

COUNTRY PROFILE:**THE REPUBLIC OF MALI****DATED:****FEBRUARY 2011****CREDIT GUARANTEE:**

IES/02: ATTACHMENT A

<i>Export Department Comment/ Opinion</i>	Rating 3C. We offer open cover in this market. This is a claims free market.
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Recent Political Highlights

- ❑ Amadou Toumani Toure is the army general credited with rescuing Mali from military dictatorship and handing it back to its people. He won presidential elections in May 2002 and was re-elected in 2007. He has no official party but went into the first round of the elections with the backing of numerous support groups and 22 minor parties.

Recent Economic Highlights

- ❑ Landlocked and located in the centre of the Sahel, Mali is arid and has relatively limited resources. It has a population of over 13 million people and remains one of the world's poorest countries. Agriculture (mostly subsistence farming), livestock, and fishing in the Niger River occupy 70% of the population and accounted for about 33% of GDP in 2007. Mineral resources are generally underexploited and infrastructure remains inadequate.
- ❑ Inflation has been moderating, averaging 3.8% between 2007 and 2009. Although most prices are determined in the market, the government influences certain prices through state-owned enterprises and utilities such as telecommunications, fuel and cotton, which is one of the most important sectors of the economy.
- ❑ Mali depends on cotton for its survival. Half of its export revenues come from cotton – it is the second-largest producer in Africa after Egypt – and it is estimated that more than 40% of the country's rural population depend on the crop for their livelihoods. In the US the scale of government support for 25,000 cotton farmers has created imbalance in the international trading system. The political lobby for cotton is one of the strongest in US, a legacy of the post-Depression era, when embattled farmers had to be helped back on to their feet. The injustice is exacerbated by the fact that the American economy does not rely on cotton to the extent that Mali does. In Mali, cotton is such a valuable commodity it is known as "white gold".
- ❑ In the letter shared with The Associated Press, the government's opposition party, the Party for National Renaissance said that since 2003 almost 2 million acres of farm land have been leased out in secret contracts to Chinese, Libyan and South African firms. The party's complaint comes at the same time that the United Nations' Food and Agriculture Organization and the World Bank have been voicing increased concern about land grabs in developing countries, including Mali. Adviser to the Malian prime minister on agricultural issues said the government has been promoting private investment because multinationals can afford to finance much-needed infrastructure for the country. He said the Malian state does not have the finances to pay for the irrigation infrastructure and this is proven by the fact that the government has managed to irrigate about 250,000 acres since the dam was built, and that was 60 years ago. The area concerned contains some of Mali's most fertile land located around the inland delta of the Niger River with good access to water thanks to a dam. Despite this, only a small fraction of the land has been linked up to proper irrigation to this day. Oxfam, the International Institute for Environment and Development, the U.N.'s Food and Agriculture Organization and the World Bank have all produced reports on the issue recently. The U.N. has come up with a set of principles to guide investments such as these, including respecting land rights, ensuring food security and ensuring transparency.
- ❑ The U.S. Millennium Challenge Corporation (MCC) is financing the 23-month construction of a new airport in Bamako, Mali. The US hopes the airport will open up the country and ease air links between Mali and other countries, improving commercial connections and reducing costs. It is currently expensive to fly to the Bamako airport; if this new project is a success it will boost the job market in Bamako to support travel to and from West Africa. The new airport is projected to serve 1.5 million passengers per year and will hopefully serve as an opportunity for the landlocked Mali to participate in the global market and boost their weak infrastructure.
- ❑ Mali has high tax rates. The top income tax rate is 50% and the top corporate tax rate is 35%. Other taxes include a value-added tax (VAT) and an insurance tax.
- ❑ While services have on average accounted for 43% of the GDP in the last decade, the service sector remains comparatively less diversified than Mali's other economic sectors since it is dominated by financial services and tourism. The Central Bank of West Africa, (BCEAO) acts as the central bank for Mali and 7 other West African Franc zone countries. In this sector Mali faces the challenge of diversifying credit instruments in favour of small- and medium-sized enterprises which have historically relied on informal sources for loans. Currently, micro credit institutions play a crucial role.

Latest Trade Developments

- ❑ Major exports: cotton, gold and livestock
- ❑ Major imports: petroleum, machinery and equipment, construction materials, foodstuffs and textiles
- ❑ Main trading partners: China, Thailand, Pakistan, Morocco, Burkina Faso, France, India, Cote d'Ivoire and Senegal
- ❑ SA exports to Mali in 2008 totaled R530m; in 2009 it totaled R655m and year to November 2010 is R562m.

Researched and compiled by Hlohelo Pule, economic services – Credit Guarantee Insurance