	USA	7
Ireland	10	Belgium-Luxembourg	7

^a EIU estimates. ^b Official estimate. ^c Actual. ^d Population was 5 million, according to 1992 census, but the figure is widely viewed as an underestimate. ^e Excluding trade with the former Soviet Union; based on trading partners' returns and subject to a wide margin of error.

Guinea

Outlook

Opposition hopes of ministerial posts fade

To the dismay of opposition leaders, all but two of the executive positions in the new Assemblée nationale (Guinea's supreme legislative body, sworn in in late August) have been awarded to members of the majority Parti de l'unité et du progrès (PUP). Members of the foremost opposition parties, grouped in an informal front, the Coordination de l'opposition démocratique (Codem), had pleaded for an equitable distribution of parliamentary offices on the basis of the number of seats won by each party, and for ministerial jobs for some of their nominees. The latter seems highly unlikely.

Not only has the president, Lansana Conté, failed to make any changes to the pre-election cabinet (as had been widely expected), but he is also refusing to grant concessions to the opposition group. He has no particular need to do so. He is assured of a healthy government majority in the assembly; the ruling PUP has 62% of the seats and, with the support of minority groups, can muster a two-thirds majority to support any contentious legislation. Were the assembly to reject proposed government legislation, the president has powers to overrule any veto and carry on regardless. Moreover, few deputies elected under the banners of opposition parties will willingly abandon their mandates. Despite repeated failure to win concessions from the ruling bloc and repeated threats to withdraw their support for the democratic process, they have yet to cut themselves off voluntarily from the sources of power and largesse. Indeed, Codem is at best a marriage of convenience, grouping essentially regional political parties whose common denominator is less one of ideology than a mutual wish to replace the current patrimonial arrangement with one more beneficial to their own membership and supporters.

The IMF releases its final ESAF tranche

In late December the IMF put its official stamp of approval on Guinea's management of its economy by agreeing to release the third and final payment under its SDR57.9m (\$86m) three-year Enhanced Structural Adjustment Facility (ESAF), due to expire in November 1996. The disbursement came shortly after Guinea signed Article VIII of the conditions normally imposed on debtor countries, which require the latter to obtain IMF approval before introducing any measures affecting the free transfer of payments for current international transactions (including discriminatory exchange rate arrangements). The Fund's continued demonstration of confidence in Guinean economic management comes despite the identification of a number of shortcomings; corrective action has been promised (yet again) on revenue collection, while the legislative elections led to government overspending. The 1996 budget, drawn up with assistance from the IMF and World Bank (full details of which have yet to be officially

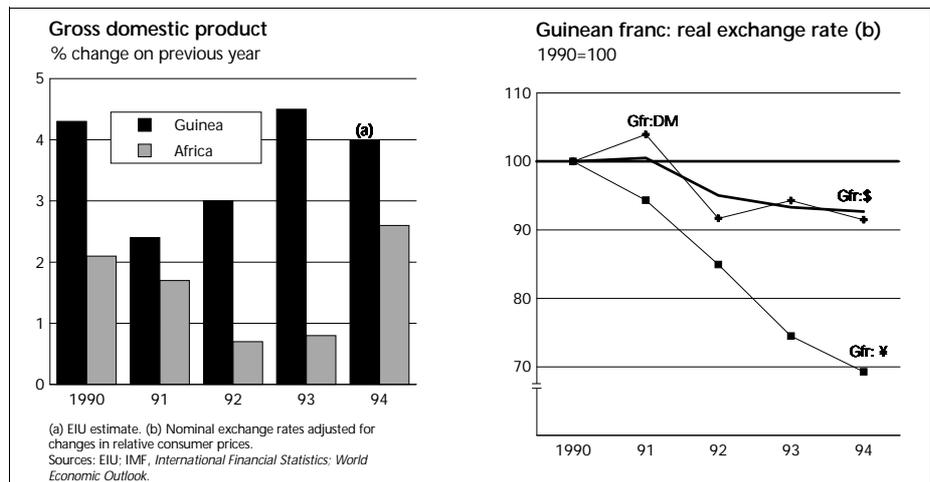
published), is projected to balance. As in previous years, however, capital spending will be substantially supported by inflows of foreign funds (equivalent to 86% of planned total investment).

GDP growth will
accelerate to 4.7% in
1996—
1996—

After healthy real GDP expansion of 4.6% in 1995, according to official estimates, the economy should grow by a further 4.7% in 1996 and 4.8% in 1997. These estimates, built into the current three-year programme designed with IMF assistance, assume steady expansion in mineral development (the mainstay of the economy), continued prudent economic management and the progressive implementation of further structural reforms. Much effort will be directed in coming months to developing infrastructure and social services. Additional incentives to encourage private-sector participation will include further banking sector reforms and a new wave of privatisations. Recent agreements whereby private operators will build, own and operate electricity generation facilities for a fixed period, transferring the assets to the state utility after six years, may be extended to other services.

—as mining development
is encouraged

Enjoying a wealth of mineral resources and longstanding relations with a handful of mining companies (notably those extracting bauxite, which provides the bulk of the country's foreign exchange and state revenue), Guinea is attempting to woo even greater interest from foreign partners. Mining companies have been solicited to invest more with the promulgation of a new code offering a range of inducements, including tax concessions, new laws strengthening mining rights and improved provisions for repatriation of profits. There are signs of an early response to these measures, with a wave of interest in gold-bearing deposits in several parts of the country and the opening up of fresh bauxite reserves. Iran has agreed to fund rehabilitation of the rail system in return for bauxite and alumina to be supplied from a new mine near Dabola-Tougué, and talks are at an advanced stage with new partners who might be prepared to take a share in the troubled Société de bauxites de Kindia (SBK, set up and funded by the former Soviet Union).



Review

The political scene

The PUP claims top parliamentary positions

PUP: Parti de l'unité et du progrès
 PDG-RDA: Parti démocratique guinéen-Rassemblement démocratique africain
 Codem: Coordination de l'opposition démocratique
 RPG: Rassemblement du peuple guinéen
 PRP: Parti du renouveau et du progrès
 UNR: Union pour la nouvelle république

As expected, the ruling PUP has claimed the lion's share of executive positions in the newly constituted Assemblée nationale. After several days of negotiations and wrangling involving the various parties the PUP, with 71 of the 114 deputies, supported by four representatives of middle-of-the-road parties, awarded itself nine of the 11 posts provided for in the parliamentary executive team and compensated two smaller parties (Djamaa and the PDG-RDA) with the positions of fourth secretary and fourth deputy speaker. Thus none of the demands presented by parties grouped in the opposition front, Codem (4th quarter 1995, page 8), have been met. A spokesman for Codem claimed the denial of representation was a "provocation" on the part of the president, Lansana Conté, but said that, after deliberation, deputies elected under the banners of Codem affiliates (notably the RPG, PRP and UNR) would continue to participate in the assembly "to prove that we are prepared to make immense efforts for conciliation". Codem had earlier presented a 15-point list of "conditions" for its continued participation in the democratic process, including: the equitable distribution of parliamentary offices among parties sitting in the assembly; the appointment of members of opposition parties into the cabinet and other executive branches (the diplomatic corps and the administration); the liberation of "political" prisoners; the introduction of laws guaranteeing the political neutrality of the security services, the administration and the media; electoral transparency; the introduction of a credible judiciary and legal system; state funding for the electoral campaigns of all political parties; the decentralisation of the administration and greater regional autonomy; and the suppression of various indirect taxes and import monopolies.

Food aid fraud is exposed

Relief organisations providing support for the hundreds of thousands of refugees from civil strife in Sierra Leone and Liberia are permitted to import food and other aid materials into Guinea under a special procedure, with various duties and other taxes being waived. The authorities have long suspected that some of this aid never reaches its intended recipients, instead finding its way on to the domestic market. Nevertheless, the scale of the fraud was unimagined until the discovery in late 1995 that one or two little-known non-governmental relief organisations (NGOs) had brought in an estimated 23,000 tons of food (including 7,000 tons of biscuits), all of which was "recycled" on to the domestic market by a small group of unscrupulous businessmen. This one discovery (equivalent to almost 5% of Guinea's total annual food imports) may bring an end to the special tax and import regime applied to relief organisations. Instead of obtaining waivers at the port of entry, these may be asked to pay normal duties, reclaimable against proof that the goods have been used as intended.

An Amnesty report is critical

A report by the London-based human rights organisation, Amnesty International, published in early November notes the persistence in Guinea of arbitrary arrest, torture, extrajudiciary executions and deaths in detention. The report catalogues various instances of political intimidation and violations of

basic civil liberties, noting a breakdown in normal security and a tendency for “instant justice” to be meted out to presumed thieves if they fall into the hands of irate mobs. In short, the report claims that regardless of the current government’s claims to have introduced measures promoting civil rights, practices common under the regime of the late dictator, Ahmed Sékou Touré, have resurfaced.

The OIC summit brings a capital-wide clean-up—

Conakry’s market traders were among the first to be made aware that the Guinean capital was due to host a meeting of foreign ministers from the Organisation of the Islamic Conference (OIC) in mid-December. Police and security forces descended in force, sweeping all “unsightly” stalls away from the route from the airport to the city centre, especially those contributing to traffic bottlenecks around various crossroads and bus stops. Police fired warning shots to encourage traders to pack their bags and move to alternative sites, and removed or burnt all goods and stalls that remained after the stampede away from the sites. Petty traders were extremely upset, claiming that police bulldozers forced their way through the markets without giving adequate warning. Mini-skirted women were also harassed, some being publicly whipped by police to encourage greater modesty.

The third phase of the King Faisal grand mosque in Conakry was completed in mid-December, just in time for the OIC meeting. The centre was wholly financed by Saudi Arabia at an estimated cost of \$4.16m.

—and the *Lynx* editor is arrested

The satirical newspaper *Le Lynx* frequently navigates the uncharted waters of political rumour and scandal and is regularly disrespectful to the president. But it overstepped the mark in mid-August when it published a cartoon about the election of Miss ECOWAS (Economic Community of West African States) caricaturing Mr Conté and his second wife, who was crowned Miss Guinea in 1987. The managing editor of the paper, Souleymane Diallo, and two of his collaborators were arrested, but released after promises to make a retraction. This was not forthcoming and six weeks later Mr Diallo was re-arrested and charged with offending the head of state. Following a trial held in camera Mr Diallo received a three-month suspended sentence and a fine of Gfr2.5m (\$2,500).

Strikes hit schools—

Teachers in Conakry went on strike in mid-December in protest at repeated delays to promised talks with the education ministry about higher wages and allowances. The strike was strongly supported by school pupils who, in some cases, “encouraged” their teachers to join the strike or face the consequences. By the end of the first day of the strike almost every school and several institutions of higher education in the capital were closed. One immediate result was the arrest, on unspecified charges, of the general secretary of the teacher’s union, the Syndicat libre d’enseignants guinéens (SLEG), and 17 of his colleagues. The SLEG had served notice in early November that it wanted a threefold increase in the current minimum teachers’ salary of Gfr75,000 (\$75) per month and similar increases in allowances paid for housing, transport and other expenses. The trigger for their claims was the agreement to pay members of the new Assemblée nationale salaries and allowances more than five times the average level currently being paid to teachers. According to independent reports, clashes between demonstrators and police resulted in over 20 injuries in the first days of

the strike. Although the stoppage was originally planned for just three days, it was still being strongly supported as the term drew to a close and showed no sign of being lifted by the end of the year.

—and Air France Air France ground staff went on strike in mid-November in pursuit of their campaign for increased wages and benefits, and to demand the removal of the expatriate local manager of the company. The week-long stoppage did not prevent flights landing or departing, but caused considerable disruption for passengers as booking and check-in facilities were suspended, while all cargo remained on the ground. An airline workers' union representative claimed that staff in Guinea were paid considerably less than their counterparts in other African countries, that employees had no real job security (they were all on fixed-term instead of permanent contracts) and were paid "pitiful" allowances. As well as demanding improved housing, transport, meals, car loans and other allowances, he accused the local manager of having a "high-handed" attitude. A compromise was reached after a week of negotiations between the union, the airline management and the national inspectorate of labour, with an agreement to increase basic wages to correspond with those paid elsewhere in West Africa. Monthly transport allowances were also raised, from Gfr5,000 (\$5) to Gfr30,000, and female staff received a Gfr30,000 per month "hairdressing" allowance. The call for removal of the manager was dropped after he agreed to "seek a more harmonious relationship with the workers".

Relations with Abidjan
improve— A brief frontier incident between Guinea and Côte d'Ivoire in late July (4th quarter 1995, page 9) was played down by both parties. A visit to Conakry in September by the Ivorian foreign minister, Amara Essy, resulted in the establishment of a joint commission charged with examining various claims and settling the frontier "once and for all". Mr Essy stated that the commission would study maps drawn up in the colonial era and take evidence from local representatives before tracing the line of the frontier. He said it was time to put "isolated incidents" to rest before they escalated into potential flashpoints. He added that the border difference would not delay the re-establishment of a diplomatic presence in Conakry; the Ivorian embassy (closed for five years due to budgetary constraints) would soon reopen to facilitate bilateral exchanges and regional integration.

—as regional conflicts are
discussed Representatives of warring factions in Sierra Leone and Liberia met in Conakry in early December under the auspices of the regional organisation, the Mano River Union, in a bid to find a solution to the ongoing strife in Guinea's troubled neighbours. The leader of the National Patriotic front of Liberia, Charles Taylor, the head of the Liberian Peace Council, George Boley, and Alhaji Kromah of the United Liberation Movement for Democracy in Liberia, had separate meetings with the Guinean head of state, Mr Conté, before meeting the head of the Sierra Leonean delegation, General Julius Maada Bio. Mr Taylor, replying to the Guinean leader's wish that crossborder incursions should cease, said that "no-one intended to attack Guinea" and that there would be no more such "bizarre" incidents (4th quarter 1995, page 10). On his return to Liberia Mr Taylor added that he was prepared to hold discussions with the Sierra Leonean president, Captain Valentine Strasser, in the hope of finding a negotiated settlement to

problems in that country, and that he was prepared to visit other countries in the search for peace in the region.

Liberian refugees are to be airlifted home

In a separate announcement, the Guinean government said that plans had been finalised for regular airlifts of Liberian refugees from Guinea to Monrovia. After a one-off operation in November, the repatriations were due to start in late December, with a Guinean company, Air Service, ferrying an average of 150 people every week from the airport in Kissidougou (615 km south-east of Conakry) to the Liberian capital. There are an estimated 500,000 Liberian refugees in Guinea, most of whom have sought shelter in the forest region in and around Kissidougou.

The economy

A balanced budget is planned for 1996

The draft 1996 budget has been submitted to the Assemblée nationale for approval. As usual the intention is to balance public finances, with spending projected at Gfr850bn (\$852m—1% more than in 1995). Domestic receipts are expected to amount to Gfr516bn and a further Gfr335bn will come from abroad (Gfr130bn in the form of grants), most of which is destined for the Gfr380bn public investment programme. The broad aim is to attain real GDP growth of 4.7%, with inflation kept to just 4%, targets that are incorporated in the continuing Enhanced Structural Adjustment Facility (ESAF) arrangements with the IMF. Full details will be released once the assembly has approved the plan but, according to the recently approved agreement with the Fund (see below), spending on primary education, sanitation and preventive health care is expected to be raised by 10% in real terms, while additional funds will be allocated to social security payments for retrenched public-sector employees and other measures to alleviate poverty.

Selected economic indicators
(% unless otherwise indicated)

	1994	1995 ^a	1996 ^a	1997 ^b
Real GDP growth	4.0	4.6	4.7	4.8
Inflation (year-end)	2.2	4.0	4.0	4.0
Budget balance/GDP	-7.2	-6.0	-5.5	-5.2
External balance/GDP	-9.3	-8.6	-7.6	-7.5
Foreign exchange reserves (months of import cover)	2.9	3.4	3.6	3.7

^a Agreed programme targets. ^b Projection.

Sources: IMF; Guinean authorities.

The IMF approves a third annual ESAF loan

In mid-November the government officially notified the IMF that it had accepted the terms of Article VIII of the conditions normally imposed on debtor countries, under which it promised to refrain from imposing restrictions on payments and transfers for current international transactions, or from engaging in discriminatory currency arrangements or multiple currency practices, without IMF approval. This promise, while a demonstration of good faith, is also an indication that Guinea will abide by future prescriptions recommended by the IMF. In late December the Fund approved disbursement of the third (and final)

annual loan to Guinea under the current SDR57.9m (\$86m) Enhanced Structural Adjustment Facility (ESAF), which expires in November 1996. Budgetary discipline is to be maintained, with a reduction in the current-account deficit from 8.6% of GDP in 1995 to 7.6% in 1996. Official reserves are projected to increase from an import equivalent of 3 months to 3.6 months. Policies to sustain this programme include fiscal measures designed to cut the overall budget deficit from 7.2% of GDP in 1994 to 5.5% in 1996, largely due to an increase in non-mining revenue through reduced duty exemptions, strengthened tax administration and a broadened tax base. Government spending is slanted to favour investment in infrastructure and the social services. At the same time the IMF agreement foresees further structural changes in the coming 12 months. Efforts to promote private-sector involvement will be increased, with the reform and privatisation of a range of parastatals and the progressive implementation of measures incorporated in the new mining code. Other reforms are expected to the civil service and the judiciary, with a full inventory of all government enterprises and the development of an action plan for further privatisations, restructuring or liquidations.

The banking sector
remains fragile—

A recent report by the Banque centrale de la République de Guinée (the Central Bank) highlights the need for further efforts to strengthen the banking system in the country. Ten years after reforms were first introduced the network remains extremely weak, with only one bank counter for every 400,000 Guineans, and general confidence in the system is low. The report claims that the “informal” system is “at least as large as” the official system and notes that money supply represents just 7% of GNP. In 1995 credits granted by the banks amounted to only Gfr154bn (equivalent to 70% of deposits), but the Central Bank report notes that most of these loans are for short-term credits tied in large part to merchandise imports, and that credits for investment are stagnant at around 20% of the total available. The report concludes that the banking system should “redefine its vocation” to fund the country’s development needs.

—and inflation remains
above target

Consumer prices continue to climb, with the official rate of inflation recording a jump of 2.4% in August alone. This, following a modest 0.9% increase in July, takes total cumulative inflation since the start of 1995 to 5.8% (compared with 2.4% in the first eight months of 1994). The rate has been stoked by a sharp rise in the cost of imported rice (up 32.7% since early January and rising by 14.4% in August). The mid-year jump in prices is not unusual in Guinea, where the rainy season frequently encourages large increases in the prices of basic foods, only to moderate or even reverse in the final months of the year. Given this, a final outturn of around 6% appears likely, compared with the target figure of 4%.

VAT is to be imposed

Guineans are to pay value-added tax (VAT) on all traded goods and services from April 1, 1996. A law to that effect was promulgated earlier in 1995 but has to be passed by the Assemblée nationale before full details of the field of application and final rate are decided. VAT will gradually replace a range of taxes on businesses, notably the flat-rate business tax and the turnover tax on imported goods.

Agriculture and rural development

A forest scheme is to benefit from German funds

A new rural resource management project will take off early in 1996, with the support of the German development agency, Kreditanstalt für Wiederaufbau (KfW), to continue work started in an earlier programme which is coming to a close. The new programme envisages nationwide action to protect forests and to build upon the value of the country's rural resources. Forest settlements will be stabilised, especially in lower-lying areas and where migratory patterns have created clearings for agriculture. In the first phase of the project, local farmers living close to the protected zones were progressively resettled; an estimated 50% of the 4,000 farmers identified moved elsewhere in 1991-94, without too much dispute. The main sites to be protected are around Macenta (Ziama, with an area of 112,300 ha) and Yomou (Diecké, 64,000 ha). Parts of the forest stripped for agriculture have already been replanted, with an estimated 455 ha recovered in Ziama forest and 286 ha in Diecké. Each of these forests has been officially classified as a reserve since the mid-1940s. The new project will establish four forestry centres at Diecké, Bööla, N'Zérékoré and Sérédou. According to its recent annual report, KfW has invested a total of DM261m (\$182m) in Guinea, of which DM6m was spent in 1994.

France is to back a cotton project—

The French state development bank, the Caisse française de développement (CFD), has granted a subsidy of FFr18.8m (\$3.8m) towards funding a rural development project in Upper Guinea. A major aspect of the scheme is the development of cotton plantations, managed by the French Compagnie française des textiles (CFDT), with emphasis on boosting the output of seed cotton and on the organisation of community projects. The programme also incorporates a financial package, destined to guarantee continued credits for farmers, and funding for technical assistance. The FFr25.3m project is also being financed by the French cooperation ministry's Fonds d'aide et de coopération (FAC).

—and fisheries win Japanese funds

Japan is supporting an artisanal fishing scheme to the tune of ¥465m (\$4.6m). Three experts from the Japanese Agency for International Cooperation have been sent to Guinea as part of an agreement signed in April 1995 to develop artisanal fishing, which has as its main goals the boosting of small-scale fishermen's capacities. The scheme will: provide engines for a number of boats; build a new mechanical workshop at Boffa to service the engines; provide a mobile workshop at Kankan to service outboard motors on boats operating in inland waterways; and increase the capacity of the workshop at Boussoura, near Conakry. Built by the Japanese in 1985, the workshop will also train up to 200 mechanics per year. Equipment and materials to be supplied under the scheme include nets, 450 outboard engines, radios, generators, vehicles, boats and prefabricated buildings. Work started at the three sites in late October and is expected to be concluded by February 1996.

Mining

Guinea seeks further foreign investment in mining

The Guinean Ministry of Mines and Geology has trumpeted the shipment of a total of 200m tons of bauxite, announced towards the end of 1995, and used the occasion to make a passionate appeal for new foreign investment in the mining sector. "Our bauxite reserves are almost infinite ... there is room for everybody," said a spokesman for the government's mineral promotion agency. A new World Bank-backed mining code, passed in late June, aims to stimulate the sector by strengthening mining title rights, making the fiscal regime more attractive to investors and allowing greater provision for the repatriation of profits. Licensing procedures have been simplified, greater legal guarantees have been provided and state participation in mining activities is being reduced.

Iran will upgrade the Dabola rail link

Following a recent mission to Guinea, Iran has signed three cooperation protocols (4th quarter 1995, page 13). The agreements encompass the construction of a new alumina smelter (linked to the Dabola-Tougué bauxite mine), the upgrading of the rail link between the mine and the coast (Guinea will provide 600,000 tons of bauxite to Iran in return for rehabilitation of the 400-km link, at an estimated cost of \$18m), and cooperation in various economic and technical studies linked to the minerals sector.

Electricity and infrastructure

Electricity is central to development schemes—

Electricity generation has made significant gains in recent years, and the sector has benefited from a number of schemes to boost supplies. In 1984-90 more than \$180m was invested in the sector (of which \$116m came from international donors). Most of this was devoted to upgrading existing facilities (power stations at Grands Chutes, Donka, Kinkon, Tinkisso and Tombo), the installation of new equipment (Tombo), expanding the delivery network and experiments with renewable energy schemes. These efforts boosted national supply potential from 59 mw to 76 mw. The main component of the 1991-95 programme adopted by the national electricity company, *Entreprise nationale d'électricité de Guinée* (Enelgui), estimated to cost \$12m, is the Garafiri hydroelectric dam on the Konkouré river, on which work started in late 1994. The scheme, expected to start generating in 1998, comprises the creation of a 1.3bn cu metre artificial lake and the installation of three 25-mw turbines. Some 17,000 people are being resettled because of the scheme. Power will be distributed from the site along three main lines: from Garafiri to Sonfonia (197 km); from Sonfonia to Matoto (17 km); and from Linsan to Mamou (43 km). The overall cost of the project according to the financial plan adopted in 1994 was \$238m, but this has since been revised downward to \$198m. Of this, the European Investment Bank (EIB) recently announced a loan of Ecu25m (\$33m) from risk funds. Power supplied by the Garafiri project will rapidly be absorbed by the national grid, and the government claims that a further 80-mw scheme, planned for Kaléta (60 km downstream of Garafiri), will be necessary to meet national energy requirements from 2003.

—and private energy suppliers will boost output

A US energy company, Unified Industries, started construction of a 26-mw fuel oil-powered power station in Manéah (near Coyah in the outer suburbs of the capital, Conakry) in early October. The company will have exclusive rights for six years, after which ownership of the plant will be fully transferred to Enelgui. The civil engineering works are expected to be completed in late 1996, with power being generated shortly thereafter. The same company has been contracted to build a new 4.5-mw generating station at Pita and a further 3-mw station at Faranah. These two projects will assist with ensuring regular power supplies to inland cities during the dry season, when the hydro-powered stations at Kinkon and Tinkisso frequently have to shed load due to low water levels. Unified Industries is also providing, free of charge, two 1.5-mw generators to the town of Kankan. In addition, the Samankoum hydroelectric station near Téliimélé, built with technical assistance from North Korea, came into operation in early October.

A French company, Sulzer Diesel, has been awarded a FFfr194m (\$39m) contract to supply three 11-mw generators for the Tombo 3 power station near Conakry.

Traffic congestion brings emergency action

Urgent measures are being adopted to ease the traffic situation in and around Conakry, according to a directive issued following a ministerial meeting in late September. To ease congestion around works on the new road from Gbessia airport to the city, the cabinet has decided to resettle market traders from the Madina area to new sites at Enipra and Kénien. Furthermore, the ministers decided the immediate implementation of parts of the urban settlement scheme for Conakry (a scheme put forward in 1987, approved in 1991, but yet to be started) with, in particular, the decentralisation of urban functions currently clustered in and around Kaloum. The plan incorporates the provision of services to the Koloma plateau area, the clearing of all illegal structures, the surveying and mapping of land for a new commercial zone and other infrastructure to be set up at Km36, close to a projected road-rail interchange. It is hoped that the latter will contribute to reducing commercial traffic through the city centre, diverting port traffic along the ring road.

Major projects pass under review

Ministers met in late October to review major projects underway in Guinea. The council received a report from the committee set up to handle the *grands projets*, which provided details of progress on about 70 current schemes. Other than progress on Garafiri (see Energy and infrastructure), they were told of the finalisation of financial packages for the Soguipah rubber and palm oil estate project, the resumption of water supply contracts for seven regional towns, and the planned start (in November) of water supply schemes in Coyah and Dubréka. Other projects include the following.

- The Siguirii II rural development scheme, including the upgrading of roads, the replanting of 650 ha of riverine forests, and the rehabilitation of 2,400 ha of savannah plains, at a cost of \$27m.
- The Kolenté agricultural development project, costing \$12m, with the aim of upgrading 1,000 ha for the benefit of small-scale farmers, providing roads and boreholes, and assisting development of rural cooperatives.

- A \$25.5m rural development scheme for lower Guinea, providing support to some 120,000 people living in 225 villages in five local government areas.

A Malaysian partner chosen for new telecoms company

Less than a month after the president, Lansana Conté, led a Guinean delegation to Kuala Lumpur, a group of Malay businessmen returned the visit. Comprising entrepreneurs in agriculture (notably palm oil processing), mining, telecommunications, trade and industry, the members of the mission wanted to see the potential of the country for themselves. The visit swiftly brought results with the sale in December to Telkom Malaysia of 60% of the Société des télécommunications de Guinée (Sotelgui). The newly privatised company, 40%-owned by Guinean entrepreneurs, intends to boost the telephone network to 500,000 lines by the end of the century, with an investment of some \$100m: \$75m from the equity partners and \$25m from international financiers. The Guinean minister for post and telecommunications, Emmanuel Gnan, promised that the new agreement would not involve any cuts in the labour force.

Foreign trade, aid and payments

Franco-Guinean trade remains roughly stable

French exports to Guinea in the first six months of 1995 amounted to FFr409.9m (\$82.5m), up by 3.4% over the same period in 1994. The main components of trade, and their relative expansion (or contraction) are detailed below.

Main French exports to Guinea, Jan-Jun 1995

	FFr m	% change on year-earlier period
Flour	55.8	14.6
Sugar	26.8	-8.4
Pharmaceutical products	27.1	-8.2
Electrical material	24.3	-14.4
Mechanical equipment	22.2	-19.4
Metal products	21.9	7.4
Maintenance equipment	21.3	-7.4
Precision instruments	20.3	24.8
Basic chemicals	18.1	72.0
Iron & steel	16.5	1,170
Railway goods	15.9	77.0
Professional electronics	15.7	-6.7
Automobile equipment	13.9	6.2

Source: French embassy, Conakry.

Trade in the other direction was slightly lower than in the same period in 1994, with a value of FFr99.8m compared with FFr104.1m. Three products make up over 90% of Guinean exports: bauxite (at FFr47m in the first six months of 1995, down by 39%); coffee (at FFr33.3m, up by 152%); and fish (at FFr11.1m, up by 55%). Imports of rice, Guinea's staple food, amounted to 142,493 tons in the first seven months of the year, some 27% more than in the same period of 1994 and up by 32% compared with the same period of 1993. However, the

proportion of rice arriving as food aid fell, accounting for just 9% of the total (compared with almost 28% in 1994).

Donor funds for the
police—

France is supplying support worth FFr4m for Guinea's domestic security forces. Part of a credit line opened in 1992, the new loan will sustain efforts to professionalise the police and security services and has three main objectives: reinforcing detection and control measures at the international airport, bringing them into line with international standards; creating a command post in the capital with a traffic control centre and vehicles and communications equipment for a 120-man mobile traffic force; and providing training for 2,000 police officers of all grades, including supplying teaching aids to the national police school.

—schools and agriculture—

France is also supplying FFr11.75m in aid to support education reforms. This will be used to improve central services within the education ministry and to fund the reorganisation of regional inspection and management services. Other priorities are the revision of education programmes, with teaching aids and efforts to expand the scope of the curriculum, and a continued emphasis on teacher training. This programme, progressively introduced since 1991, is supported by several donor agencies (4th quarter 1995, page 11). When the president, Lansana Conté, came to power in 1984 Guinea had the lowest rate of school attendance recorded in West Africa, at just 29% of the population of school age. In ten years this has increased to about 43%, and the intention is to raise the enrolment rate to 53% by the end of the decade. An additional 2,400 teachers are to be recruited over the next five years.

—and health

France is also supplying FFr14m for the development of coffee plantations (the third phase of a continuing project) and has supplied computing equipment to the Ministry of Finance. Equipment worth a total of over FFr30m has been supplied in the past six years. Other aid initiatives include a \$3m grant from Japan for the purchase of herbicides, fertilisers and other agricultural materials, and a loan of \$6.5m from the Khartoum-based Banque arabe pour le développement économique de l'Afrique (BADEA) towards the development of rubber and oil palm estates. Meanwhile, the first stone of the new hospital at Coyah was laid in late October. The \$800,000 hospital is being financed by counterpart funds from the European Union, which has also advanced Ecu100,000 (\$130,000) to support a programme to combat outbreaks of cholera in southern and eastern Guinea, zones particularly affected by influxes of refugees from Liberia and Sierra Leone.

Political structure: Sierra Leone

Official name: Republic of Sierra Leone

Form of state: unitary republic

Legal system: based on English common law

National legislature: rule is by decree of the Supreme Council of State (SCS), installed by the National Provisional Ruling Council (NPRC) which took power in April 1992

Last elections: October 1985 (presidential); May 1986 (legislative)

Next elections due: February 1996 (presidential and legislative)

Head of state: chairman of the SCS

National government: the chairman of the SCS appoints a Council of State Secretaries (CSS)

Main political parties: All People's Congress (APC, the former ruling party); Progressive People's Party (PPP); People's Democratic Party (PDP); Sierra Leone People's Party (SLPP); National Unity Party (NUP); United National People's Party (UNPP)

Head of state, SCS chairman & defence secretary (until coup d'état led by deputy head of state on January 15, 1996)

Deputy head of state & SCS vice-chairman

Secretary-general & SCS spokesman

Delegate to the head of state

SCS liaison officers

employment, territorial administration & trade & industry
mines, public works & transport

Captain Valentine E Melvin Strasser
Brigadier Julius Maada Bio
John Benjamin
Colonel Solomon Jumu

Lieutenant Komba Mondeh
Lieutenant Charles Emile Mbayo

Key secretaries of state

agriculture & forestry

development & economic planning

education

energy & power

finance

foreign affairs

information, broadcasting & culture

internal affairs & rural development

justice & attorney-general

labour

lands, housing & the environment

marine resources

mines

public works

tourism

trade & industry

transport

Eastern Province

Northern Province

Southern Province

Governor of the Bank of Sierra Leone

Leslie Scott

Victor Brandon

Christina Thorpe

Sylyanus Taylor Lewis

John Karimu

Alusine Fofanah

Arnold Bishop-Gooding

Sahr Maligni

Claude Cambell

Alex Browne

Mohamed Samura

Esnest Ndomahina

Major Yillah Koroma

Colonel Joseph Philip Gbondo

Captain Gabriel Abass Turay

Kandeh Yunkella

Hindolo Trye

Major Bashiru Conteh

Lieutenant-Colonel Avivao Kamara

Lt Col Samuel Williams

Steven Swaray

Economic structure: Sierra Leone

Latest available figures

Economic indicators	1990	1991	1992	1993	1994
GDP at factor cost ^a Le m	90,016	181,624	272,533	396,073	474,845
Real GDP growth ^a %	4.5	2.3	-1.8	-2.4	-4.0 ^b
Consumer price inflation %	111.0	102.7	65.5	22.2	24.2
Population m	4.0	4.1	4.2	4.3	4.4 ^b
Exports fob \$ m	138.1	149.0	149.9	121.3	115.8
Imports cif \$ m	155.9	154.0	155.5	147.1	149.9
Current account \$ m	-69.4	10.7	-65.7	-89.2	n/a
Reserves excl gold \$ m	5.4	9.6	20.6	32.8	49.7
Total external debt \$ m	1,155	1,249	1,266	1,388	n/a
External debt-service ratio %	10.2	8.9	20.3	11.9	n/a
Diamond production '000 carats	78	252	344	n/a	n/a
Exchange rate (av) Le:\$	151.4	295.3	499.4	567.5	586.7

January 5, 1996 Le910.0:\$1

Origins of gross domestic product 1990/91 ^a	% of total	Components of gross domestic product 1994	% of total
Agriculture	42.9	Private consumption	84.4
Industry	14.2	Public consumption	12.5
Manufacturing	2.8	Gross domestic investment	9.1
Services	42.9	Exports of goods & services	17.4
GDP at factor cost	100.0	Imports of goods & services	-23.4
		GDP at market prices	100.0

Principal exports 1994	\$ m	Principal imports 1994	\$ m
Diamonds	24	Food	69
Cocoa	2	Capital goods	35
		Fuel & energy	20

Main destinations of exports 1994 ^c	% of total	Main origins of imports 1994 ^c	% of total
USA	28	Côte d'Ivoire	13
UK	15	UK	12
Belgium-Luxembourg	12	USA	10
Germany	9	Belgium-Luxembourg	6

^a Years ending June 30. ^b EIU estimate. ^c Based on partners' trade returns; subject to a wide margin of error.

Sierra Leone

Outlook

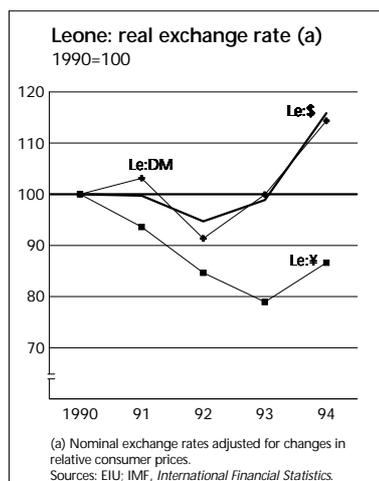
Prospects for peace appear as remote as ever in Sierra Leone. Although the government is pressing ahead with plans to hold multiparty elections in February, it is unlikely that polling will be conducted in a realistic manner in areas affected by the war, especially the south-east. The voter registration exercise has already been seriously disrupted, with registration officers being harassed and threatened by armed gunmen in some areas. It is possible that the elections will cause an escalation in violence if the rebels decide to attack polling booths and voters. It is also likely that even if people are able to register in war-torn areas, they will be too frightened to cast their votes. Surprise rebel attacks in the north-east show that fighting can break out almost anywhere except for the capital, Freetown, and the western region. Sierra Leoneans have started to express concern about the elections, and there have been suggestions that they should be postponed until the country is rendered safe. Despite the continued insecurity and a serious lack of funds, however, the military government seems determined that the elections should take place. A series of new decrees have been issued enabling some members of the administration to involve themselves in the electoral process, suggesting that elements in the current government wish to maintain their grip on power. It remains to be seen whether the head of state, Captain Valentine Strasser, and other military members of the government will keep to their promises of returning to their barracks and staying out of politics.

A glimmer of hope in a diamond deal

The economy continues to be bled dry by the war. As agricultural production has virtually ceased in the country's fertile areas, the government has been forced to import vast quantities of rice in order to feed the population. This has led to serious foreign exchange shortages and a growing imbalance on the external account. The military is trying to woo back foreign mining companies, which pulled out last year following rebel attacks, by issuing assurances that it is fully in control of the rutile and bauxite mining areas in the south-eastern Mokanji hills. The foreign companies will remain reluctant to return, although a UK firm, Branch Energy, has taken advantage of the presence of a South African security firm, Executive Outcomes, in the diamond-rich Kono area to sign a multimillion dollar kimberlite deal with the Sierra Leonean government.

Late note

Captain Strasser was ousted in a bloodless coup led by his deputy, Brigadier Julius Maada Bio, on January 15. The ousted head of state left for Conakry, with the USA as his probable destination. Although diplomatic reaction to the news was swift and negative, it probably came as little surprise to close observers of recent political tensions within the government. Brigadier Maada Bio, a Mende



from Eastern Province, is slightly older than Captain Strasser and is thought to favour the continuing rule of the National Provisional Ruling Council (NPRC) after February. Captain Strasser's wish to hold elections on schedule, and his relations with the National United Party—favoured by Brigadier Maada Bio and others including the finance minister, John Karimu—had led to rumours of a coup, a reshuffle to marginalise the anti-Strasser camp, or both. In the end, the hardliners decided to move first, relying on Captain Strasser's lack of a power base. Brigadier Maada Bio's spokesman claimed that the new head of state was committed to elections but, for "technical reasons", not necessarily on the date scheduled, February 26. Overall, the new man has a credibility problem at home and abroad. Having implausibly accused the ousted Captain Strasser of wishing to delay the polls, the brigadier is highly vulnerable to the same charge. Indeed, some observers feel he resembles Nigeria's head of state, General Sani Abacha, a noted procrastinator where political transitions are concerned. However, he does not have General Abacha's room for manoeuvre, even if he arrives at an interim understanding with civilian political heavyweights. Donor pressure on the new regime is likely to be heavy, and isolationism is not an option for shattered Sierra Leone. The brigadier's potential embarrassment is likely to be increased by reports that he gave the UK overseas development minister, Baroness Lynda Chalker, a firm undertaking in early January that he was committed to timely elections.

Review

The political scene

Rebels fight back in the south—

Fighting between government troops and rebels from the Revolutionary United Front (RUF) has continued around the strategic town of Bo in southern Sierra Leone. In late December the rebels launched a series of attacks on several small towns and villages around Bo. Much of the fighting has focused on Taima township where many civilians have been killed and a camp for displaced people completely destroyed. In early January the military claimed to have decisively recaptured Taima, but the rebels simply moved on to another target, Njala university, where the campus has been attacked several times. Many buildings, including student hostels and the geography department, have been razed to the ground. There was no loss of life, however, as most students had already relocated to the university in Freetown because of insecurity in the southern region.

—but the humanitarian situation improves

Despite the continuing fighting, the humanitarian situation in and around Bo has eased slightly following the famine of 1995 (4th quarter 1995, page 18). Aid convoys, which came under constant attack by the RUF last year, have been able to reach the town, although some have been threatened along the way. On January 3 a convoy of 120 vehicles successfully reached Bo despite being delayed by rebel attacks en route. However, on December 28 rebels ambushed an aid convoy at Senahun, near Bo, burning the vehicles and making off with the contents.

- Fighting also breaks out in the north—
- The fighting is not confined to southern regions of the country. In mid-December two major battles were reported at Mile 38 and Matotoka in north-eastern Sierra Leone. The fighting broke out after rebels attacked an army unit based in the region. The military had previously claimed that it had re-established control in the north. On October 30 the army announced it had captured a major rebel base in the Malal hills in northern Sierra Leone. According to the military, this was the headquarters for all RUF operations in the north of the country.
- as attempts to negotiate run into snags—
- Talks between representatives of the government and the RUF appeared to be on the cards when the foreign minister, Alusine Fofanah, travelled to Abidjan, the Ivorian capital, in September. However, although RUF representatives were also reported to be in Abidjan, no contact was made. Earlier in the month the RUF had offered to talk to representatives of civil society, specifically members of community groups and religious organisations, but nothing came of this initiative. The Sierra Leonean head of state, Captain Valentine Strasser, appealed to the Ivorian president, Henri Konan Bédié, to mediate between his government and the rebels. Mr Konan Bédié is well placed to perform such a role, given the RUF's presence in Abidjan. Following Mr Fofanah's failure to make contact there, Captain Strasser issued a desperate appeal, calling upon "all African peace lovers" to come to the assistance of Sierra Leone. Captain Strasser's cry for help appears to have fallen on deaf ears, however. Apart from a statement from Nigeria that it was reaffirming its commitment to providing military assistance to the government, and the continued presence of Guinean troops, no other African country has offered to help.
- despite contacts with the OAU
- As reports came through of further heavy clashes in the interior, representatives of the Organisation of African Unity (OAU) met RUF members in early December for the first time. Although the talks were inconclusive, they were viewed as a breakthrough. However, the RUF's delegation made it clear that they would refuse direct negotiations with the Strasser administration, which they regard as illegitimate. The issue of negotiations is a fraught one; while intermediaries are clearly required, Sierra Leonean civilian politicians are known to be reluctant to get closely involved with the process before the elections scheduled for late February. There are also doubts as to the control the RUF's leader, Foday Sankoh, will be able to exercise over some of his younger fighters in the event of moves towards disarmament. If, as is widely suspected, Captain Strasser intends to step down and leave the country in the wake of an at least tolerably conducted election, a window of opportunity would then exist for a politically brokered settlement. However, although elections and a new government would remove the RUF's stated *raison d'être*, resistance against the regimes of Joseph Momoh and now Captain Strasser, there is probably a lot more talking to be done.
- Children are the main victims—
- In November Graca Machel, the widow of the late Mozambican president Samora Machel, visited Sierra Leone as a special representative of the UN secretary-general, Boutros Boutros-Ghali. She stated that children were the principal victims of the conflict in Sierra Leone, an assertion which appears to be borne out by the figures. According to UNICEF, 54,000 children under five years

old die every year in Sierra Leone due to the effects of war—they are either killed in the fighting or die from malnutrition and related illnesses. Some 40% of the population of refugee camps are children, and a total of 694,000 children have been forced by the war to leave their homes. It is estimated that 2,500 children are actively involved in the fighting, either in government or rebel forces. There are also reports of boys and girls as young as eight being forcibly conscripted to fight. During her visit to Sierra Leone Mrs Machel disclosed that less than half of the \$3.3m UNICEF says it needs for operations in Sierra Leone has been pledged.

—as gruesome figures
come to light

Following the outbreak of famine in the towns of Bo and Kenema last year, it has emerged that in July-September 1995 several thousand people died from the effects of starvation, most of them women and children. The principal cause of the famine was the inability of food convoys to reach the two towns because of rebel attacks on the roads linking them with Freetown. In October 1995 a French aid agency, Action Internationale Contre le Faim, described the situation in Sierra Leone as “catastrophic”. It claimed that in Bo alone, 10,000 children were suffering from severe malnutrition and required immediate medical attention.

Troops foil an attempted
coup

In early October the government disclosed that there had been yet another coup attempt, led by eight young military officers. Heavy gunfire was reported in Freetown in the early hours of the morning of October 3, but calm was quickly restored to the capital. All eight alleged coup plotters were eventually arrested and are being held in Freetown’s Central Prison awaiting trial by court martial. Several attempted coup plots have been reported in Sierra Leone since the military seized power in April 1992. The latest one appears relatively insignificant.

Preparations for the
elections continue—

Voter registration began on December 27 after the Interim National Electoral Commission (INEC) had delivered registration forms to the provinces, including Bo, Kono and Makeni. However, rebel activity in many areas has prevented voter registration officers from carrying out their work. Political parties have also complained of irregularities in the registration process, and a number of registration officers have already been sacked in Western Region for failing to keep to the rules.

—although there are
mixed feelings about the
polls—

As preparations continue for multiparty elections scheduled for February 26, some sectors of the population have expressed concern that the continuing war will prevent nationwide polling from taking place. On January 5 paramount chiefs from Southern Region staged a demonstration in Bo expressing their disquiet about the forthcoming elections. They demanded that the voter registration period be extended in the south, saying that insecurity had prevented people from registering. In a letter handed to the secretary of state for Southern Province, Lieutenant-colonel Samuel Williams, the chiefs said that voter registration officers had been unable to venture into many areas because they had been threatened by armed groups. The chiefs stated that it would be impossible to hold elections in many of their chiefdoms because they had been completely devastated in the fighting. The protest by the chiefs is particularly significant as they have generally supported the idea of elections.

—and no money to pay for them

The head of the INEC, James Jonah, revealed on December 4 that less than half of the \$11m requested from foreign donors to pay for the elections had been pledged. He said that the UK government had been the most generous, pledging just over \$4.5m. In a visit to Sierra Leone on January 6 the UK minister for overseas development, Baroness Lynda Chalker, expressed optimism that elections could be held, despite the war.

On the surface, such an assertion appears overoptimistic. However, at least one senior Sierra Leonean politician feels that the numbers of displaced people within the country present a relatively minor problem for the INEC, as most of them are concentrated in easily identifiable groupings around the capital and other major centres.

Parties are banned from demonstrating

On January 5 the police banned 14 registered political parties from staging a protest in Freetown against recently issued military decrees which enable members of government to participate in the elections. The demonstration was banned on the grounds that individuals might take advantage of the situation and threaten public safety. Riot police were deployed in central Freetown to ensure no protest was held and the day passed without incident. The government has said that the parties can present their grievances to the INEC but has asked them to refrain from holding public protests. The parties want the military government to repeal the decrees because they believe they are designed to allow Captain Strasser's government to maintain its grip on power. The minister of finance, John Karimu, has already taken advantage of the decrees to put his name forward as a presidential candidate.

The economy

A budget of mixed blessings—

In his budget speech on December 29 the finance minister, John Karimu, announced a 50% salary increase for all government employees, including members of the armed forces. He also promised to reduce taxes. Although he expressed confidence that mining activities would be starting up again soon, Mr Karimu also had some depressing news. He said that the previous six months had witnessed a decline in local manufacturing and that there was a sharp difference between import and export figures. A large percentage of foreign exchange earnings, he added, had had to be diverted to service the importation of basic items, including rice. Mr Karimu also reported a 30% drop in the value of the leone over the past six months.

—and a crackdown on illegal money changers

On December 28 the government launched a campaign against illegal currency dealers in Freetown. Plain-clothes detectives swooped on dealers, arresting them on the spot. Many of the dealers operate just outside the legal foreign exchange bureaux, preventing people from entering and forcing them to exchange currency with them instead, at less attractive rates.

The IMF increases its ESAF loan—

In mid-December the IMF announced that it was increasing the second annual loan under Sierra Leone's SDR88.8m (\$132m) Enhanced Structural Adjustment Facility (ESAF) by SDR13.1m, "based on Sierra Leone's financing needs", a clear indication that the economic squeeze is causing alarm in both Freetown and

Washington. The IMF noted that 1995 was economically disastrous: bauxite and rutile production ceased and increased rice import costs aggravated the already severe depreciation of the leone. The Fund expected real GDP to have contracted by at least 10% in 1995, a catastrophic figure which the EIU nonetheless regards as being too optimistic.

—and whistles in the dark—

Looking to the future, the Fund painted the brightest picture possible under the circumstances, although it was keen to stress that its projections depend upon “the expectation of a continued improvement in the security situation”. The IMF sees 1996 as a key year for both macro- and microeconomic stabilisation, expecting real GDP to bounce back, expanding by 4.9%. After the collapse of 1995, a return to relative peace would make this figure attainable, merely as a side-effect of a postwar recovery in economic activity. (An even more spectacular rebound is thought to have occurred in Togo as the country came out of politico-economic crisis in 1994.) However, the Fund is also pinning its hopes on the successful implementation of a raft of classic structural adjustment measures, including civil service retrenchments, privatisations and the control of monetary policy by the use of open market operations. Noting that significant increases in government revenue are highly unlikely, the IMF recognises that wrestling down the fiscal deficit (thought to stand at about 7.3% of GDP in 1995) will depend upon slashing expenditure, particularly military spending. If the Fund’s targets can be met, Sierra Leone will have pulled off a near-miraculous recovery, although whether such budgetary stringency is in any way compatible with the reconstruction of the country in an era of diminishing aid flows remains to be seen.

Selected economic indicators
(% change unless otherwise indicated)

	1993	1994 ^a	1995 ^a	1996 ^b	1997 ^c	1998 ^c
Real GDP	0.6	3.5	-10.0	4.9	6.8	5.0
Consumer price inflation (end-period)	15.1	22.3	35.0	10.0	6.0	5.0
Fiscal deficit/GDP (%)	6.7	6.3	7.3	6.3	4.3	3.6
Current-account deficit/GDP ^d (%)	16.2	18.1	20.0	17.8	15.7	15.1

^a Estimates. ^b Revision to medium-term programme. ^c Projections. ^d Before official transfers.

Sources: IMF staff estimates and projections; government estimates.

—as fuel price rises increase the misery

In a clear signal that the government remained committed to adjustment policies (and was feeling the fiscal pinch more sharply than ever), in early November the trade and industry minister, Kandeh Yunkella, announced deep cuts in subsidies for petrol and diesel, raising the price of petrol to \$2.40/gallon. The knock-on effect was immediate; by early December the London-based monthly magazine *Africa Economic Digest* was noting a Le4,000 increase in the price of a 50-kg bag of rice to Le25,000, and expected more to come. However, the government still subsidises petrol by 78 cents/gallon, a policy the IMF and World Bank will wish to see abandoned as rapidly as possible.

Mining

Mining companies remain cautious—

The military announced in October that it had regained firm control of the rutile and bauxite mining areas in the Mokanji hills in south-eastern Sierra Leone. An army spokesman claimed that foreign mining companies could return to the area and restart operations. However, the mining companies, Sierra Rutile and Sieromco, which were forced to abandon the area in January 1995 after rebels attacked the mines and kidnapped their staff, are reluctant. Given that the rebels have shown that they are capable of recapturing mining sites from the army, their caution is well-founded. Until last year Sierra Rutile and Sieromco were responsible for about 75% of all mining activity in Sierra Leone and employed 5,000 people. The government has lost billions of leones in revenue since the two mining companies pulled out.

Further bad news came in January this year when a Canadian-based mining group, Golden Star, announced that it had written off its \$1.2m investment option on the Baomahun property because of the continuing lack of security in the area. Although Golden Star does not appear to rule out a return to the area in the future, it clearly has no intention of making such a move until a definitive peace is arrived at.

—but a big diamond deal is signed—

It seems that the presence of the South African military consultants, Executive Outcomes, in the diamond-rich Kono district has restored some confidence in the area. A UK company, Branch Energy, has signed an \$80m deal with the government to exploit two kimberlite deposits in the district. Branch Energy has a 60% shareholding in the project and the government 30%. The remaining 10% is open to the general public. Branch Energy is reported to be so optimistic about the venture that it has already started importing mining machinery. It is hoped that 1,000 jobs will be created, absorbing some former employees of the defunct National Diamond Mining Company. Branch Energy has experience of working in difficult environments: it operates extensively in African countries, including Angola and Zaire. Meanwhile, the South Africa-based diamond giant De Beers continues to exercise caution in Sierra Leone, restricting its activities to plans for offshore mining in Sierra Leonean waters.

—and thousands flock to Kono diamond district

The relative calm in Kono district has, however, caused thousands of civilians to flock to the area in search of diamonds. Executive Outcomes has complained that the large influx of people has made it difficult to maintain a security cordon around the mining areas. Most new arrivals are engaged in illegal mining activities and in an effort to reduce this mining companies in the area have ordered all their employees to wear identification tags.

Foreign trade, aid and payments

The current-account record is adjusted

The November issue of the IMF's *International Financial Statistics* contained newly calculated assessments of Sierra Leone's balance of payments in 1991-93 which suggest that the current account was stronger than had previously been thought. In 1993, according to the Fund's new data, the current-account deficit stood at \$58.3m, considerably better than the previous quoted figure of \$89.2m.

In 1992 the picture is altered still further: whereas previously the deficit was put at nearly \$66m, the IMF is now using a figure of just \$5.5m. The trade balance was positive in both 1991 and 1992, only falling into the red (at a deficit of \$69m) in 1993 as the country's economic and political crisis intensified. It is unclear, however, how much of the change is accounted for by the IMF's newly adopted methods of demarcating invisible elements in the current account, and how much is a genuine reassessment.

Current account

(\$ m)

	1991	1992	1993
Merchandise exports fob	149.5	150.4	118.3
Merchandise imports fob	-138.6	-139.0	-187.1
Trade balance	11.0	11.4	-68.8
Services:			
credit	67.6	47.0	58.5
debit	63.8	-62.9	-61.5
Income:			
credit	7.9	6.8	2.3
debit	-17.1	-15.1	-5.6
Current transfers:			
credit	10.0	8.2	18.6
debit	-0.2	-0.8	-1.7
Current-account balance	15.3	-5.5	-58.3

Source: IMF, *International Financial Statistics*.

EU aid money is granted

The European Union has granted Ecu250,000 (\$325,000) to help fight the cholera epidemic in Sierra Leone. The non-governmental organisation Médecins sans Frontières-Belgium will use the funds to send personnel and medical supplies to affected areas. Some 23,000 Sierra Leoneans are reported to be affected by the epidemic.

Political structure: Liberia

Official name: Republic of Liberia

Form of state: unitary republic

Legal system: based on 1986 constitution

National legislature: the 35-member Transitional Legislative Assembly, formed in 1994 from nominees of the outgoing Interim Government of National Unity, the National Patriotic Front of Liberia (NPFL) and both wings of the split United Liberation Movement for Democracy (ULIMO), is to remain in place until general elections are held. The composition of the assembly is being widened to include other factions under the Abuja peace accord of August 9, 1995

Last elections: October 1985 (presidential and legislative)

Next elections due: August 12, 1996 (presidential and legislative)

Head of state: the Council of State, composed of the leaders of the NPFL, ULIMO-K and the Liberian Peace Council (LPC) plus three civilians, was sworn in on September 1, 1995 to replace the Transitional Council of State, acting as head of state by committee

National government: the cabinet of the Liberian National Transitional Government (LNTG), appointed by negotiation among the various factions, is answerable to the Council of State. It was formed after the swearing-in of the Council of State, replacing the former LNTG of March 1994

Council of State: Wilton Sankawulo (chairman); Charles Taylor (NPFL); Alhaji Kromah (ULIMO-K); George Boley (LPC); Oscar Quiah; Chief Tamba Tailor

Key ministers

(nominating organisation in brackets)

agriculture	Roland Massaquoi (NPFL)
commerce	Lusinee Kamara (ULIMO-K)
defence	Hezekiah Bowen (AFL)
education	Moses Vah (LPC)
finance	Lansana Kromah (ULIMO-K)
foreign affairs	Momolu Sirleaf (NPFL)
health & social welfare	Vamba Kanneh (ULIMO-K)
information, culture & tourism	Victoria Reffell (NPFL)
interior affairs	Joshua Suah (NPFL)
justice	Francis Garlawolo (NPFL)
labour	Tom Woewiyu (NPFL-CRC)
land, mines & energy	Jenkins Dunbar (NPFL)
planning & economic affairs	Francis Kabah (LPC)
post & telecommunications	Alfred Kollie (LPC)
public works	Varlee Keita (ULIMO-K)
transport	Armah Youlo (ULIMO-J)
youth & sports	François Massaquoi (LDF)

Governor of the National Bank of Liberia

Ignatius Clay (ULIMO-J)

Economic structure: Liberia

Latest available figures

Economic indicators	1990	1991 ^a	1992 ^a	1993 ^a	1994 ^a
GDP at market prices \$ m	2,000 ^a	3,800	5,000	9,000	13,500
Real GDP growth %	-9.0 ^a	-10.0	0.0	0.0	0.0
Consumer price inflation %	300.0 ^a	100.0	75.0	80.0	50.0
Population m	2.46	2.49	2.54	2.58	2.62
Exports fob ^b \$ m	1,943	482 ^c	770 ^c	584 ^c	530 ^c
Imports fob ^b \$ m	4,259	5,042 ^c	5,769 ^c	5,234 ^c	5,945 ^c
Current account \$ m	n/a	n/a	n/a	n/a	n/a
Reserves excl gold \$ m	n/a	1.3 ^c	1.0 ^c	2.4 ^c	5.1 ^c
Total external debt disbursed \$ m	1,849	1,954 ^c	1,923 ^c	1,926 ^c	n/a
External debt-service ratio %	0.0	0.0	0.0	0.0	0.2
Iron ore production m tons	2.0 ^a	2.0	2.0	1.5	0.0
Rubber production '000 tons	19	32 ^c	30 ^c	45 ^c	31 ^c

Exchange rate (fixed) L\$1:US\$1; in practice, Liberian coinage trades at a discount

Origins of gross domestic product 1986	% of total	Components of gross domestic product 1989	% of total
Agriculture	30.3	Private consumption	55.6
Mining & quarrying	18.8	Public consumption	13.5
Manufacturing	13.0	Gross fixed capital formation	8.2
Construction	5.1	Change in stocks	0.3
Government services	27.1	Exports of goods & services	44.1
Other services	5.6	Imports of goods & services	-23.3
GDP at factor cost	100.0	GDP at market prices	100.0 ^d

Principal exports 1989	\$ m	Principal imports 1988 ^e	\$ m
Iron ore	235	Machinery & transport equipment	84
Rubber	120	Fuels & lubricants	61
Timber	92	Manufactured goods	44
		Foodstuffs	44
		Chemicals	16

^a EIU estimates. ^b Derived from partners' trade returns; subject to a wide margin of error and particularly distorted as a result of the recording of ship registrations as exports to Liberia from their country of manufacture. ^c Actual. ^d Total does not add in source. ^e January-September.

Liberia

Outlook

Serious fighting casts fresh doubt on the peace process—

—as the warlords fail to control their gunmen—

ULIMO-J: United Liberation Movement for Democracy, Roosevelt Johnson faction
 ECOMOG: ECOWAS Monitoring Group
 NPFL: National Patriotic Front of Liberia
 ECOWAS: Economic Community of West African States
 ULIMO-K: United Liberation Movement for Democracy, Alhaji Kromah faction

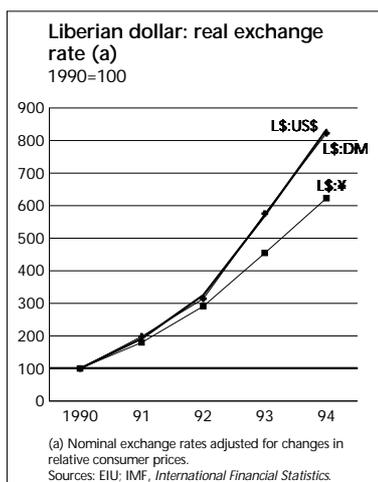
—and the election timetable looks wildly optimistic

The battle between ULIMO-J and ECOMOG in Tubmanburg and news of further abuses by ULIMO-J have highlighted the fragility of the ceasefire and cast fresh doubt on the viability of the Abuja Accord. Although all the main faction leaders, including the head of ULIMO-J, Roosevelt Johnson, have been at pains to stress their commitment to peace, it is becoming increasingly clear that they do not have full control over their fighters. ULIMO-J militiamen continued to battle against ECOMOG troops for several days after Mr Johnson claimed he had ordered them to stop; either he was lying or the fighters simply ignored him. Neither possibility bodes well.

The Tubmanburg fighting appears to have started with an internal row within ULIMO-J, and it seems that the NPFL is similarly afflicted by infighting. Sources close to the militia have reported frustration among NPFL commanders who were excluded from the carve-up of key posts in the new administration. This tension has clearly caused some, if not all, of the persistent fighting around Gbarnga, notwithstanding the denials of the NPFL's leader, Charles Taylor. The exploits of militia members in Monrovia, including routine harassment of civilians, indicate that the faction leaders either will not or cannot control their fighters in the capital itself, let alone up-country, where more severe abuses have continued. Now that the leaders have a taste of power in Monrovia, they are probably genuine in their support for the latest peace deal, the Abuja Accord, although whether they will honour their promises to respect the outcome of elections is more dubious. However, peace will be impossible as long as their fighters continue to indulge in bloody squabbles and armed pillage.

ECOMOG has put a brave face on the Tubmanburg fighting, one of the most disastrous episodes for the peacekeeping force since it was deployed in Liberia in 1990, and insists that disarmament will go ahead as planned. However, even Ghana's normally optimistic deputy foreign minister, Mohamed Ibn Chambas, has warned that the incident could destabilise the peace process. Even if it does not, and the ceasefire is more or less restored, the existing election timetable appears wildly optimistic. The disarmament process, due to begin in mid-January, will be the acid test. With demobilisation so far behind schedule, the presidential and general elections will almost certainly have to be postponed from their scheduled date of August 12. If they are not, and disarmament is not completed by then (to say nothing of voter registration in a country where three-quarters of the population have been displaced), there is no chance that voting will be free of intimidation and fraud.

Donors will remain cautious



ECOMOG is trapped in a vicious circle: it is desperate for immediate funds to beef up its forces in an attempt to keep the peace process on track, yet donors will remain wary of committing cash to Liberia until they are sure that peace is on the way. In addition, the international isolation of Nigeria since its military government executed nine minority rights activists in November 1995 may increase Western reluctance to commit military funds to the Nigerian-led ECOMOG. The peacekeeping force will struggle along financially for the foreseeable future, surviving on whatever funding ECOWAS can scrape together within the region. It will probably be unable to increase its strength to the levels it feels are necessary to implement disarmament, posing a further threat to the peace process. Militia leaders such as Mr Taylor, meanwhile, continue to display the handout mentality which has long characterised Liberian politics. In spite of unambiguous warnings by the UN secretary-general, Boutros Boutros-Ghali, they appear not to have fully understood that further aid will depend on concrete results, and that they must bear ultimate responsibility for the mess in which Liberia finds itself.

Review

The political scene

The ceasefire remains fragile—

The ceasefire, declared from August 26 under the latest peace plan, the Abuja Accord (4th quarter 1995, page 30), continued broadly to hold for several months, although frequent bursts of fighting kept the agreement under pressure. With the nationwide deployment of ECOMOG lagging badly behind schedule (see below), the timetable for disarmament has barely got off the ground. By September 26 all militias were supposed to have disengaged from their battle positions; in reality, all that had been achieved by then was the dismantling of some Armed Forces of Liberia (AFL) and ULIMO-J roadblocks. ULIMO-J refused to withdraw from its position on Lofa Bridge, in the west of the country, because of continuing clashes with ULIMO-K (4th quarter 1995, page 31). Serious fighting also broke out in early October around the NPFL stronghold of Gbarnga, in central Liberia. The NPFL leader, Charles Taylor, accused ULIMO-K of attacks on or near the town; ULIMO-K denied the charge and there are indications that at least some of the clashes have been between rival NPFL groups squabbling over their share of power under the transitional government.

—and is shattered by ULIMO-J

The sense of a relatively solid ceasefire was shattered at the end of December by more than a week of fierce fighting between ULIMO-J and ECOMOG in the western town of Tubmanburg, a ULIMO-J stronghold. Fighting broke out on December 28, apparently between rival ULIMO-J factions at first. It seems that ULIMO-K was then sucked into the battle; ECOMOG intervened to separate the two militias, and three Nigerian peacekeepers were killed. The ULIMO-J leader, Roosevelt Johnson, accused ECOMOG of aiding ULIMO-K, and fighting between ULIMO-J and the West African force intensified. ULIMO-K abducted several ECOMOG soldiers but later released them, while about 130 peacekeepers were trapped by ULIMO-J at nearby Bong Mines. After a day-long truce on

January 1 fighting flared again when Mr Johnson accused ECOMOG troops of atrocities against his fighters. Under strong pressure from Liberia's interim government, Mr Johnson said on January 3 that he had ordered his fighters to cease fire, but battle continued and spread closer to Monrovia. Relative calm was finally restored around January 7. ECOMOG said seven of its men had been killed and nine were missing, but witnesses said they saw the bodies of more than 60 peacekeepers. Mr Johnson said his militia was still ready to abide by the Abuja Accord, but by January 12 Tubmanburg appeared to be sealed off by ULIMO-J members demanding that ECOMOG free about 12 fighters captured during the battle. However, it appeared that the 130 ECOMOG soldiers at Bong Mines had been released after further government pressure. There were also reports of a serious attack by ULIMO-J on civilians in the north-western town of Robertsport and killings by the same militia at a refugee camp north of Monrovia.

Other fighters continue
abuses up-country—

Abuses against civilians and aid workers have also continued. In late September relief workers from the World Health Organisation (WHO) and UNICEF were forced to abandon an evaluation trip to Bong and Nimba counties when men believed to belong to the NPFL stole drugs, cash, clothing and a UN car at gunpoint. Just over a month later the UN World Food Programme (WFP) said it had suspended its aid activities in central Liberia because of sporadic infighting among NPFL guerrillas, accompanied by persistent harassment and theft. In early October news emerged of a massacre by NPFL fighters in the northern town of Tapeta, in which about 100 people were reported to have been killed. Witnesses said heavy gunfire broke out after an argument in the town market between two rival groups within the militia. The NPFL leadership immediately condemned the killings, saying those responsible would face a court martial and possible execution. The Liberian Peace Council (LPC) showed a similar concern for public relations the following month when it announced the execution of seven fighters found guilty by a militia court of atrocities against civilians. The LPC proclaimed with some pride that the men were shot in an attempt to improve the militia's poor image. The London-based human rights organisation Amnesty International pointed out sharply that summary executions are not the stuff of a good human rights record.

—and throw their weight
around in Monrovia

Even in the capital, where faction leaders installed in the government might be expected to exert more control over their members, fighters have shown little inclination to respect the rule of law. Members of ULIMO-K attacked the national police headquarters in October in a failed attempt to rescue three detainees held on forgery charges; it was not clear whether any action was subsequently taken against them. At the beginning of November simmering hostility between bodyguards of Mr Taylor and of the ULIMO-K chief, Alhaji Kromah, boiled over into a brawl over which leader should have first access to a lift. Residents in the Congo Town suburb of Monrovia complained of constant harassment by NPFL bodyguards trying to seize houses in order to install themselves around Mr Taylor's new residence. The Methodist Church in Liberia accused Mr Kromah's bodyguards of beating up the son of a bishop who asked them to move their cars from outside his home; the church said the guards threatened to kill the family if they did not move house.

- Buffer zones are agreed
- In spite of the continued fighting, there have been signs of cooperation between some factions. In early November Mr Taylor announced an agreement between the NPFL, ULIMO-K and the LPC to reopen main roads through the south-east of the country and set up a committee to verify reports of skirmishes. A few days later state-run radio in Monrovia reported that ULIMO-K and the NPFL had agreed to set up a buffer zone between the two militias at the strategically sensitive bridge over the St Paul river, between Bong and Lofa counties. On December 1 the government announced what appeared to be an expanded buffer zone between the same two militias, extending from Gbalatua in Bong County to Gatlotia in Lofa County, from which all armed fighters would be excluded.
- Donors pledge US\$146m to support the peace process—
- In October, encouraged that the ceasefire appeared to be holding moderately well, donors at a UN-backed conference in New York pledged a total of US\$145.7m to support the peace process. Although substantial, and a modest vote of confidence in the Abuja Accord, the sum was far less than UN and ECOWAS officials had hoped. A UN evaluation mission put the country's humanitarian needs (including food and medicine) at US\$110m, while ECOMOG had asked for US\$150m to support the cost of disarmament. In response, the USA pledged US\$75m, including US\$10m for ECOMOG. The UK offered US\$7.7m, including an element to fund communications equipment and UK advisers for the Ghanaian contingent of ECOMOG, and France promised US\$3m towards disarmament. The European Commission (EC) said US\$15m was available immediately for its current programme of health care, food, water and fighter rehabilitation, with a further US\$45m planned for an extended programme. Mr Taylor said he was not impressed with the sums offered.
- and military chiefs pledge to expand ECOMOG—
- Actual disbursements have not been so swift, and the bulk of the pledges are aimed at humanitarian needs rather than military support for ECOMOG. As a result, the peacekeeping force has remained hobbled by a serious shortage of funds to implement the peace timetable. ECOWAS chiefs of staff agreed in October that ECOMOG should be reinforced by some 4,700 men to return it to a more viable strength of 12,000 soldiers, provided that donors chipped in with financial support. Nigeria and Ghana, the two biggest ECOMOG contingents, pledged to increase their existing forces, while troops or military support personnel were also promised by Côte d'Ivoire, Burkina Faso, Togo, Benin, Niger and Mali. Nigeria has since sent more troops, but other promised reinforcements had not arrived by early January.
- but scarce funds hamper troop deployment—
- Under the Abuja Accord, ECOMOG and the UN Observer Mission in Liberia (UNOMIL) were supposed to have deployed throughout Liberia by December 16, with full disarmament of the warring factions scheduled for the end of January 1996. In fact, troops did not begin moving into rebel-held areas until mid-December, two months late, amid much civilian celebration. They set up a regional headquarters and communications centre in Gbarnga, and moved from the port of Buchanan into south-eastern areas controlled by the LPC. The leaders of the NPFL, the LPC and ULIMO-K have all stressed that their fighters are under orders to respect the peace agreement. The chairman of the ruling

Council of State, Wilton Sankawulo, announced in late December that ECOMOG and the militia leaders had agreed on January 15, 1996 as the official starting date for disarmament. ECOMOG has said it is determined to go ahead even if adequate international funding is not forthcoming, scraping resources together from within the West African region. ECOMOG's field commander, General John Inienger, insisted that the January 15 start would be respected in spite of the Tubmanburg fighting. As battles continued in the western town ECOMOG pointedly deployed troops in northern Nimba County, on the border with Côte d'Ivoire.

—prompting a plea from the UN secretary-general

During a flying visit to West Africa in late November the UN secretary-general, Boutros Boutros-Ghali, expressed his “deep concern” that resources provided for ECOMOG continued to fall far short of its needs. He appears to have toughened up his message for Liberian consumption, however; speaking in Monrovia, he stressed that the international community could not aid the country if Liberians were not willing to help themselves, and said more progress towards peace had to be seen before foreign donors would commit any more cash.

UNOMIL is reinforced

In early November the UN Security Council approved a request by Mr Boutros-Ghali to crank UNOMIL's strength back up from about 70 to 160 military observers by the end of January 1996, reversing the severe pruning of the UN observer mission when no peace seemed in sight (3rd quarter 1995, page 34). The UN also approved a broader mandate for UNOMIL, including investigation of ceasefire and human rights violations and support for relief activities. The latest UNOMIL commander, Egypt's Major-General Mahmud Muhammad Talah, arrived in Liberia in December to take over from Kenya's Major-General Daniel Opande. Although the disarmament process has proved painfully slow, UNOMIL has got as far as identifying assembly sites for the various militias.

The defence minister suggests cash for disarmament

As an incentive to disarmament the defence minister, General Hezekiah Bowen, has suggested the government should buy guns from militia members rather than expecting them to lay down their arms for free. General Bowen, who is also head of the AFL, said a “Guns for Money” scheme could be set up with funds raised at the donor conference, paying \$200 per gun with a \$500 supplement for each fighter to buy clothes, food and farming tools. It was not immediately clear whether General Bowen was speaking of Liberian or US dollars, nor whether the interim government was likely to approve his plan. He appears to have been working on the assumption of 40,000 fighters to be disarmed, although other estimates run as high as 60,000-80,000. Assuming one gun per fighter, his plan would cost US\$28m in US dollar terms; in Liberian dollars, at a parallel market rate of around L\$40:US\$1 (see The economy), it would cost a more modest US\$700,000. The government has said it wants to put demobilised fighters to productive work, reviving rubber plantations and iron ore mines. General Bowen's proposal has a cynical logic, given that fighters currently have little incentive to give up the guns which assure them a living through pillage and intimidation (existing rehabilitation schemes notwithstanding). Whether it is financially feasible, and whether donors would approve the use of their funds for such a project, is more debatable.

- An election date is fixed The electoral commission announced at the end of September that the date of presidential and parliamentary elections had been fixed for August 12, 1996, in accordance with the timetable of the Abuja Accord. It put the expected cost of the polling at about US\$18m. Political parties were to register from October, with voter registration beginning in February 1996; candidates are due to be nominated in April and campaigning is to start in May. By mid-November at least two parties, the little-known Reformation Alliance Party (RAP) and the National Patriotic Party (NPP), the political arm of the NPFL, had registered for the elections. Mr Taylor has made it clear that he will seek office as president.
- Refugees trickle back to Liberia The trickle of refugees returning to Liberia since the latest peace accord has speeded up slightly, although the main influx is not expected to start until ECOMOG has deployed more widely. Some 5,000 refugees were flown back from southern Guinea in November in an operation organised by the Office of the UN High Commissioner for Refugees (UNHCR); 3,700 refugees returned earlier in 1995 in a similar exercise. Others were reported to be leaving Guinea earlier that month under their own steam, driven back to areas not yet declared safe by ECOMOG by food shortages and disease in the refugee camps. The exact number of Liberian refugees outside Liberia remains uncertain, but most current estimates put the total at around 700,000-800,000. The UN estimates that three-quarters of the population have been displaced, either within or outside Liberia. Based on a total of 700,000 refugees abroad, the UNHCR has estimated the cost of repatriating Liberians scattered across West Africa at US\$41m.
- An ebola scare highlights civilian suffering— The continued grave suffering of the civilian population, especially outside Monrovia, was highlighted in December by reports of an outbreak of the deadly ebola disease in eastern Liberia. The alarm was raised when a Liberian man who crossed into Côte d'Ivoire to seek treatment was confirmed as having a mild strain of the highly contagious disease, which killed more than 240 people in Zaire earlier in 1995; he has since recovered. The WHO later confirmed that ten suspected ebola deaths in the Liberian village of River Bay were in fact caused by cholera, although the Paris-based Pasteur Institute continued tests on three more suspected ebola cases.
- but less exotic diseases claim more lives— A mass vaccination campaign against yellow fever was launched in the port town of Buchanan in November after an outbreak which infected some 350 people and killed at least 23; the campaign, supported by an EC grant of Ecu700,000 (US\$917,000), was later extended to Monrovia. The EC also pledged Ecu200,000 to help combat a cholera epidemic in the capital (4th quarter 1995, page 31) which was claiming more than twice as many lives as the norm for a “well-contained” outbreak. Following an emergency relief drive against hunger in central Liberia (4th quarter 1995, page 31), aid agencies warned of similarly grim conditions in the south-east. Armed militiamen have been stealing what little food is left to villagers, leaving them to survive on wild roots, leaves, bananas and cabbage. Large areas of countryside have been abandoned and the head of the UN evaluation mission in Liberia, Peter Hansen, said the country's food harvest had fallen to 9% of its pre-war level. The UN estimates that 76% of children in rural Liberia are suffering from severe malnutrition.

—while food aid is squeezed by a shortage of cash

In spite of the food shortage, in October the government ordered that 10,000 bags of rice donated by Taiwan should be sold to raise money for “diplomatic” activities and to advance the peace process. (A month later the Council of State announced a crackdown on unauthorised foreign travel by government officials.) The WFP has also felt the pinch of tight finances, dropping rice completely from its refugee rations. Rice had already been substantially replaced by bulgar wheat (3rd quarter 1995, page 36), which the WFP says is cheaper and more nutritious, although the change provoked much complaint among Liberians, raised to regard rice as the basis of any true meal.

Teachers go on strike for back pay—

By November the initial euphoria of the peace deal was wearing off and some sections of society were starting to make more concrete demands on the new administration. Teachers in state-run schools went on strike on November 8 to demand the payment of salary arrears plus a monthly rice ration and transport allowance. Tens of thousands of public-sector employees had not been paid for nearly six months. The government said it would do all it could to pay the arrears but could not meet all the teachers’ demands because of inadequate funds. Teachers’ leaders countered with accusations that government members cared more about their own luxurious lifestyle than education.

—and traders protest against a street clean-up

In the same month, thousands of street vendors marched through Monrovia to protest against an official ban on casual trading, described by the mayor as an attempt to clear the streets and keep the city clean. Many pavements in the overcrowded city have been made impassable by street stalls, but the mayor appears to have overlooked the fact that such informal-sector trading is currently the only possible source of livelihood for thousands of displaced people.

The economy

Rubber production estimates are revised—

The International Rubber Study Group (IRSG) has substantially revised its rubber production and export figures for Liberia, although its estimate for natural rubber output in 1994 remains unchanged at 31,000 tons. According to the IRSG’s *Rubber Statistical Bulletin* for October 1995, Liberia produced 45,000 tons of natural rubber in 1993, compared with the IRSG’s earlier estimate of only 3,000 tons. Other changes have been less dramatic. Output in 1992 now stands at an estimated 30,000 tons compared to a previous 28,000 tons; the 1991 total has been increased to 32,000 tons from 19,000 tons, and the 1990 total reduced to 19,000 tons from 40,000 tons. Total export figures are identical to those given for natural rubber production; they include very small amounts of latex.

—to yield a more credible pattern—

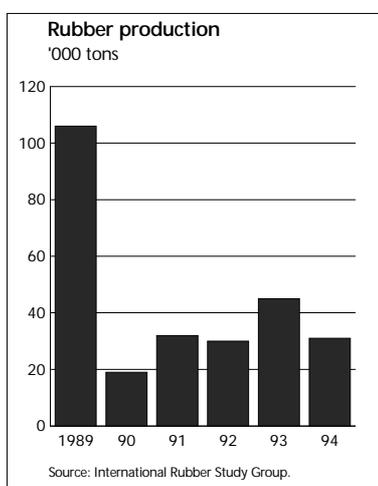
The amendments probably reflect a more realistic assessment of how much rubber has actually been produced and smuggled out of Liberia during the war years, as opposed to what may have been entered in government ledgers. The rubber-producing areas have been controlled almost entirely by warring factions; sometimes they have entered into *de facto* alliances with foreign rubber producers, while at others times they have tapped rubber informally, either for individual gain or to support the war effort. The reduction of the 1990 estimate, to a level below that of subsequent years, is consistent with the heavy fighting which raged for much of that year around the main rubber area—notably the

—although the export picture remains confused—

huge Firestone plantation at Harbel owned by Japan's Bridgestone tyre company. The Professional Association of Natural Rubber in Africa predicts that Liberia's rubber output will rise to 40,000 tons in 1996, but admits that this is only a guess.

The latest figures can only be estimates, given the paucity of reliable information, but they do yield a more credible pattern than the IRSG's previous figures. The fact that production and export figures are identical reinforces the belief that they should be treated with caution, however. Some rubber has certainly been stockpiled from time to time, when in theory production should be higher than exports; equally, some more recent shipments (especially through Monrovia) have included rubber produced at an earlier date, suggesting that exports should exceed output.

—as covert sales continue to thrive



Industry sources say illegal rubber tapping and shady exports have continued to thrive, irrespective of the five-month official export ban during 1995 (4th quarter 1995, page 3). Nigerian, Ghanaian, Malaysian and Korean entrepreneurs are alleged to be involved in the trade, buying raw rubber from militia members who have hired or forced workers to tap plantations illegally. The buyers are reported to pay about US\$200/ton for the rubber and sell at up to US\$870/ton, often to refiners in south-east Asia. Trade sources say many large rubber consignments confiscated by police during the export ban have since disappeared, with the government denying rumours of their sale. One source told the international news organisation Reuters that 87 containers were shipped from Monrovia to Singapore in June 1995, equivalent to 975 tons of dry weight rubber or 1,600 tons of processed rubber, presumably with government knowledge, as exports were banned at the time. The same source said trucks were carrying rubber across the border to Côte d'Ivoire, where they were accompanied by local customs officials to bonded warehouses so that the rubber did not officially enter the country. He estimated that some 10,000 tons of raw rubber found their way out of Liberia in 1995. The government has refused to comment.

Bridgestone plays down reports of reopening Firestone

Bridgestone has played down reports in October that the company was ready to reopen the 30,000 ha Firestone plantation at Harbel, the world's biggest rubber plantation, which produced 68,000 tons of natural rubber per year before fighting interrupted output in 1990. Reuters quoted delegates at an international rubber meeting in Malaysia as saying the company was set to revive production; they said output could resume within six months and could reach full capacity within a year. Bridgestone officials in the USA promptly issued a statement saying that although the company wanted to return to Liberia, it could not draw up a realistic timetable until peace and stability were restored. About 90% of the plantation remained in NPFL hands in October. The head of a management team at Harbel, Brown Poure, said that NPFL members frequently beat up labourers employed by Bridgestone and that no official action was being taken to stop illegal rubber sales from the area. The processing plant at Harbel remains in ruins, and the company is involved in a legal battle over an insurance claim for destroyed or looted assets.

The government tries to boost the Liberian dollar—

After the gyrations of the Liberian dollar following the Abuja Accord (4th quarter 1995, page 32) the government tried to force up the flagging value of the currency on the parallel market. At the beginning of October it ordered street traders to lower their exchange rate to a maximum of L\$25:US\$1 compared with the then current rate of around L\$40:US\$1, and said traders who sold US dollars more cheaply would be arrested. Officially, the Liberian dollar remains at par with the US dollar, but in practice street traders are virtually the only source of foreign currency. Bankers criticised the move, saying the government did not have enough foreign exchange to support it. The then governor of the National Bank of Liberia (the central bank), Raleigh Seekie, said he found a total of only US\$1,800 and L\$2.7m (US\$67,500) in government coffers when he took office in September. (Mr Seekie was replaced by another ULIMO-J nominee, Ignatius Clay, on January 10, exacerbating divisions within the militia.)

—but succeeds only in driving it lower

The move simply drove traders underground, where the parallel market rate remained stubbornly around L\$40:US\$1. Some desperate businessmen were reported to be offering L\$50:US\$1 as the disappearance of street stalls created a shortage of US dollars. The local currency suffered a further jolt a month later when the central bank was reported to have sold L\$25m on the open market in an effort to obtain hard currency to pay international debts. (It was not clear where the money came from, given Mr Seekie's bleak assessment of state finances.) As a result, the parallel market exchange rate reached L\$60:US\$1, causing a sharp rise in the price of imported basic goods such as rice and cooking oil. Inflationary pressures eased slightly in December, however, when a flood of fresh food was reported to have reached Monrovia. Argument has continued over which of Liberia's two banknotes is legal tender. The NPFL leader, Charles Taylor, has insisted that pre-war notes should be the sole legal currency, rather than the newer notes printed by the former Interim Government of National Unity and used in ECOMOG-controlled areas since 1992.

A Malaysian company invests in a logging project—

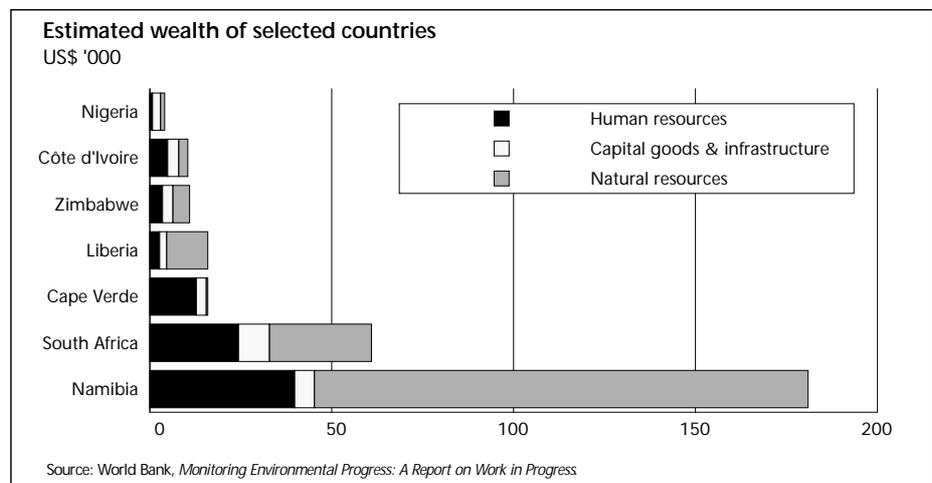
A Malaysian company, Lien Hoe, has begun investing in a 10-15-year logging and sawmill project in Liberia through its majority-owned subsidiary, Carlton Resources. The company says it will invest an initial M\$25m (US\$9.8m) to begin "sustainable" logging at four separate sites near Monrovia, exploiting the country's significant resources of tropical timber. A first shipment of machinery and supplies left Malaysia in mid-December. The project plans initially to serve local markets, expanding to markets in the USA, Europe and the Far East from mid-1997.

—and Libya offers help for a bottling plant

In late October the Liberian government announced that Libya had pledged to help Liberia's economic recovery by rehabilitating a bottling plant in a project worth several thousand US dollars. It said Libya had also promised to revive a construction project run jointly by the two countries. Libya has provided military training and arms for the NPFL before and during the civil war, and its new interest in the country no doubt reflects not only the Abuja Accord but the participation of Mr Taylor in the government.

Liberia ranks high for Africa in a new economic list—

A new method of assessing countries' total wealth, developed by the World Bank to include natural resources and human potential, ranks Liberia surprisingly highly. The country is listed 132nd in terms of wealth per head out of a worldwide total of 192 countries, but it scores well in comparison with most of Africa: while losing out to Cape Verde (ranked 130th) and obviously wealthier countries such as Congo, Namibia and South Africa, it is nevertheless placed higher than 35 other African countries including Cameroon (138th), Zimbabwe (144th), Côte d'Ivoire (147th) and Nigeria (174th). The new ranking, published by the Bank in October in *Monitoring Environmental Progress: A Report on Work in Progress*, assigns dollar values to human and natural resources as well as capital goods and infrastructure. In these terms, Liberia's estimated wealth per head is US\$16,000, compared with only US\$4,100 for Nigeria. However, most of Liberia's wealth (71%) is made up of natural resources, whereas many of the world's richest countries, such as Luxembourg and Switzerland, score highly on human resources.



—but its potential remains grossly unfulfilled

Potential wealth apart, it is nevertheless clear that the average Zimbabwean or Ivorian remains better off than the average Liberian. The ranking serves to show how far Liberia has always been from fulfilling its potential wealth in real terms, even before the civil war began in 1989, and how distant these targets will remain. Even if the current ceasefire turns into a lasting peace, the task of restoring the country even to its modest pre-war level of development is immense. Natural resources cannot be tapped effectively until the shattered infrastructure is pieced together again, while a huge swathe of human potential has been thrown away in a generation of children who are more familiar with guns than the inside of a classroom.

Appendix 1

Quarterly indicators of economic activity in Guinea

		1993			1994				1995		
		2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr
Money	End-Qtr										
M1, seasonally adj:	Gfr m	228.9	262.1	246.6	232.9	241.0	240.4	238.8	247.0	280.0	307.1
change year on year	%	17.2	36.5	19.4	4.6	5.3	-8.3	-3.2	6.0	16.2	27.7
Exchange holdings											
Foreign exchange	\$ m	117.1	140.6	120.4	82.1	89.5	68.4	82.2	77.6	98.1	81.8
Exchange rate											
Official rate	Gfr:\$	956.1	957.8	972.4	976.3	958.0	976.0	981.0	986.1	992.7	997.0

Appendix 2

Quarterly indicators of economic activity in Sierra Leone

		1993		1994				1995			
		3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr
Prices											
Consumer prices,											
Freetown:	1990=100	416	444	469	489	533	546	561	592	689	n/a
change year on year	%	23.1	23.9	22.1	23.7	28.1	22.8	19.6	21.0	29.1	n/a
Money	End-Qtr										
M1, seasonally adj:	Le m	32,877	32,914	36,295	36,461	34,475	36,156	42,222	41,435	43,800	n/a
change year on year	%	16.2	11.5	22.3	14.7	4.9	9.8	16.3	13.6	27.0	n/a
Foreign trade											
Qtrly totals											
Exports fob	Le m	15,192	19,164	17,965	15,464	15,150	19,379	8,805	2,712	896 ^a	n/a
Imports cif	"	24,302	19,906	21,322	21,640	22,135	23,344	18,878	20,745	28,031	n/a
Exchange holdings											
End-Qtr											
Central Bank:											
foreign exchange	\$ m	24.7	28.9	36.5	43.2	40.0	40.6	35.8	26.2	15.0	8.8 ^b
Exchange rate											
Market rate	Le:\$	571.36	577.63	577.23	583.43	597.12	613.01	639.55	747.50	882.22	940.34 ^b

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

^a Total for July-August. ^b End-October.

Appendix 3

Quarterly indicators of economic activity in Liberia

		1992	1993				1994				1995
		4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr
Exports	Monthly av										
Rubber, net	'000 tons	2.3 ^a	0.5	0.2	0.0	0.3	2.3	2.3	2.7	2.7	2.7 ^b
Prices											
Consumer prices,											
Monrovia:	1985=100	139.4 ^c	n/a								
change year on year	%	11.4 ^c	n/a								
Money											
End-Qtr											
Monetary liabilities	\$ m	266.11	282.17	313.28	390.48	424.14	418.70	424.32	434.66	457.34	468.56
change year on year	%	-5.5	-4.8	0.1	90.3	59.4	48.4	35.4	11.3	7.8	11.9
Foreign trade ^d											
Annual totals											
Exports fob	\$ m	770	(584)	(530)			n/a
Imports cif	"	5,769	(5,234)	(5,945)			n/a
Exchange holdings											
End-Qtr											
Foreign exchange	\$ m	0.94	4.43	1.00	11.66	2.33	1.60	5.52	4.41	5.03	8.60

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

^a Average for year. ^b Figure for 2 Qtr 1995, 2.7. Figure for July 1995, 3.0. ^c Figure for 2 Qtr 1990. ^d DOTS estimate.

Appendix 4

Guinea: foreign trade^a

(\$ m)

	Jan-Dec 1990	Jan-Dec 1991	Jan-Dec 1992	Jan-Dec 1993	Jan-Dec 1994
Exports fob					
Belgium-Luxembourg	67	77	90	171	191
USA	128	152	114	135	108
Spain	46	95	64	71	69
Ireland	70	77	71	69	68
Germany ^b	40	30	31	38	41
Brazil	4	28	24	34	38
France	61	45	46	41	33
Cameroon	47	29	29	29	29
Italy	31	32	34	23	25
Total incl others	606	653	567	699	713
Imports cif					
France	182	173	223	155	151
Côte d'Ivoire	63	83	91	109	124
USA	47	98	67	65	55
Belgium-Luxembourg	44	40	47	49	54
Hong Kong	23	40	64	54	49
UK	22	16	15	18	38
Germany ^b	32	39	29	21	31
China	10	14	34	35	29
Netherlands	22	34	36	34	29
Spain	8	15	19	30	27
Total incl others	583	695	845	797	774

^a Derived. ^b Includes former East Germany from July 1990.

Appendix 5

Sierra Leone: foreign trade^a

(\$'000; monthly averages)

	Total exports		USA ^b	
	Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1993	Jan-Dec 1994
Domestic exports fob				
Coffee	192	222	0	0
Cocoa beans	296	240	0	0
Diamonds	1,625	2,130	1,502	1,811
Metal ores & scrap	7,222	6,332	2,384	2,126
Total incl others	9,799	9,442	4,348	4,568

	Total imports		UK ^c	
	Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1994	Jan-Dec 1995
Imports cif				
Food, drink & tobacco	4,948	4,656	225	298
Mineral fuels & lubricants	1,829	2,393	27	30
Animal & vegetable oils	416	258	1	2
Chemicals	1,049	913	373	311
Manufactured goods	1,241	1,238	342	306
Machinery & transport equipment	1,879	2,242	1,119	1,651
Total incl others	12,240	12,429	2,569	3,004

	Jan-Dec 1989	Jan-Dec 1990	Jan-Dec 1991	Jan-Dec 1992
Exports fob				
USA	2,886	3,177	4,344	3,821
Belgium-Luxembourg	1,341	1,913	5,261	2,534
Germany ^d	990	2,194	1,421	1,523
UK	2,559	2,971	1,582	1,105
Netherlands	1,356	999	385	542
Total incl others	11,522	12,465	15,031	12,493

	Jan-Dec 1989	Jan-Dec 1990	Jan-Dec 1991	Jan-Dec 1992
Imports cif ^e				
Nigeria	5,562	5,448	4,903	5,393
USA	637	1,406	2,264	2,576
UK	1,743	2,469	2,907	2,473
Côte d'Ivoire	54	648	2,009	2,210
Italy	429	744	1,174	1,814
Germany ^d	1,678	1,737	1,923	1,389
Netherlands	766	977	1,323	1,216
Total incl others	15,218	18,656	22,524	23,310

^a From Sierra Leone trade statistics. ^b From USA trade statistics; imports cif. US imports from Sierra Leone averaged \$5.0m and \$2.6m per month in the period January-September 1994 and 1995. ^c From UK trade statistics; exports fob. ^d Includes former East Germany from July 1990.

^e Estimated.

Appendix 6

Liberia: foreign trade

(US\$ m)

	Jan-Dec 1987	Jan-Dec 1988		Jan-Dec 1987	Jan-Dec 1988
Exports fob			Imports cif		
Coffee	9.0	5.6	Food & live animals	58.7	47.3
Rubber	89.4	110.2	Mineral fuels & lubricants	69.8	55.3
Logs	35.5	32.0	Chemicals	22.1	15.3
Iron ore	218.0	219.7	Manufactured goods	55.3	48.0
Diamonds	11.0	8.8	Machinery & transport equipment	73.5	82.3
Gold, non-monetary	7.1	7.7	Total incl others	307.6	272.3
Total incl others	382.2	396.3			

	Jan-Dec 1992	Jan-Dec 1993	Jan-Dec 1994		Jan-Dec 1992	Jan-Dec 1993	Jan-Dec 1994
Exports fob ^a				Imports cif ^a			
Belgium-Luxembourg	289	264	296	Japan	1,629	2,411	2,243
Singapore	44	95	62	South Korea	1,475	860	1,957
Greece	40	35	60	Singapore	246	245	450
South Korea	69	6	54	Denmark	264	44	312
Finland	n/a	n/a	24	Germany	433	255	220
Indonesia	0	8	9	Norway	411	141	168
Total incl others	770	584	530	Spain	350	330	81
				Total incl others	5,769	5,234	5,945

^a Estimated.