I. THE ECONOMIC ENVIRONMENT

(1) MAJOR FEATURES OF THE ECONOMY

1. Mali is a landlocked country in West Africa which covers an area of 1,241,238 km^2 and in 1997 had nearly ten million inhabitants. The capital, Bamako, has about one million inhabitants; the other cities, the largest of which are Ségou, Mopti, Sikasso and Gao, have fewer than 100,000 inhabitants. There is a sizeable drift away from the land, particularly to the capital: the proportion of the population living in cities rose from 14 per cent in 1970 to 27 per cent in 1995 (Table I.1). Illiteracy (69 per cent of the total population in 1995) and poor access to health care have helped to keep the infant mortality rate high (123% in 1995); average life expectancy at birth is 50 years.

Table I.1
Basic social data, 1970-95

Indicators	1970	1990	1995
Population (millions)	5.3	8.1	9.0
Urban population (percentage)	14	24	27
Annual rate of population growth (percentage)	..	1.8	2.0
Infant mortality rate (children< 1 year) (per '000 live births)	204	166	123
Life expectancy at birth	38	48	50
Public spending on health (percentage of GDP)	..	0.6	0.5
Public spending on education (percentage of GDP)	..	2.4	2.2
Illiteracy (percentage of population)	..	68	69
- Men	..	59	61
- Women		76	77
Human development indicator (HDI ranking/total number of countries)	..	156/160	171/175

.. Not available.

Source: World Bank, various publications; United Nations Development Programme, Human Development Report, several issues.

2. With a gross national product per capita of US$250 in 1995, Mali belongs to the group of least-developed countries.[1] The country's main economic activity is agriculture (mainly cotton growing and livestock production), which accounts for around 48 per cent of real GDP and employs about 80 per cent of the working population. Mali is the foremost cotton producer in sub-Saharan Africa: cotton accounts for about 50 per cent of its goods export earnings. Livestock production is practised in the North, from which transhumant herds move southwards during the dry seasons to look for grazing and water (the soil there being more fertile and suited to cultivation). The development of livestock production has been slowed in the North in recent years by political disturbances. Exploitation of the gold reserves has revitalized the mining sector: gold accounted for 17 per cent of goods export earnings in 1996. The sub-soil of Mali contains numerous other resources, e.g. bauxite, uranium, platinum, silver, lithium, fluorine, tin, barytine, copper, lead and zinc.

3. The industrial manufacturing sector, still relatively undeveloped because of high production costs, accounts for about 13 per cent of GDP. It concentrates mainly on the domestic market and produces mostly agri-foodstuffs and textiles. In 1994 the modern secondary sector consisted of around 180 industrial units situated mostly in the Bamako region and employing 12,360 permanent workers. The services sector accounts for around 40 per cent of real GDP. This sector is dominated by commercial services and is the most attractive to informal activities.

[1]World Bank (1997).

4. The size of the informal sector in Mali is due to low employment in the organized sector and to rapid urbanization. The contribution of the informal sector, accounting for about a quarter of GDP, reached 29 per cent in 1994 following the devaluation of the CFA (African Financial Community) franc, the common currency of the member countries of the West African Economic and Monetary Union (WAEMU, see Annex I.1). Tertiary activities represented 75 per cent of the informal sector's added value in 1996, with 45 per cent for trade, 15 per cent for non-commercial services and 15 per cent for transport. An advance payment on miscellaneous taxes and charges (ADIT) amounting to 5 per cent of the c.i.f. value of imports was introduced in 1993 and is levied at the customs "cordon" in order to compel "informal" taxpayers to identify themselves; the ADIT is deducted from the other taxes payable by the taxpayer.

5. The Malian economy is dependent on the outside world: net transfers generally account for over 50 per cent of export earnings, derived mainly from cotton, livestock products and gold, which are subject to fluctuations in world prices. Exports of agricultural products, including livestock, have been more frequently affected by drought since the 1980s. Combined with the increase in cotton production, the droughts have contributed to the food shortages which have become more frequent since then. Mali's external balances are in structural deficit, which even the devaluation of the CFA franc in 1994 has not been enough to offset. Mali's external debt was US$2.91 billion in 1996, about half of which was owed to multilateral institutions.

(2) ECONOMIC DEVELOPMENTS

(i) From independence to 1991

6. On attaining independence in 1960, Mali opted for a planned economy within which the State, which was regarded as the driving force of development, prepared five-year plans. The State monopoly took the form of the creation of State enterprises. Mali left the franc zone and created the Malian franc in 1962. Education and the infrastructure sector were neglected at the first signs of economic difficulty. Arrears of domestic payments and external debt mounted. The fairly scanty public resources were used to fund losses in the parastatal sector or to subsidize uneconomic activities. As a result of difficulties with payments, particularly external, a series of reforms was started in 1982. Despite a significant financial reorganization, the adjustment process was interrupted in 1987.

7. The first structural adjustment programmes supported by the International Monetary Fund and the World Bank were introduced in 1988; they included, among other things, a Public Enterprise Sector Adjustment Programme (PESAP) and an Agriculture Sector Adjustment Programme (ASAP). The reforms led to: the reduction of State intervention in rural activities from 1986 onwards; liberalization of cereals prices in 1987; abolition of export taxes on agricultural and livestock products and the liberalization of input distribution in 1988; reorganization of the cotton industry and of several public enterprises, including reduction of the State share in the capital of the Mali Development Bank in 1989; and the elimination of quotas and price lists for most imports and then of tariff and non-tariff export restrictions in 1990-91.

8. The results of the reforms were mixed until 1991. Real GDP growth rates fluctuated and, as in the years 1981 and 1982, negative growth was recorded in 1991. As a result of the restrictive monetary policy followed by the Central Bank of West African States - Mali having rejoined the West African Monetary Union and thus the franc zone in 1984 - the inflation rate was kept below 5 per cent between 1987 and 1991. However, the public deficit was still more than 10 per cent at the end of 1991. Mali's external performance for the period was limited by climatic factors (the economy being highly dependent on agriculture, including livestock production) and by fluctuations in world cotton

and gold prices. The programme was interrupted in January 1991 because of social and political disturbances which led to the foundations of a democratic regime being established in Mali.

(ii) Post-1991 situation

9. Following the political changes in 1991, Mali continued its economic reforms, with an interruption between August 1993 and April 1994 due to socio-political strains. Two strengthened structural adjustment facilities were concluded with the IMF: the first from 1992 to 1996, and the second from 1996 to 1999. Assistance from the World Bank with the structural reforms, including the sectoral reforms, was continued.[2] The reforms carried out after 1988 were strengthened by, amongst other things, the reorganization and privatization of State enterprises, the abolition of several domestic taxes, including the tax on business and services, and the revitalization of the fiscal and customs authorities.

10. The reforms led to a substantial simplification of the structure of import duties and taxes, and to a reduction in fiscal drag, which encourages fraud. The purpose of the tariff reforms was to rationalize the system for protecting local products. Import and export procedures were also simplified, especially through the creation at the Trade Ministry of a single window for non-customs formalities. The CFA franc was devalued in January 1994, and in 1995 Mali was accorded a 67 per cent reduction (equivalent to CFAF 16.8 billion) in the debt which it had contracted with members of the Paris Club.

11. Through its import-substitution and export-promotion effect, devaluation[3] led to an increase in the domestic production of cotton, exports of which greatly increased, and of cereals, fruit and vegetables. Except in 1993, the reforms helped to keep the real GDP growth level above that of population growth, which is about 2 per cent. After reaching 23.2 per cent in 1994 (because of devaluation), inflation fell to under 7 per cent in 1996 (Table I.2). However, the effects of the reforms on the public deficit were not noticed until 1996 and 1997, when the deficit ratios with respect to GDP settled down at levels close to those of 1990. Mali's external performance was generally rather poor throughout the period, except for the estimated results for 1997.

[2] World Bank (1996).

[3] The devaluation of the CFA franc resulted in a depreciation in the real effective exchange rate (REER): this rate was 18 per cent below its 1993 level, which in its turn was 12 per cent below the 1980 level. Altogether, in 1995 the REER was 33 per cent below its 1970 level.

Table I.2
Basic economic indicators, 1990-97

	1990	1991	1992	1993	1994	1995	1996	1997[a]
Nominal GDP (CFAF billion)	672.7	693.0	723.0	714.0	978.5	1,182.5	1,322.7	1,453.0
Nominal GDP (US$ million)	2,450.8	2,455.0	2,732.5	2,521.1	1,762.5	2,368.7	2,585.3	2,751.9
Nominal GDP per capita (US$)	301.4	293.2	322.8	291.5	199.6	262.8	281.3	293.9
of which: fixed investment per capita	57.7	60.6	63.9	59.5	50.9	66.3	67.8	67.0
GDP at constant prices (percentage change)	0.4	-0.1	8.5	-4.4	2.6	7.0	4.3	5.7
Consumer prices (percentage change)	0.6	1.8	-6.3	-0.2	23.2	13.4	6.8	..
Exchange rate (CFAF/US$)	274.5	282.3	264.6	283.2	555.2	499.2	511.6	528
Real effective exchange rate (base 100 in 1990)[b]	100	98.5	90.3	88.3	62.3	67.7	70.9	..
Money supply (M2; percentage change)	-9.0	16.4	-2.8	11.6	37.8	20.1	10.3	..
Interest rate (end-of-period bank rate; percentage)	11.0	11.0	12.5	10.5	10.0	7.5	6.5	..
External debt (percentage of exports in CFAF)	433	443	..	..	589	467	..	..
Gross international reserves (in US$ million)	198	326	314	340	229	330	..	..
Gross international reserves (in months of imports)	3	5	4	..	3	4	..	..
Sectoral breakdown of real GDP								
Agriculture	..	46.7	49.4	46.3	48.4	49.7	48.4	..
Manufacturing industries	..	9.3	8.9	9.7	9.6	9.6	9.8	..
Mining	..	2.3	2.3	2.3	2.1	2.1	2.4	..
Services	..	41.7	39.4	41.7	39.9	38.5	39.4	..
Trade (percentage GDP also)	..	17	16.7	17.8	17.2	16.7	17	..
Use of GDP (percentage of GDP):								
Private consumption	80	79	76	79	77	76	80	76
Government consumption	14	17	18	17	19	17	16	15
Investment	20,6	17	21	19	24	25	21	22
Net exports of goods and non-factor services	-14,6	-13	-15	-15	-20	-18	-17	-13
Gross savings	13	15	16	14	19	18	15	17
Public accounts (percentage of GDP)								
Total revenue (excluding grants)	17.3	15.8	13.8	14.7	14.2	15.0	16.4	15.8
of which: import duties	5.6	5.5	5.3	6.7	5.6	6.1	7.1	7.0
Total spending	25.8	27.7	25.5	24.8	28.6	26.0	24.5	24.8
Balance [c]	-8.5	-11.9	-11.7	-10.1	-14.4	-11.0	-8.2	-9.0
Primary balance [d]	-6.2	-10.2	-9.9	-8.5	-12.0	-9.5	-7.1	-7.9
Balance of payments (percentage of GDP) :								
Trade balance	-4.9	-6.0	-6.6	-4.9	-4.2	-4.6	-6.0	1.0
Current operations balance (excluding government grants)	-14.4	-14.8	-19.1	-13.3	-11.6	-16.1	-20.8	-10.3

.. Not available.
a Estimates.
b A drop in the real effective exchange rate indicates a depreciation.
c Balance = total earnings – total spending.
d Primary balance = total earnings (excluding grants) - total spending (excluding interest on debt).

Source: Malian authorities.

(3) TRADE PERFORMANCE

12. Mali has external balances which are in structural deficit. Exports generally cover only half of imports, causing a permanent deficit in the trade balance. However, a downward trend in the size (in US$) of the trade deficit has been noted since 1993. The structural deficit in Mali's current balance is due to the deficits in the trade balance and services which both official and private net transfers - the former account, on average, for around three quarters of the total while the latter are due mainly to income from Malian workers abroad - are unable to make good despite their magnitude (Table I.3).

Table I.3
Balance-of-payments developments, 1993-96
(US$ million and percentage)

	1992	1993	1994	1995	1996
			US$ million		
Trade balance	-162.5	-120.1	-114.4	-115.0	-105.7
Net services	-378.7	-299.1	-288.4	-387.6	-351.3
Interest on external debt	-46.5	-37.8	-43.0	-35.3	-27.8
Freight and insurance	-187.8	-180.8	-175.8	-215.3	-218.3
Other services	-144.4	-80.5	-69.5	-137.0	-105.2
Net private transfers	74.1	93.6	84.8	95.8	89.9
Net public transfers	370.4	249.3	254.3	249.2	251.2
Current balance (excluding grants)	-467.1	-325.6	-317.9	-406.9	-367.1
Overall balance	11.3	37.4	81.8	81.9	127.8
			(Percentage of GDP)		
Trade balance/GDP	-6.6	-4.9	-4.2	-4.6	-6.0
Current balance (excluding grants)/GDP	-19.1	-13.3	-11.6	-16.1	-20.8
Grants/GDP	15.1	10.2	9.3	9.9	14.3
Exports f.o.b.	11.9	13.4	15.9	17.3	16.9
Imports c.i.f.	25.0	26.9	35.7	33.6	30.8

Source: Malian authorities.

(i) Trade in goods

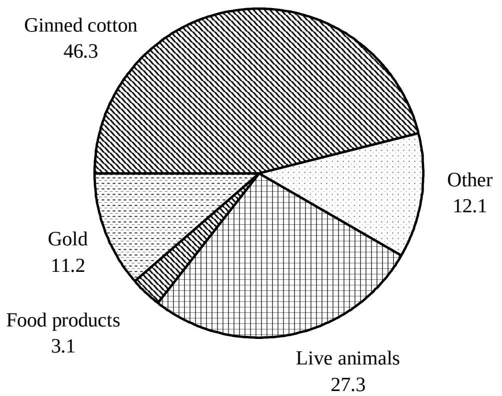
13. The share of exports in nominal GDP has risen markedly since 1992. The importance of the main sources of export earnings changed, however, between 1993 and 1996. Dependence on cotton export earnings increased: in 1996, cotton exports amounted to 58 per cent of total exports compared with 46 per cent in 1990 (Chart I.1). The share of gold exports also rose while that of livestock decreased heavily, which makes gold the second source of export earnings followed by livestock products. The growth in earnings from these different sources explains the increasing share of exports in GDP. Devaluation of the CFA franc has consolidated the upward trend recorded for exports since 1993.

Chart I.1
Exports and imports by major product groups, 1993 and 1996

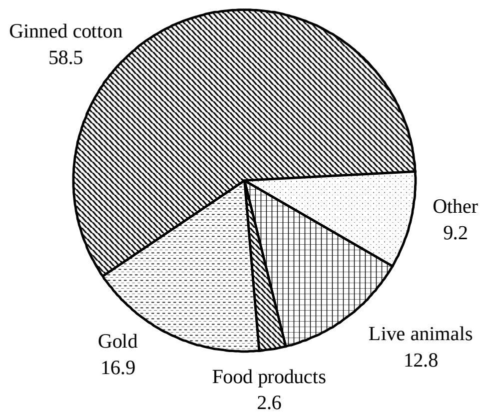
Per cent

1993 **1996**

(a) Exports

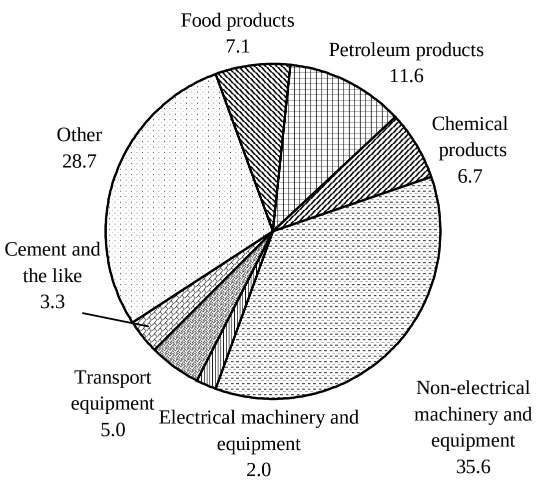


Total: 98.9 billion CFA francs

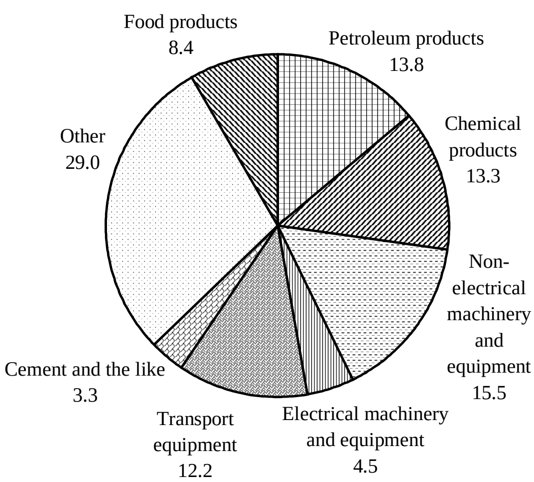


Total: 235.3 billion CFA francs

(b) Imports



Total: 179.4 billion CFA francs



Total: 467.8 billion CFA francs

Source: Malian authorities.

14. The average propensity to import (ratio of imports to GDP) in Mali has shown an upward trend since the early 1990s. This trend, which has not been reversed by the devaluation of the CFA franc in 1994, is due, among other things, to the trade liberalization reforms and to the nature of certain imported goods for which demand is difficult to reduce and which have been made dearer by the change in parity. Machinery and mechanical appliances, petroleum products and chemicals and transport equipment are among Mali's chief imports (Chart I.1). The rise in the share of chemicals in total imports between 1993 and 1996 is due particularly to demand for the fertilizers and phytosanitary and veterinary products necessary for Mali's agricultural performance. The increased share of transport equipment in imports is due to heavy demand for foreign second-hand vehicles. Altogether the goods for which demand has been relatively unaffected by devaluation of the CFA franc are those whose shares in imports have increased; this was not the case for machinery and mechanical appliances.

15. Mali obtains more than half its export earnings from the developing countries, particularly those belonging to the WAEMU (Chart I.2). The increase in Mali's exports to the other WAEMU countries is due not only to the introduction of the first measures for the creation of the Customs Union but also to the devaluation-induced substitution of imports from outside the Union. Côte d'Ivoire and Senegal were the main destinations for exports by Mali in 1996. The chief products exported by Mali to the other countries of the West African subregion are live animals and dried or smoked fish.

16. The European Union is Mali's main supplier, followed by Côte d'Ivoire, the latter and France each supplying over one fifth of Malian imports. The increase in imports from Côte d'Ivoire and Senegal is due to the import-substitution effect mentioned above (Chart I.2). The starting up of the Sadiola mines in 1996 explains why imports from South Africa, which were almost zero in 1993, accounted for over 10 per cent of the total in 1996.

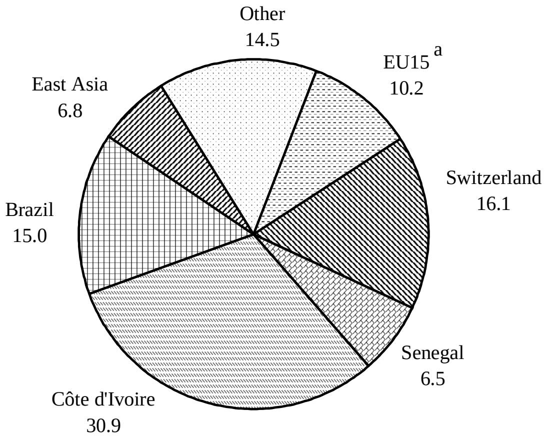
17. Mali imports capital goods from the European Union (those needed to operate the Sadiola mine were imported from South Africa), as well as building materials and chemical and pharmaceutical products. Food products are imported mainly from the other countries of the West African subregion, apart from rice, which comes from Asian countries.

Chart I.2
Exports and imports by partner, 1993 and 1996

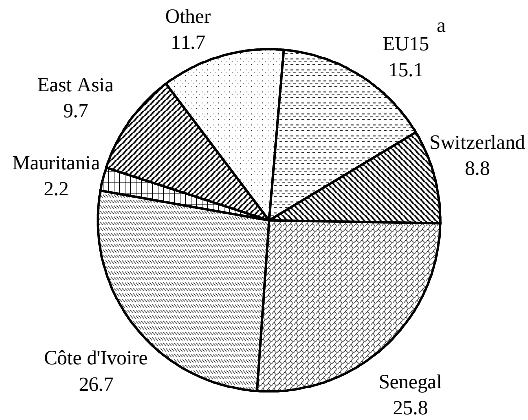
Per cent

1993 | **1996**

(a) Exports

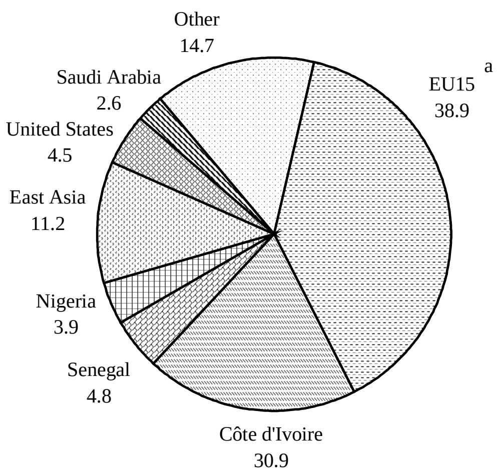


Total: 98.9 billion CFA francs

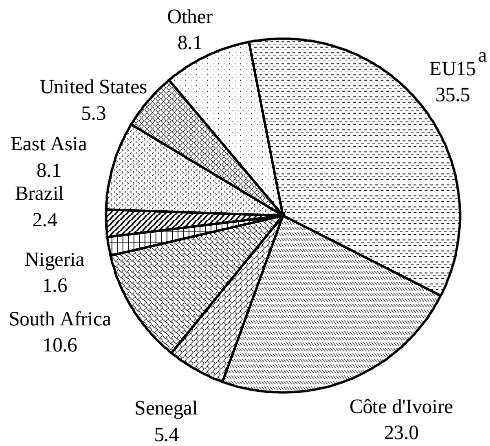


Total: 235.3 billion CFA francs

(b) Imports



Total: 179.4 billion CFA francs



Total: 467.8 billion CFA francs

a The data taken into account are those available for trade with France, Spain, Portugal, Italy, the United Kingdom, Belgium-Luxembourg, the Netherlands and Germany.

Source: Malian authorities.

(ii) Trade in services

18. Mali is a net importer of services. Freight and insurance are the main causes of the deficit in its external services account; their balances were responsible on average for around 60 per cent of the deficits in this account for the 1992-97 period and worsened by over 20 per cent to reach US$(-215.3) million in 1995 (Table I.3). The trend of freight and insurance services reflects that of goods imports (section (3)(i)).

19. Interest on external debt constitutes another important reason for the deficit in the services account; following the various debt-rescheduling agreements concluded with creditors, particularly those of the Paris Club, China and the former USSR, the contribution made by interest to the deficit in the external services account has been reduced from its level of around 15 per cent in 1994 to about 8 per cent at present. However, because the different loans are denominated in foreign currency, the equivalent of the interest in CFA francs has been increased by the change in parity, amounting to CFAF 23.9 billion in 1994 and estimated at CFAF 15.8 billion for 1997.

(4) INVESTMENTS

20. Local and foreign investment in Mali has shown an upward tendency since the second half of the 1980s, particularly since the economic reforms started. Gross fixed-capital formation rose from 16.4 per cent of GDP in 1985 to an estimated level of around 23 per cent in 1997, after exceeding 25 per cent in 1994 and 1995 (Table I.4). The relatively high levels for the years 1994-96 may be due to the new investments, to adjustments in the costs of investments under way or programmed before devaluation and to the absence of a sustained growth in economic activity owing especially to inadequacies in project choice and execution.

21. The number of investment projects has continued to increase since 1994 (Table I.4): during 1997, 118 projects representing a total investment of about CFAF 64.3 billion and creating 3,025 jobs were filed.

Table I.4
Gross fixed-capital formation, 1985 and 1990-97
(CFAF billion and percentage of GDP)

	1985	1990	1991	1992	1993	1994	1995	1996	1997[a]
Gross fixed-capital formation (CFAF billion)	90.8	128.3	141.9	143.7	144.8	248.7	297.7	319.2	332.6
- Public sector	32.2	35.7	43.8	41.6	40.7	66.7	86.7	91.9	98.4
- Private sector	58.6	92.6	98.1	102.1	104.1	182.2	211.0	227.3	234.2
Gross fixed-capital formation (percentage of GDP)	16.4	19.1	20.5	19.9	20.3	25.4	25.2	24.1	22.9
- Public sector	5.8	5.3	6.3	5.8	5.7	6.8	7.3	6.9	6.8
- Private sector	10.6	13.8	14.2	14.1	14.6	18.6	17.8	17.2	16.1
Reminder									
						1994	**1995**	**1996**	**1997[b]**
Number of projects						67	65	93	118
Estimated investment (CFAF billion)						10.3	20.8	27.9	64.3
Estimated jobs						1351	1727	1878	3025

a Estimates.

b Up to 30 November 1997.

Source: Malian authorities.

22. Between 1985 and 1994 net foreign direct investment flows (private) in Mali were low compared with the average for sub-Saharan Africa (0.14 per cent of GDP compared with 0.58 per cent for the group). Foreign direct private investments approved under the Code have risen since then from 0.3 per cent of GDP in 1995 to 0.7 per cent in 1997: the approved 1995 amounts were around three times those for 1994 and only about one third of those for 1997 (Table I.5). Apart from 1995, the chemical industry (in particular enterprises producing pharmaceutical and veterinary products, fertilizers, insecticides, lime and paint) has regularly received over 60 per cent of these investments.

23. Lack of basic infrastructure, including means of communication, and difficulties of access to basic services together with the consequent high level of their costs are among the factors acting as a brake on investment in Mali. To these factors the findings of a workshop in 1998 added the following: poor involvement by beneficiaries in project identification and formulation; absence of a national project study fund; poor application of programming criteria; low level of training; and lack of project coordination.[4]

Table I.5
Foreign direct investment: projects approved under the Investment Code, 1994-97
(Amounts in CFAF million)

	1994		1995		1996		1997	
Branches	**Amount**	**Number of projects**	**Amount**	**Number of projects**	**Amount**	**Number of Projects**	**Amount**	**Number of projects**
Agri-food	151.1	3	2,099.7	4	600.0	1	1,154.0	2
Chemicals	744.4	1	1,333.8	1	3,879.5	6	6,923.9	3
Textiles	325.7	1	0	0	0	0	0	0
Services	8.5	1	0	0	373.2	2	598.9	4
Other manufacturing industries	0	0	68.7	1	0	0	1,152.4	3
Ores	0	0		0	759.1	1	278.6	1
Total	1,229.7	6	3,501.1	6	5,611.8	10	10,107.7	13

Source: Malian authorities.

(5) OUTLOOK

24. The Government's main objective for the next ten years is to increase real GDP by 5 to 6 per cent every year, bring down inflation as measured by the GDP deflator to 2.5 per cent from 1998 onwards and reduce the current external deficit in the balance of payments (excluding official transfers) to under 9 per cent of GDP by 1999.

25. To achieve these results, the Government intends to continue to reorganize public finances by improving the performance of the tax and customs authorities, unifying the rates of value-added tax, abolishing exemptions, continuing the reforms in the State enterprise sector, including the privatization of some of these enterprises, and cutting public spending. Improvement of social conditions (particularly health and education) will involve a better apportionment of State resources in this field and the funding of part of the relevant expenditure by the population categories concerned.

[4]La Lettre Afrique Expansion No. 548, 18 May 1998

26. It is also planned to diversify economic activities and thus production and exports. The production of labour-intensive goods in respect of which Mali enjoys comparative advantages (textiles and agro-industrial products) is one of the routes to be explored. In order to provide a regular supply of inputs for these industries, it is proposed, in the agricultural sector for example, to generalize the use of irrigation techniques, particularly in cotton and rice cultivation. It is also planned to diversify rural activities, including crop raising, in order to limit the consequences of fluctuations in world cotton prices for farmers' incomes.

ANNEX I.1: EXCHANGE REGULATIONS[5]

27. Within the franc zone, Mali belongs to the West African Economic and Monetary Union (WAEMU) and the West African Monetary Union (WAMU), whose issuing authority is the Central Bank of West African States (BCEAO).[6] The legal currency in the Union is the CFA (African Financial Community) franc which is attached to the French franc via a fixed rate. This parity was raised from CFAF 50 to CFAF 100 to the French franc in January 1994. Like the Bank of Central African States (the equivalent of the BCEAO in Central Africa), the BCEAO has an "operations account" (with the French Treasury) into which at least 65 per cent of its disposable foreign currency is paid and which it uses to make transfers outside the zone.[7] The special feature of this account is that it may become a debit account, without any limits set a priori, because of the French Government's undertaking to guarantee without limit the convertibility of the CFA franc.

28. The exchange rates of the CFA franc with respect to other foreign currencies are fixed on the basis of the corresponding exchange rates for the French franc. A commission of 0.25 per cent is levied by banks and post offices on all transfers outside the WAEMU, and this sum is paid to the Malian Treasury. There is no tax on the selling or buying of foreign currency. Forward exchange operations are subject to authorization by the Ministry of Finance, which is responsible for exchange control. Payments (with the exception of transactions involving gold and the issuing, advertising and offer of financial instruments) and capital transfers within the zone are free. All countries in the zone theoretically have common exchange regulations with respect to third countries. Payment transactions by WAEMU countries with Gambia, Ghana, Liberia, Mauritania, Nigeria and Sierra Leone are usually made through the West African Clearing House, replaced in 1995 by the West African Monetary Agency (WAMA). Like the other WAEMU countries, Mali signed Article VIII (Sections 2, 3 and 4) of the Articles of Agreement of the International Monetary Fund on 1 June 1996.

29. Imports and exports worth more than CFAF 500,000 must be domiciled with an authorized bank. Residents must collect the amounts payable to them by foreign countries (including the franc zone, which includes the WAEMU countries) for goods exported and repatriate them to the bank of domiciliation within one month following the date on which payment is due; payment for exports to all foreign countries (including those of the franc zone) is due within 180 days after the goods have reached their destination. Receipts from invisible transactions must be collected and passed on within two months following the date they are due or encashed.

30. Payments for invisible transactions (apart from those made within the franc zone), transfers of profits, dividends and royalties to non-residents, transfers of capital outside the zone, investment abroad by residents, foreign direct investment in Mali, borrowing abroad and the issuing, advertising and sale of foreign securities in Mali are subject to authorization by the Minister of Finance.[8] All

[5]Exchange regulations within the franc zone are described in IMF (1997) and WTO (1997). The following section is to a large extent based on these two sources.

[6]The members of the WAEMU are Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, the Niger, Senegal and Togo. BCEAO headquarters are in Dakar and there is an agency in each of the other member States. In addition to the WAEMU member countries, the franc zone includes France and its overseas departments and territories, Monaco, the member countries of the Central African Economic and Monetary Union (CEMAC), i.e. Cameroon, Chad, Congo, Gabon, Equatorial Guinea and Central African Republic, whose central bank is the Bank of Central African States (BEAC), and Comoros.

[7]Operations Account Convention, Dakar, 1973. Each central bank also has a French Treasury ordinary current account in places where it has its own establishment; the operations account is debited or credited with the amount of the transfers resulting from the levelling down or topping up of this account (Article 3).

[8]In practice, authorized intermediary banks and post offices are empowered to carry out transfers of up to CFAF 500,000.

payments made from abroad to Mali with a view to direct or any other investment must take place through an authorized agent and must involve either a surrender of foreign exchange on the currency market or the debiting of a foreign account in francs.

31. Foreigners working in Mali may transfer up to 50 per cent of their wages abroad if they live with their family in Mali, and up to 80 per cent if their family lives abroad. The amounts which residents travelling outside the franc zone may take with them are limited to CFAF 1,000,000 per person per tourist trip and to CFAF 200,000 per day per person for a business trip lasting more than a month. Travellers may bring into Mali an unlimited number of bank notes issued by the BCEAO or the Banque de France. Foreign bank notes brought in by residents must be sold to an authorized intermediary bank within eight days. In August 1993, following a flight of capital, the BCEAO suspended the automatic buying of its banknotes exported outside the WAEMU.