

**REPUBLIC OF MALI**  
**JULY 2009**

**CREDIT GUARANTEE COUNTRY PROFILE:**

IES/02: ATTACHMENT N

Country Rating	S/T Business Cycle Indicator	S/T Political Indicator	Debt Recovery
3C	→	→	Debt collection through the use of a collection agent is more effective in this market.

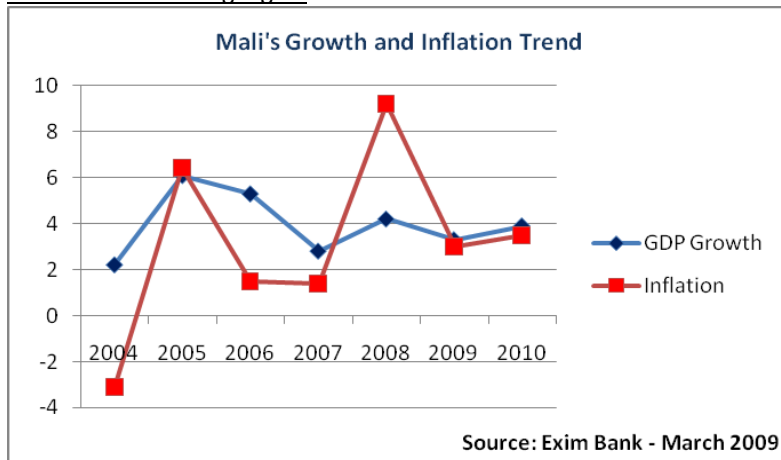
Credit Guarantee Experience

We are open for cover without any restrictions. We have limited exposure in this market with claims free experience. It is essential that when exporters conduct business on open account in this market, they manage their risk prudently and take measures to protect themselves against any non-payment that may arise.

Political Highlights

- ❑ President Amadou Toumani Toure has been chief of this multiparty democracy since June 2002 and head of Government since September 2007 has been Prime Minister Modibo Sidibe.
- ❑ The president is elected by popular vote for a period of five years and is eligible for a second term. The next election is scheduled for April 2012.
- ❑ In early 1990s the army was sent to the northern part of the country to quell a rebellion by nomadic Tuareg tribes over land, cultural and linguistic rights. A series of treaties were signed in the mid-1990s, but frustration over ongoing perceived inequalities led to a renewed rebellion in 2007. Periodic fighting continued throughout 2008, despite a cease-fire signed in May that year. In early 2009, military successes for the Government and the surrender of several hundred rebels boosted hopes of a return to a peace process.

Recent Economic Highlights



- ❑ Mali has a population of 12.7m people with an expected growth rate of 2.8% in 2009. About 4.3m children aged below 15 years are affected by severe deprivation. About 10% of its population is nomadic with 80% of the working population involved in farming and fishing. Industrial activity revolves around processing of farm commodities.
- ❑ This landlocked West African country ranks among the poorest 10% of all countries with its GDP estimated at \$8.8bn in 2008. It remains heavily dependent on aid flows to support the budget.
- ❑ Economic activity is limited to the river side area that is sustained by the Niger River as 65% of the country's total land mass is desert. Adherence to an IMF structural adjustment programme is helping the country grow and diversify from its reliance on gold and cotton.
- ❑ Malian parliamentarians adopted a bill last August that sought to privatise the Malian Textile Development Company (CMDT) where Government's 92.4% share will be reduced to 7.6%. The World Bank raised concerns last year that the right conditions were not in place to ensure a successful cotton industry. Mali's cotton industry is the third largest in Africa and contributes to the livelihoods of 4m Malians and makes up a quarter of the country's total exports. Mali produced about 600,000 tonnes of cotton by 200,000 small family farms in 1998, but now produces half that quantity. The industry relies on credit, but the prevailing difficult conditions coupled with being unable to compete with the heavily subsidised US market, have rendered producers unable to repay credits to the CMDT, leaving the CMDT with a debt of over \$65m in 2007.
- ❑ Gold production fell from 57 tonnes in 2007 to 51 tonnes in 2008, but high international gold prices supported the sector's revenues. Prime Minister Sidibe expects the gold industry to earn over \$240m this year from the 46 tonnes expected for 2009 – a 20% increase on 2008. Gold accounted for 15% of GDP and 70% of export earnings in 2008.

- ❑ GDP grew 4.2% in 2008, supported strongly by good agricultural performance – an improvement from the 2.8% in 2007. Higher international oil prices pushed inflation to 9.1% in 2008 from 1.4% in 2007.
- ❑ The local currency is the CFA franc which is pegged to the euro. Foreign exchange reserves (excluding gold) stood at \$859.4m in 2008 with an import cover of 5.7 months.
- ❑ Euromoney ranked Mali 129 among 186 countries in September 2008 – an improvement of 5 places from its March 2008 ranking. Institutional Investor ranked Mali 139 among 177 countries – a fall of 6 places from its March 2008. Export Credit Guarantee Corporation of India Ltd (ECGC) which ranks countries in 7 Categories (A1, A2, B1, B2, C1, C2, D) in ascending order of risk, ranked Mali B2 in December 2008.
- ❑ The Toronto-based Avion Resources achieved commercial production at its Segala and Tabakoto gold operation in Mali at the beginning of May 2009 – two months ahead of schedule. The company is now evaluating the possibility of increasing production throughput at Segala and Tabakoto by adding plant capacity. Studies on the expansion to raise annual production to 100,000oz/y by 2010 and 200,000 oz/y by 2011 are to begin shortly. This year, Avion expects to produce 6,000 oz of gold at a cash cost of \$509/oz.
- ❑ Deadlines on Illovo Sugar's project in Mali have repeatedly been deferred pushing the project two years behind schedule. The project, which began in 2005, was expected to start production in December 2009, but will now only start in December 2011. The total cost including planting cane was earlier stated at R2.6m. Since the project is a greenfields project, the social and environmental impact has to be thorough, especially as people will be displaced and their livelihoods affected. Illovo will hold 70% interest in the project and the remaining 30% will be divided among private shareholders and the Mali Government.
- ❑ Randgold Resources recently stated that its Gounkoto prospect in Mali was growing into a significant new discovery with grades seen in recent drilling some of the highest recorded in the company's history. Gounkoto's drill intersections have returned the high grades of 16,53 g/t at 60m and 43,52 g/t at 11m.
- ❑ China's SinoHydro Corporation Ltd has signed an engineering-procurement-construction contract to build the \$162m 63-MW Felou hydroelectric project on the Senegal River in Mali. Felou is to have three 21-MW bulb or Kaplan turbines designed for a flow of 500 cubic metres per second and a head of 14.8 metres and will include a 630-metre diversion channel on the left bank of the river and a three-kilometre, 225-kilovolt transmission line to Kayes station. The work will require 38 months and will supply 340m kilowatt-hours annually via existing grid to consumption centres in the four Organisation pour la Mise en Valeur du Fleuve Senegal (OMVS) member countries, Guinea, Mali, Mauritania and Senegal.
- ❑ Mali has begun extension work at the Kayes international airport, 485km east of the capital Bamako. The work is being financed partly (\$13m) by the Arab Bank for the Economic Development of Africa and \$4m by Government. It involves widening of the runway and improving the air navigation, meteorology and signaling equipment, construction and equipment of terminal and other buildings. It is earmarked for completion in May 2010.
- ❑ The World Bank has granted Mali \$65m under the third Poverty Reduction Support Credit. The Export-Import Bank of China agreed to give Mali a concessional loan of CFA30bn francs at subsidised interest rates to fund the new sugar complex in Upper Kala. The 104,000 tonnes of sugar produced in Sukala will help cover about 90% of consumption needs in Mali, while employing 10,000 seasonal and 639 permanent workers. Sugar imports cost Mali \$CFA32bn francs in 2008. Japan has given Mali CFA7bn francs geared towards financing Bamako's balance of payment and building a bridge on the corridor to Senegal. The West African Development Bank has loaned Mali about \$14m for the partial financing of road projects in the capital.

#### Trade Developments

- ❑ Mali's exports were \$1.8bn in 2008, 20% higher than \$1.5bn in 2007. The main export commodity was gold. Mali's imports were \$1.8bn in 2008 from \$1.6bn in 2007.
- ❑ Its main imports include capital goods, petroleum products and food items. Mali registered a trade deficit of \$27.6m in 2008 from a trade deficit of \$89.6m in 2007 due to higher export growth.
- ❑ Mali's main trade destinations include China, Thailand, Bangladesh, Vietnam, France, India, Cote d'Ivoire and Senegal.
- ❑ SA's exports to Mali totaled R516m in 2008 and R569m in 2007. Year-to-March 2009 exports totaled R178m.
- ❑ Imports from the Mali country totaled R6m in 2008 from R3m in 2007.

*Researched and Compiled by Lily Maharaj, Economic Services - Credit Guarantee Insurance*