

COUNTRY PROFILE:**REPUBLIC OF SENEGAL**

IES/02: ATTACHMENT A

DATED:**APRIL 2007****CREDIT GUARANTEE:**

	<i>Country Rating</i>	<i>U/W Method</i>
<i>Short-term</i>	3C	No Restrictions

Recent Political Highlights

- ❑ President Abdoulaye Wade has been in power since April 2000. The president is elected by popular vote for a five-year term and is eligible for a second term. The last election was held in February 2007 and the next election is scheduled for 2012;
- ❑ Having won the election in the first round, eighty-year-old President Wade is expected to form a new Government in order to reward those who supported him. His new confrontational stance towards the opposition is likely to result in the emergence of new opposition coalitions in preparation for the legislative elections set for June 3rd;
- ❑ These elections were earmarked for 2006, but the president postponed it after major floods destroyed several homes in Dakar. He argued that it was appropriate to save money to support the flood victims instead;
- ❑ Senegal celebrated forty-seven years of independence on 4 April 2007. The occasion was graced by over twenty African leaders.

Recent Economic Highlights

- ❑ Senegal has a population of 12m that was estimated to have grown at a rate of 2.3% in 2006;
- ❑ Senegal implemented a reform programme in 1994 which has boosted its economic growth to average 5% between 1994 and 2006;
- ❑ Agriculture drives this economy by contributing 18% to GDP and tourism is a significant foreign exchange earner;
- ❑ The EIU forecasts GDP growth of 2.1% in 2007 and 2.3% in 2008 from -0.4% in 2006 and inflation at 2.5% in 2007 and 1.5% in 2008 from 2.1% in 2006. The IMF forecasts GDP growth of 5.6% in 2007 and 2008 and inflation of 2.8% in 2007 and 1.7% in 2008;
- ❑ Senegal remains heavily dependent on foreign aid and of the total \$572m that it received in 2005, \$51m came from the US. Its total external debt stood at \$4bn in 2005. In 2006, it received \$82m under the Heavily Indebted Poor Countries (HIPC) initiative;
- ❑ Senegal's 15% electricity price hike late last year infuriated consumers who were already angry with President Wade's Government after months of chronic power cuts. Regular blackouts, lasting days in some areas, have disrupted the economy and fueled public anger against Government. The power cuts were largely due to problems purchasing increasingly expensive fuel to run oil-fired generating plants. Residents deprived of fans and refrigerators during the hottest part of the year when daily temperatures rise above 90 degrees were shocked by the unannounced price increase.

Latest Trade Developments

- ❑ Main exports: fish, groundnuts, petroleum products, phosphates and cotton;
- ❑ Main imports: food and beverages, capital goods and fuels;
- ❑ Agricultural products: peanuts, millet, corn, sorghum, rice, tomatoes, green vegetables, cattle, poultry, pigs and fish;
- ❑ Main industries: agricultural and fishing processing, phosphate mining, fertilizer production, petroleum refining, construction materials and ship construction and repair;
- ❑ Major trading partners: Mali, India, France, Spain, Italy, France, Nigeria, Brazil, Thailand, US, UK and Gambia;
- ❑ The manufacturing sector is the leading export sector in Senegal with \$333m worth of exports in 2005. The phosphates sector is the second-largest export sector with \$193m in exports, followed by the groundnut sector with \$80m in exports;
- ❑ SA's exports to Senegal totaled R279m in 2005, R351m in 2006 and R10m in January 2007.

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