IV. TRADE POLICIES AND PRACTICES BY SECTOR

(1) INTRODUCTION

1. As part of its economic reforms, Mali has substantially liberalized most sectors of activity and reduced State participation in national economic life. In the agricultural sector, the Ministry of Rural Development has been restructured and the veterinary services have been substantially privatized. Apart from the cotton and tobacco sectors, most agricultural activities, including product marketing and input distribution, have been opened to private operators. The main State enterprises directly involved in the production and/or marketing of agricultural products are the Malian Textile Development Company (CMDT) for cotton, Huicoma for oil production, the Office of the Niger for rice, the Malian Agricultural Products Office (OPAM) for management of the national security stock and food aid, the Malian National Tobacco and Matches Company (SONATAM) for imports of these products and the Malian Livestock and Meat Office (OMBEVI) for livestock products.

2. The agricultural sector enjoys the strongest tariff protection (average import duties per sector), followed by the mining and then the manufacturing industries. Agriculture, for which Mali possesses a sizeable development potential - agriculture already makes the greatest contribution to the country's GDP and export earnings (Chapter I.1), is still the most highly protected sector (in terms of import duties), followed by mining and then by manufacturing. The negative escalation of import duties is not conducive to the development of the manufacturing sector. The introduction of the WAEMU common external tariff should alter the tariff-protection structure per sector. While signs of recovery have been noted in the manufacturing sector following the devaluation of the CFA franc, the high prices of energy, transport and telecommunications (Table IV.1) and the high cost of inputs, which are mainly imported, place a strain on production costs and limit the international competitiveness of Malian products.

3. In the mining sector, the number of categories of rights is currently seven, all of them accompanied by establishment conventions. Under the mining code provisions, the State reserves the right to take a 20 per cent holding, including a share free of charge amounting to at least 10 per cent, in the capital of mining companies. It is planned to amend the mining code in order to attract investment in this sector. The benefication of mining products prior to export, and increasing the sector's contribution to improving the balance of trade, are among the priorities of Malian mining policy; exports of precious substances (e.g. gold and diamonds) in the raw state are prohibited. However, mining products are subject to a tax of 3 per cent on a pithead value; exports of precious substances are also liable to the 3 per cent CPS.

4. The reforms have also contributed to the liberalization of the service sector, with the particular exception of telecommunications, which are still a State monopoly. However, the undertakings entered into by Mali under the General Agreement on Trade in Services are limited to adult education services in the handicraft field and to methods of supplying catering and hotel services. A reversal in the situation is therefore still possible as regards unilaterally liberalized services.

Tableau IV.1
Cost of energy, water, telecommunications and transport: comparison with other WAEMU countries

	Electricity[b] industry	**Diesel[b] CFAF/l**	**Water[b] CFAF/m³**	**Telephone[a] CFAF/mn**	**Transport[b] road t/km.**	**Transport[b] rail t/km.**	**Transport[b] air**	
	Kw/H			**France**	**USA**	**CFAF**	**CFAF**	**CFAF/kg.**
Burkina Faso	51	312	1,026	2,262	1,482	42.5	52.5	3,000
Benin	41	135	293	1,760	1,705	47	28.3	2,900
Côte d'Ivoire	37	270	424	1,390	870	37.2	31.4	2,900
Mali	**55**	**275**	**218**	**3,060**	**1,360**	**43.6**	**26.3**	**3,000**
Niger	55	265	319	1,800	1,285	50.1	31.4	2,800
Senegal	56	300	614	1,330	800	33.6	26.3	2,200
Togo	53	195	257	1,500	857	36.7	42.1	2,800

a 1996
b 1995
c Destination Paris.

Source: CEFTE (1997b), Regional Support Programme for the Integration of the WAEMU countries, WAEMU.

(2) AGRICULTURE AND RELATED ACTIVITIES

(i) General remarks

5. About 60 per cent of Malian territory, in this case the north of the country, is desert. Cultivation takes place in the south along the river Niger, the main irrigation source. Livestock production is carried on in the north of the country around water points. Movements of herds towards water courses during the dry seasons lead to conflicts between livestock raisers and farmers, whose crops are destroyed by the animals. Animal and plant production is based on traditional practices which limit yield; fertilizers are little used except for cotton growing. Farms are often family-owned and combine cash and subsistence crops; however, cotton producers are organized into cooperatives supervised by the Malian Textile Development Company (CMDT). Droughts, which have become more frequent since the 1970s, exacerbate shortages of cereals and periodically decimate part of the livestock, which is composed mainly of cattle, sheep, goats and poultry. The chief crops are cotton, millet, sorghum, fonio, rice, maize, tobacco, sweet potatoes, manioc, fruit (particularly mango), groundnuts, shea nuts and vegetables.

6. Between 1980 and 1996 food production rose by an average of 4.9 per cent in quantity per year and that of industrial crops by 3.6 per cent per year. These growth rates exceeded the growth rate of the economy as a whole and the rate of population growth. This growth in production is due to an increase in cultivated areas which was not always accompanied by increased yields. Yields of rice and maize increased strongly but those of millet and sorghum fell. This fall in yields is due mainly to the progressive impoverishment of the soil, inadequate use of fertilizer and equipment and the employment of rudimentary traditional methods of cultivation. The performance of the cotton sector reflects the better support it received in comparison with other crops (Table IV.2).

7. Generally speaking, the agricultural side of the reforms carried out under the structural adjustment programmes has led to a reduction in State participation in the sector. The agricultural reforms are aimed at increasing productivity and improving the sector's competitiveness through market forces, the active and extensive participation of private operators in all activities (from production to marketing) and the development of research. The rural economy institute set up in 1997 should contribute to these objectives by helping to intensify cultivation methods and diversify

production. The Ministry of Rural Development has been reorganized so as to adapt it to the new environment; its services have been redirected and strengthened. Veterinary care has been privatized in most regions of the country. Input prices have been liberalized; however, units like the CMDT grant flexible payment terms for inputs delivered to producers on credit. Contract plans have been signed between the State and several companies operating in the sector, particularly the CMDT, the Malian Agricultural Products Office (OPAM) and the Office of the Niger.

8. The provision of low-cost supplies to city markets has been a government priority since independence. Until the early 1980s supply operations were managed entirely by the State; OPAM, the State monopoly for the marketing of basic foods, fixed the official price of these products. Following a series of droughts in the 1970s, particularly since 1982, Mali has been conducting a cereals and food-safety policy designed to transfer certain activities to private hands and improve the management of OPAM. This policy is based on two main programmes, the Cereals Market Restructuring Programme (PRMC) and the Agriculture Sector-Adjustment Programme (ASAP), which have acted as back-ups for the reforms. A transitional contract plan was signed between the State and OPAM for 1997; another more specific contract should be signed for the 1998-99 period, by the end of which the chief tasks must have been completed.

9. The chief current public-service tasks of OPAM are management of the national security stock and food aid. OPAM must also establish a monitoring unit which can be immediately activated in the event of a major crisis. The size of the national security stock is capped at 58,500 tonnes, of which 35,000 tonnes is in the form of cereals (millet and sorghum). This physical stock is supplemented by a financial instrument, the Food Security Fund, which is equivalent in money terms to 23,500 tonnes. OPAM also has commercial responsibilities: management of the Market Information System (SIM), modernization of the cereal markets and development of the cereal trade. The food-security system remains expensive and highly dependent on outside funding.

10. The reforms have led to the liberalization of trade (imports, exports and local distribution) and cereal prices. Only the seed cotton price is still controlled. Agricultural, livestock production and fishery activities are exempt from VAT. The average of import duties on agricultural products is 29.8 per cent.

Table IV.2
Principal plant and animal products, 1990-98
(in thousands of tonnes unless otherwise stated)

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Products of food-producing agriculture									
Millet	758	663	801	524	637	808	636	665	681
Sorghum	658	478	693	542	666	672	639	486	471
Paddy rice	304	254	409	369	385	422	416	553	626
Maize	207	181	236	177	261	297	243	267	292
Fonio	38	20	36	19	27	43	38	39	..
Sweet potatoes	12	12	13	13	13	13	14	14	..
Beans	17	14	18	14	17	19	17	17	..
Products of industrial agriculture									
Groundnuts	154	176	176	126	147	213	156	133	137
Tobacco	0.5	0.5	0.5	0.5	0.7	0.7	0.6	0.7	..
Seed cotton	265	317	313	353	276	316	406	452	528
Wheat	19	16	22	16	20	22	20	20	..
Livestock products									
Cattle ('000 head)	..	..	5,200	5,245	5,542	5,708	5,879	6,056	6,237
Sheep, goats ('000 head)	..	..	11,800	11,800	12,552	13,179	13,838	14,530	15,256
Pigs ('000 tonnes)	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	..
Asses, camels, horses ('000 tonnes)	6	6	6	6	6	6	7	7	..
Poultry (tonnes)	5	5	6	6	6	6	6	6	..
Eggs (million)	61	62	64	65	66	68	69	70	..
Milk (millions of litres)	147	150	153	157	160	163	166	170	..
Skins ('000 of tonnes)	3	3	3	3	3	3	3	4	..

.. Not available.

Source: Malian authorities.

(ii) Policy by product category

(a) Cotton

11. The agriculture sector is dominated by cotton growing (20 per cent of total value added of the agricultural sector, including livestock production, forestry and fisheries). Mali is the leading cotton producer in sub-Saharan Africa. This crop has the advantage of being less affected by climatic hazards than cereals. Cotton producers also enjoy other advantages: a regular supply of low-cost inputs, access to credit and repairs to tracks.

12. The Malian Textile Development Company (CMDT) is a mixed-investment company in which the Malian State holds 60 per cent of the capital and the French Textile Fibre Development

Company (CFDT) 40 per cent. Organization of the cotton sector is governed by a contract plan signed by the State, the CMDT and the producers. The current contract expires on 30 September 1998; it defines the tasks of the CMDT, the payment methods for the various parties involved in the sector, the commitments of the CMDT, the State and the producers, and monitoring procedures. The CMDT is responsible for the integrated development of the cotton sector: it buys and processes raw cotton, markets fibre and seed and carries out extension and training activities with respect to producers, as well as research activities. The State has also assigned to it a rural development and public-service function for which it receives an appropriation from the national budget. During the period 1992-1998 the State allocated CFAF 5,978 million to CMDT, of which 1,366 million for financial year 1997-98 (funds not yet raised as at August 1998).

13. The contract plan sets a floor price for the purchase of seed cotton from the producer. The price paid to cotton producers is determined jointly by the CMDT general management and the farmers' association. The contract plan provides for a price-stabilization mechanism consisting of a stabilization fund replenished by the State or donors, by STABEX and by the CMDT when its gross margin[1] is positive. The CMDT calls on the stabilization fund only when its gross margin is negative. The financing it obtains for this purpose is equal to the amount of the gross margin and is designed to guarantee the floor purchase price to the producer. When the CMDT's net margin (available gross margin minus contribution to the stabilization fund) is positive, the enterprise is required to deposit 35 per cent of the amount of this margin. This will make it possible to distribute to producers, during the subsequent cotton season, a refund representing the producers' share of the profits for the sector. The price of processed cotton is free.

14. The CMDT supplies producers with agricultural inputs. The enterprise takes stock of producers' needs every year, sends out an international invitation to tender and sells the inputs to the producers on credit at cost price. The CMDT exports 99 per cent of cotton fibre production and sells the rest (1 per cent) to local textile enterprises, namely the Malian Textile Industry (ITEMA) and the Malian Textile Company (COMATEX), the total capacity of these enterprises being low compared with the quantity of cotton produced. Devaluation has made the cotton sector competitive and profitable since the 1994-95 cotton season even if certain elements of the production costs, in particular the prices of imported inputs and the CFAF equivalent of previous loans in foreign currency, have strongly increased; the quantities produced have increased greatly since then (Table IV.2). The CMDT is subject to the ordinary-law fiscal regime and particularly to the tax on performance. However, all export taxes, including the CPS, are abolished for the duration of the contract plan.

15. Cotton seeds are sold in their entirety to the Huicoma Company, an oil mill which processes cotton seed, groundnuts and shea nut kernels into oil and soap. Huicoma also produces animal feed. Sales of such feed is controlled as it is subject to heavy speculation. Huicoma has the monopoly of oil production, which it sells exclusively on the domestic market. As its production has become inadequate to meet national demand, the enterprise has for some years been importing neutral oil which it processes. Huicoma does not have the monopoly on imports of these products: traders purchase oil in barrels from Côte d'Ivoire. Huicoma employs 1,170 people and produces around 85,500 tonnes of animal feed, 65,500 tonnes of cotton seed cake, 36,000 tonnes of refined oil and 16,000 tonnes of soap.

16. The average import duty on cotton is 22 per cent compared with 34.5 per cent on other plant textile fibres (Table AIV.1).

[1]The gross margin equals earnings from cotton minus stabilized charges.

(b) Cereals

17. Depending on the season (favourable climatic conditions), Mali produces cereal surpluses. Malian consumption of cereals per capita per annum is estimated at 204 kg. Cereal availability per capita per annum is assessed at 221 kg. However, there are great disparities between zones. In the Gao, Timbuctoo and Kidal regions and certain zones of the Mopti region, the risks of food insufficiency are great. The security stock administered by OPAM has enabled national cereal shortfalls due to climatic hazards to be reduced.

18. The main cereals produced in Mali are sorghum (25 per cent of cereal production in 1997), millet (34 per cent), paddy rice (28 per cent in 1997 compared with 16 per cent in 1991) and maize (13 per cent). Total cereal production, which was 2.2 million tonnes in 1995, dropped markedly and then settled down at 1.9 million tonnes in 1996 and 1997. This drop is due to the worsening in climatic conditions, although Mali had enjoyed extremely good rainfall in 1994-95. Cereal crops are essentially rain-fed and thus strongly affected by climatic hazards. Durum wheat is cultivated mainly in the Timbuctoo region as well as in the Niger valley, on small individual plots. Malian wheat production, although classified second in the subregion, did not exceed 3,000 tonnes in 1997.[2]

19. Rice is grown according to two systems: traditional cultivation (by natural submergence and rainfall) and irrigated or controlled-submergence cultivation. Traditionally grown rice is largely consumed by the producer. Average yields are 5 tonnes/hectare for irrigated cultivation compared with under 1 tonne/hectare for traditional cultivation. Mali possesses great rice production potential. Rice-growing policy is currently directed at developing this potential, expanding the irrigated area and encouraging private initiatives, as well as at processing. The national market, particularly the urban market, is expanding strongly and Malian production could find outlets at the subregional level.

20. The restructuring of the Office of the Niger, which produces over half the national quantity of rice, has helped the rice sector to increase its competitiveness. Local non-industrial processing capacity exceeds total production. However, the quality of non-industrially husked rice should be improved. Devaluation encouraged the substitution of Malian rice for imported rice. However, the rice price is still high compared with that of other local cereals and devaluation also resulted in the large-scale substitution of millet for rice in local consumption.

21. Average import duties on cereals are 28.7 per cent compared with 30.5 per cent on cereal-based preparations and 23.2 per cent on flour and other milled products.

(c) Oilseeds

22. After cotton, groundnuts are the main cash crop in Mali. However, only 5 per cent of production on average is currently marketed owing to the closure in 1990 of the Sepama Company which held the monopoly for this activity; the gap left by this company has still not been filled. The difficulty in marketing has helped to slow down the expansion in cultivated areas. The takeover of the company by Huicoma in 1997 will doubtless revitalize groundnut production by solving the problems of disposing of this product.

23. As in other countries of the subregion, shea nut production is a gathering activity in Mali. Mali has a shea nut processing factory which is at present closed. The State, which has guaranteed its financing, is seeking a buyer; negotiations are taking place with Huicoma. The average import duty is 23.9 per cent on oilseeds and 14.1 per cent on oils.

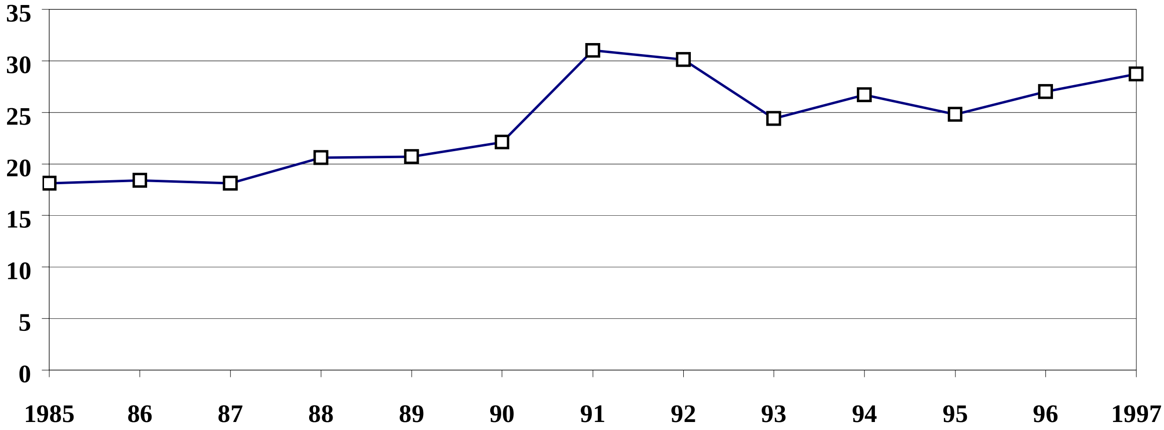
[2]CEFTE (1997a).

(d) Sugar

24. Sugar production is extremely variable; however, a trend towards increasing production has been noted since 1985 (Chart IV.1). The Sukala Company is the only Malian enterprise for processing local sugar cane. Its production capacity greatly exceeds its actual production. This enterprise, 100 per cent of whose capital was held by the Malian State until 1996, has been partly privatized (Table III.6).

Chart IV.1
Trend of sugar production, 1985-97

Thousands of tonnes



~~Source:~~ Malian authorities.

25. Sugar comes in customs category III and therefore enjoys 35 per cent tariff protection (Chapter III.(2)(ii)(a)). Sugar is the only product currently liable to the Short-Term Import Tax (TCI), which amounted to 55 per cent at the end of 1997. Sugar and sugar mills are subject to the highest average import duty (36.4 per cent), with a minimum of 5 per cent and a maximum of 75 per cent owing to the application of the TCI.

(e) Fruit and vegetables

26. The importance of the fruit and vegetable sector remains unclear because of the lack of statistics, the informal nature of the activities connected with it and the geographical dispersion of the areas under cultivation. Market-garden production was estimated at 140,000 tonnes in 1994. Vegetables may be grown in traditional fashion in the vicinity of small water-points (channels, home-made dams, wells) and with basic tools, or "modern"-style on irrigated plots. Fruit trees are planted mainly on allotments and around villages. Average fruit and vegetable consumption is estimated at 28 kg. per capita per annum.

27. Fruit and vegetable exports are extremely variable, although they have increased greatly since 1994. The chief products exported are mangoes and green beans. This production is intended for the

coastal countries (Senegal, Côte d'Ivoire) and European Union countries. Marketing, including exports, is still limited, however, owing to lack of financing, the defects and irregularity of air freight, difficulties in collecting, transporting and storing products, failure to stagger production and deficiencies in seed procurement.

28. The average of import duties is 30.5 per cent for vegetables and 33.9 per cent for fruit compared with 30.8 per cent for preparations of these products.

(f) Livestock production

29. Mali is a traditionally livestock-producing country. Its herd population composed of several species, in particular cattle, sheep, goats and poultry, is one of the largest in West Africa (Table IV.2). Livestock production accounts for 11 per cent of GDP; it is also a significant source of export earnings.

30. Livestock development programmes have been centred on animal health, water supplies for grazing, training of stock farmers and the organization of livestock markets. However, livestock exploitation and marketing are poorly organized and production intensification remains limited. Livestock-raising products (meat, skins, hides and milk) are also inadequately exploited.

31. In order to promote livestock exports, all export duties and taxes have been abolished and export procedures simplified: a provisional Certificate of Intention to Export is issued at veterinary posts and replaces a customs declaration (Chapter III(3)(iii)). However, the export of young cattle is forbidden.[3]

32. Devaluation led to increased sales of animals on the hoof for 1994 but these exports have marked time since 1995. They amounted to 417,000 cattle in 1996 compared with 220,000 in 1993. Through its import-substitution effect, devaluation has led to increased demand for Malian beef in the subregion countries which are members of the franc zone. The resulting price rise has not been sufficiently strong, however, to offset the improved competitiveness generated by the change in parity.[4] Performance in this sector has also been promoted by "mad cow" disease, which has been discovered in foreign herds.

33. Stockraising methods (transhumance, pastoral nomadism) make milk production difficult to estimate. In addition, dairies do not supply precise data. Milk production in 1995 was estimated at 182,000 litres while potential production was 365,000 litres. Lack of infrastructure impedes milk marketing; imported powdered milk accounts for 75 per cent of that used in the main processing units (Mali-Lait, Ségou-Lait, Harry Délices and GAM).[5]

34. Hides and skins are likewise an important by-product of livestock production. Their trade is regulated.[6] Pursuit of the occupation of hide and skin collector is subject to authorization from the Malian Livestock and Meat Office (OMBEVI). Hides and skins are subject to health control by the State veterinary services. Installations and materials used must be approved by OMBEVI, and the constitution of homogeneous sales or "assortments" is required for exports. Over 60 per cent of skins are exported in the untreated state. Mali possesses two tanneries[7] which work below their production

[3]Article 43: "The export of male bovine animals under five years old and non-sterile females under ten years old is prohibited, unless authorized by the Minister for Livestock Production."

[4]Degbelo (1994) for further details on such effects in the context of the developing countries.

[5]CEFTE (1997a).

[6]Decree 95-416/P-RM regulating trade in hides and skins.

[7]The TAMALI and TAO companies.

capacity. The chief difficulty in this sector is collecting the skins, owing to the dispersal of slaughterhouses and the poor condition of the skins. In 1996 the authorities instituted a tax on hides and skins[8] in order to encourage local processing. As a result of lobbying by exporters of untreated skins, the National Assembly abolished the tax in 1997.[9] However, these exports are still subject to a special export licence (Chapter III.3(iii)).

35. Average import duties range from 21.4 per cent on dairy products and eggs to 35 per cent on meat, skins, hides and other animal products; animal feed is subject to average duties of 35 per cent and leather articles 33.8 per cent (Table AIV.1).

(g) Fisheries

36. Fresh-water fisheries contributed 1 per cent of GDP in 1997 and the number of fishermen is estimated at 70,000. Production varies greatly with rainfall. Recorded catches in 1996 were around 120,000 tonnes. After falling as a result of the droughts, exports rose again under the joint effect of the devaluation of the CFA franc and the return of the floods. Because of lack of infrastructure, nearly all exported fish is smoked or dried.

37. Fishing is subject to the purchase of a licence, the price of which varies between CFAF 1,500 and 15,000 per fisherman per year according to fishing method.[10] A tax of CFAF 7.5/kg. (in 1995) is levied on fish sales. The revenue from this tax is shared between the State and the Mopti Fishing Operation.

38. Import duties are 35 per cent on fish and crustaceans, with an average of 33.9 per cent on preparations of these products.

(h) Forestry

39. The forestry share in GDP was 5.5 per cent in 1997. Malian forests supply 90 per cent of the country's energy needs in the form of fuel wood used for cooking food. Firewood, charcoal and residues constitute the traditional energy most used in Mali. Firewood consumption has shown an average annual increase of 1.6 per cent over the past ten years; charcoal, a growth of 4.1 per cent per annum. Between 1990 and 1996 prices rose on average by 3.8 per cent per annum for wood and 12 per cent for charcoal.

40. The area cleared every year is estimated at over 100,000 hectares. On present estimates, if current trends are maintained and palliative measures are not taken (reafforestation, substitute energies), the satisfaction of demand will lead to exhaustion of the forest potential in 60 years. Annual logging quotas per rural structure and per stand are fixed by ad hoc commissions.[11]

41. Average import duties are: 17.5 per cent on plants and flowers; 15 per cent on gums, resins and essences; 25.1 per cent on wood and wood products; and 10 per cent on wood pulp.

[8]Order 96-0001/MFC-SG fixing the tariff for export duties and taxes on untreated skins.

[9]Order 97-055/1/MFC-SG repealing Order 96-0001/MFC-SG fixing the tariff for export duties and taxes on untreated skins.

[10]Decree 95-182/P-RM laying down the levels of fees levied for the issue of fishing licences.

[11]Law 95-003 organizing the logging, transport and marketing of wood, Article 10.

(3) MINING AND ENERGY SECTORS

(i) Mines

42. Interest in the mining sector dates back to the droughts of the 1970s which revealed the limits of an economy based essentially on agriculture. In recent years, the mining sector has been regarded as one of the main hubs of the country's growth. As a result of the discovery of new gold deposits and hints of diamond deposits and the improvement in competitiveness caused by devaluation, this sector is attracting an increasing number of foreign investors. Only gold, phosphates and certain construction materials are currently exploited on an industrial scale in Mali. Phosphate production was 4,000 tonnes in 1995 but this product is currently experiencing marketing difficulties. Cement production is 3,000 tonnes a year, lime production is 580 tonnes and marble production is 850 tonnes. Annual non-industrial production of gold from 258 Malian gold-washing sites is estimated at 3 tonnes; the number of jobs is believed to be 100,000. Industrial gold production amounted to 3.04 tonnes in 1993, 2.88 tonnes in 1994, 2.54 tonnes in 1995, 5.65 tonnes in 1996, and 16.32 tonnes in 1997.

43. The adoption in September 1991 of a new mining code helped to revitalize activities in the sector. The mining code provides for tax and customs advantages (Chapter II(4)iii)). However, the State reserves the right to take a holding of up to 20 per cent (including a free share, the rate of which is set at 10 per cent minimum) in the capital of mining enterprises. Mining activities are subject to the issue of a permit whose nature varies with the type of operation. Examples of these permits are the survey licence, prospecting licence, exploration permit, gold washer's card, quarry-opening licence and the exploitation licence and permit; all these permits, etc. are accompanied by an establishment convention signed by the Minister for Mines and defining the conditions of operation. The survey licence is granted by the National Director of Geology and Mines for a non-renewable period not exceeding 90 days. The prospecting licence is granted by the Minister for Mines to an applicant for an exploitation licence for a non-renewable period of two years. The exploration permit is granted by Order of the Minister for Mines at his discretion for a three-year period renewable twice for the same period each time; the area covered by the permit is reduced by half at the end of the second year of the first period of validity, and by half again of the area remaining at each renewal. The gold washer's card is issued by the National Director for Geology and Mines to Malian nationals and to foreigners whose countries grant reciprocity to Malian citizens; the card confers the right to carry out exploitation by non-industrial methods over the whole of Malian territory during its period of validity, which is one year.

44. The quarrying licence is issued, depending on the case, by the Minister for Mines, the National Director of Geology and Mines or the administrative authority of the region where the quarry is situated; the duration of the licence is two years renewable. The exploitation licence is granted by the President of the Government to natural or legal persons coming under Malian law who wish to operate a small mine and who have produced evidence, through exploration work regularly pursued and monitored by the National Directorate of Geology and Mines (DNGM), of the existence of a commercially exploitable deposit; except by derogation of the President, the validity of an exploitation licence may not exceed ten years (including renewal). The exploitation permit is granted by the President to the holder of an exploration permit who has provided evidence, through exploration work regularly pursued and monitored by the DNGM, of the existence of a commercially exploitable deposit; except by derogation of the President, exploitation may not exceed a period of 30 years (including renewal).[12]

[12]See Ordinance No. 91-065/CTSP of 24 July 1991 for further details about mining permits.

45. The number of mining permits issued rose from 16 in 1992 to 86 in 1997. Three of these permits are for the exploitation of mineral water but most of the others concern gold mining. Two gold deposits are currently being worked: the Syama deposit, which has an annual production of 4 to 6 tonnes and a potential of 100 tonnes of gold, and the Sadiola deposit, which produces an annual quantity of 9 to 13 tonnes of gold and possesses a potential of 140 tonnes. Four other deposits are awaiting exploitation: their reserves are estimated at 290 tonnes of gold. The capital of the two operating companies, the Syama Mining Company (SOMISY) and the Sadiola Gold Mine Exploitation Company (SEMOS), is held partly by the Malian State (20 per cent and 18 per cent respectively) and partly by multinational companies.

46. New legislation designed to regulate the trade in non-industrially produced gold is being introduced for statistical and fiscal purposes: under Decree 96-240 and Order 97-1578, it will be possible to sell and export gold only through purchase and export branches included in the commercial register.

47. Exports of precious substances in the untreated state such as gold and diamonds are prohibited. According to the authorities, this measure is designed to limit costs, which are pointlessly increased by the transport of waste. Mining resources are subject to an *ad valorem* tax of 3 per cent of the pithead value. Exports of precious substances, including gold, are also subject to the service provision contribution (CPS) amounting to 3 per cent of the f.o.b. value. The tax revenue obtained in 1996 from the production of two gold mines amounted to CFAF 5.8 billion.

48. In the short term, the mining programme provides for the benefication of construction materials, in particular by establishing a marble works and a cement and lime production unit, the benefication of bauxite and the setting up of a mini-steel works. The programme also covers the promotion of export products and provides for the working of the four gold deposits and prospecting work for numerous substances: platinum, silver, lithium, fluor, tin, barytine, copper, lead and zinc. Revision of the mining code is also planned in order to make the sector more attractive to private investment *inter alia* by reducing production costs; and greater attention will be given in the code to environmental issues.

49. It is planned to begin working deposits of building materials in order to revive and develop production of cement, lime, marble, gypsum, kaolin and clay (among others), which have high value added. The training side of the mining programme could help the development of small mines. The ultimate aim of the programme is to increase the mining sector's contribution to the improvement of the trade balance.

50. Average import duties range from 16 per cent on lead and lead articles to 35 per cent on ores, slag, ash, pearls, gemstones, precious metals, jewels and currency (Table AIV.1).

(ii) Energy

51. In 1996 the value added of the energy sector represented 4.8 per cent of GDP and was broken down as follows: 56 per cent for hydrocarbons, 17 per cent for electricity and 27 per cent for wood. Final energy consumption amounted to 1.8 million tonnes-oil-equivalent corresponding to a consumption of 200 kg.-oil-equivalent per capita per annum. Investment in the sector came to CFAF 147 billion, 98 per cent of which was from external funds. The share of this investment devoted to traditional energy, which accounts for 91 per cent of total energy consumption, is 11 per cent, and that devoted to conventional energy 89 per cent, of which 88 per cent is for the electricity sector. The number of employees in this sector is about 3,000. Monitoring and management of the sector are carried out by the Ministries for Mines, Energy and Rural Development and their

departments, private bodies like Mali Energy (EDM), industrial and oil companies and para-public bodies (research centres, grouping of oil product importers).

52. The main thrust of the master energy plan for Mali is as follows: to encourage optimum use of local energy resources; promote the improved use of energy in all its forms by improving the effectiveness of supply and consumption systems in a long-term context; improve access to modern types of energy for the population in general and, in particular, for the most deprived sections; liberalize the sector by making greater use of private initiatives and capital; adapt institutions to the requirements of the energy sector by supplying the sector with suitable material and financial personnel and resources.

53. Fuels are subject to average import duties of 16.8 per cent compared with 30 per cent for electricity.

(a) Hydrocarbons

54. Hydrocarbons supply 10 per cent of total energy consumption. Petroleum products are consumed mainly in transport. The quantity of hydrocarbons consumed at present (334,000 tonnes) is imported. Between 1987 and 1996 hydrocarbon imports increased on average by 15 per cent per annum. The oil shocks of the years 1970-80 stimulated oil-exploration activities because of the existence of large sedimentary basins on Malian territory. However, no deposit has yet been discovered. The absence of exploitable oil deposits and the great expense of importing oil (14 per cent of total goods imports) make hydrocarbon management a priority for the energy sector.

55. Mali possesses four main depots with a total capacity of 28,220m^3, two of which are at Bamako (20,240m^3), one at Kayes (7,200m^3) and one at Timbuctoo (780m^3). The private sector is getting progressively involved in operations through the setting up of oil companies for hydrocarbon distribution.

56. A ministerial Order fixes a bracket within which the prices of these products may vary. This bracket is defined in a protocol of agreement with the petroleum operator groupings. The profit margins of the distributors vary from 10 to 15 per cent of the cost price. The bracket also takes account of the different duties and taxes applying to petroleum products, most of which are classified in Category II (5 per cent customs duty, 10 per cent fiscal import duty, 3 per cent service provision contribution and a variable-rate ISCP - see Table III.2), and transport costs which are extremely high because of the country's landlocked situation. Devaluation of the CFA franc caused a rise of about 30 per cent in petroleum product prices. At the end of 1997, the price of a litre of diesel fuel was CFAF 225, a fairly high price compared with those prevailing on the markets of the other WAEMU countries.

57. The magnitude of fraud in connection with petroleum products has caused the Government of Mali to ask the SGS to carry out specific monitoring of hydrocarbon movements under the implementation of the Import Verification Programme (see Chapter III.2(vi)). The security label affixed to the copy of the bond-note during transport operations must be produced on demand; the purpose of monitoring these operations is to reduce the fraudulent release of petroleum products onto the Malian market.

(b) Electricity and renewable energies

58. Table IV.3 gives figures for electricity capacity and production and for the electricity-distribution networks operated by Mali Energy (EDM), as well as for electricity consumption. Electricity production in 1995 amounted to 374 GWh of which 313 GWh, i.e. 84 per cent, was

produced by EDM, and 61 GWh (16 per cent) by industrial producers for their own use; of this, 32 GWh was produced by mining units. The average annual production increase in recent years has been 6.7 per cent. EDM, of whose capital only 2 per cent is held by private parties, has the monopoly on electricity marketing. Apart from industries with their own sources of supply, EDM also has the monopoly on water production and distribution.[13] Mali's electrical-energy production capacity is composed of 38 generating stations, 17 of which belong to the EDM, namely three hydroelectric power stations (Selingué, Sotuba and Felou) and 14 conventional power stations scattered throughout the territory. The branches of industry producing their own electricity are equipped with conventional power stations; 47 per cent of the installed power of these autonomous stations is used by mining companies (Diamou, Syama, Sadiola and Tilemsi). The towns of Zégoua and Kadiolo are connected to the Côte d'Ivoire network.

Tableau IV.3
Statistics on electrical energy

Headings	Unit	1994	1995	1996	Growth
Total installed power	MW	84.8	84.8	90.1	6.3 %
of which: - interconnected network	MW	71.8	71.8	75.4	5.0 %
- individual centres	MW	13.0	13.0	14.7	13.3 %
Transport network					
- 150 kv lines (228 mm2)	KM	351.0	351.0	351.0	0.0 %
- 66 kv lines (140.6 mm2)	KM	68.5	68.5	68.5	0.0 %
- 30 kv lines	KM	195.4	195.4	195.4	0.0 %
- hv/mv kv stations (number)		6	6	6	0.0 %
total installed power	MVA	170.0	170.0	170.0	0.0 %
- 30/15 kv stations (number)		5	5	5	0.0 %
total installed power	MVA	53.0	53.0	53.0	0.0 %
Distribution network					
- 15 kv lines	KM	366.6	370.5	437.0	18.0 %
- mixed mv/lv lines	KM				
- lv lines	KM	793.6	804.2	860.5	7.0 %
- mv/lv kv stations (number)		497	518	686	32.4 %
total installed power	MVA	123,375	165,906	183,32	10.5 %
Total energy production	MWH	276,090	312,734	336,028	7.4 %
of which: - hydroelectric	MWH	220,105	228,386	215,735	- 5.5 %
- conventional	MWH	55,985	84,347	120,293	42.6 %
Total energy consumption	MWH	209,823	242,549	265,326	9.4 %
of which: - medium voltage	MWH	101,544	122,295	131,417	7.5 %
- low voltage	MWH	108,279	120,254	133,909	11.4 %
Annual consumption per subscriber					
- medium voltage	KWH	228,188	258,552	259,718	0.5 %
- low voltage	KWH	1,810	1,830	1,954	6.7 %
Total number of subscribers		60,259	66,174	69,345	4.8 %
of which: - interconnected network		48,636	51,597	54,646	5.9 %
- individual centres		11,623	14,577	14,699	0.8 %

HV High voltage
MV Medium voltage
LV Low voltage
kv kilovolt

Source: Mali Energy.

59. In 1995 the consumption of electricity reserved for urban and industrial use was 303 GWh, of which 242 GWh was supplied by EDM (80 per cent). The bulk of medium-voltage electricity is consumed by industry (78 per cent), low-voltage electricity being almost entirely consumed by households (88 per cent). The current EDM charges are those laid down in an Interministerial Order of 1 April 1998 which replaced Interministerial Order 94/1089 of March 1994 (Table IV.4): every five years, EDM performs an analysis to see whether the charges still cover all the costs, and if not it

[13] The rate of coverage of drinking-water needs is 40 per cent in rural areas and 51 per cent in the towns.

draws up a proposal for the Government. Charges increased by an average of 2.5 per cent per annum between 1987 and 1995. An analysis of electricity charges for the subregion indicates that those for Mali are generally 5 to 40 per cent lower than those of other countries. The price of water, which is set below the average operating cost (CFAF 218 compared with CFAF 330 per cubic metre in 1996), is subsidized through the electricity tariff, which affects EDM's profits.[14]

Table IV.4
National electricity charges in force since 1 April 1998

CATEGORIES	TARIFF[a]
LOW VOLTAGE	
SOCIAL (2-wire metre, 3 or 5 A)	
Proportional price (FCFA/kWh)	58
Tranche 1: 0-50 kWh	90
Tranche 2: 51-200 kWh	105
Tranche 3: > 200 kWh	
NORMAL (2 > 5 A)	
Proportional (FCFA/KWH)	
Tranche 1: 0-200 kWh	90
Tranche 2: > 200 kWh	105
PUBLIC LIGHTING	
- First 120 hours of monthly use of subscribed power (CFAF/KWH)	90
- balance (CFAF/KWH)	
MEDIUM AND HIGH VOLTAGE	
MONOMIAL	
(Subscribed power <25kW), CFAF/KWH	81
BINOMIAL (HOURLY)	
- Standard annual charge (CFAF/KW subscribed)	13,890
- Proportional price (CFAF/KWH)	
- Peak hours (1800 to 2400)	81
- Working hours (0600 to 1800)	58
- Off-peak hours (00 to 0600)	36
MONTHLY CHARGE FOR RENTAL AND MAINTENANCE OF MEASURING AND CONTROL APPLIANCES	
- HV metering calculated in LV;	
rental plus maintenance: (CFAF/month)	7,734
maintenance alone: (CFAF/month)	2,340
- HV metering calculated in HV:	
rental plus maintenance: (CFAF/month)	11,601
maintenance alone: (CFAF/month)	3,511
ADVANCE OF CONSUMPTION: (CFAF/KW Subscribed)	9,667

a Charges (electricity prices) are given exclusive of VAT in the table; VAT on electricity is 10 per cent.

Source: Mali Energy.

60. The Manantali Dam will be brought into service in 2000 under the auspices of the Organization for Development of the Senegal River (OMVS); over half its total power (i.e. 200 MW) is intended for Mali. It is currently planned to effect a link-up with Côte d'Ivoire, whose production costs have been reduced following the exploitation of natural-gas deposits. Several feasibility studies have likewise been launched in connection with potential hydro-electric sites (Gouina and Kénié) and the expansion of the capacity of certain generating stations. The aim is to increase the level of national electrification, which is currently 7 per cent.

[14] Following devaluation, the price of a cubic metre of water rose from CFAF 157.1 to CFAF 194.2 in 1994.

61. Renewable-energy sources are also being utilized. The commonest equipment in this field relates to solar energy (312 solar pumps), wind energy (50 non-industrial wind pumps) and biogas (50 biogas digesters). The high initial outlay for this equipment and maintenance difficulties are major obstacles to its development. Solar-energy production in 1996 was estimated at 2.2 GWh and supply at over 10,000 Mtep. Solar energy is therefore an important outlet. Research and development work is being carried out by the National Solar and Renewable Energy Centre (CRESOLER), part of the National Water Engineering and Energy Directorate (DNHE).

(4) MANUFACTURING SECTOR

62. The manufacturing sector is responsible for about 13 per cent of GDP; the manufacturing production growth rate was 4.5 per cent in 1996. The informal sector contributes 27 per cent of value added in the manufacturing sector, in which it has 94 per cent of the jobs. However, increasing participation by the formal private sector in job creation is noted. In 1995 the modern manufacturing sector was composed of 113 enterprises and provided 7,809 permanent jobs. Most industries are established in the Bamako region. The sector contributes less than 5 per cent of the total earnings from goods exports. The most important branches of the manufacturing sector are the agri-food industries (36 per cent of industrial GDP) and the textile industries (36 per cent of industrial GDP), which carry out, among other things, cotton processing, sugar, tobacco and cigarette production, rice husking, and brewing. Industrial activity has shown signs of recovery since devaluation; textile industries which had closed have started up afresh.

63. The manufacturing sector is dependent on the outside world: over 30 per cent of enterprises import all their inputs. Despite the recent tax changes, business taxation is still unbalanced in that a small section of business (the formal sector) bears most of the tax burden. A comparison of business production costs in Mali with those of other WAEMU countries in the run-up to the introduction of the Union's provisions shows that Mali possesses a number of advantages, namely relatively lower water and rail transport costs and tax levels (Table IV.5). The low cost of rail transport compared with road transport must, however, be viewed against the background of the risks of delay and theft.

Table IV.5
Production costs and competitiveness aspects

	MALI		Maximum WAEMU	Minimum WAEMU
	Unit cost	WAEMU classification	Unit cost/country	Unit cost/country
Electricity (KWH)	55	5	107,18	37,3
Diesel (litre)	275	5	312	135
Water (m^3)	218	1	1,026	218
Road transport (T/km.)	43.6	5	50.1	33.6
Rail transport (T/km.)	26.3	1	52.48	26.3
Wages, unskilled worker (gross)	37,219	2	73,704	36,900
Social security costs	18	4		
Employers (%)			20	11.4
BIC level	35	1	45	35
VAT level	15	1	20	15

Source: CNP, CNES, CCIA of Dakar, Environment of Industrial Enterprises of the WAEMU, 1996.

64. Mali possesses substantial industrial-production potential, particularly in the agri-food and textile fields and in the processing of hides and skins. The chief obstacles to the development of the industrial sector are: the inadequacy of basic infrastructure (roads, energy, telecommunications) and the high cost of related services; lack of trained manpower; the limited nature of the domestic market and low purchasing power; the absence of suitable modern technology; climatic hazards which jeopardize agricultural production (agriculture being one of the main sources of inputs); difficulties in obtaining land for industrial use (saturation of existing industrial zones); and difficulty in obtaining bank financing. The medium-term industrial development strategy (1995-97) is based on the private sector and particularly SMEs which exploit local resources and is aimed at easing some of these constraints. A guarantee mechanism should be introduced in order to facilitate access to bank credit.

(i) Textiles

65. Development of the textile industry represents a priority since only 2 per cent of cotton production is processed locally at the moment. In 1995 the textile industry provided 34.5 per cent of jobs in the modern sector. Two companies (in each of which the State has a 20 per cent holding), the Mali Textile Industry (ITEMA) in Bamako and the Malian Textile Company (COMATEX) in Ségou, have 1,890 persons on their payroll and are governed by specific conventions which entitle them to extremely substantial tax concessions in the form of exemption from import duties and taxes on certain products (including inputs, equipment and spare parts) and exemption from payment of registration duties. They produce the same range of goods but satisfy only 25 per cent of domestic needs.

66. The two companies process Malian cotton only. The CMDT sells them the cotton at a preferential price. In exchange, these companies agree to use less good quality cotton which is more difficult to process. The costs of other inputs (chemicals and colourings) imported from Europe are worsened by the high transport costs resulting from the country's land-locked situation. The two companies would not be competitive in the subregion at the moment if they had to buy their cotton at international prices.

67. Mali's textile industries export printed fabric to the other WAEMU countries, particularly Burkina Faso and Côte d'Ivoire, as well as to Gabon. ITEMA exports between 12 and 17 per cent of its output; its cloth is WAEMU-approved. These two enterprises have expansion programmes designed to increase the production of yarn for export. ITEMA is benefiting from the relocation of a spinning mill from Naples which produces unbleached yarn; the mill is leaving Italy because it is excessively polluting and does not comply with European standards. The yarn produced will be intended exclusively for export to Europe.

68. The chief difficulty facing textile enterprises in Mali is competition from fraudulent imports and from imports originating in South East Asia. Average import duties on textiles amount to 28.7 per cent compared with 33.9 per cent on clothing.

(ii) Other products

69. Two tannery enterprises (TAO and TAMALI) treat cattle, sheep and goat skins before exporting them to Europe. Development of this activity, which is dependent on improvements in product quality throughout the sector, would enable economic use to be made of these animal-production by-products.

70. The other manufacturing activities (metal and cardboard industries, and certain chemical industries) are in the main designed to meet the demands of the local market. In principle, they are highly protected by the tariff system: a low import duty on their inputs (5 per cent) and high import duties on

their finished product (35 per cent) should give the sector a high effective degree of protection. However, these goods in fact suffer from strong competition from similar products fraudulently imported, i.e. without paying all or part of the import duties and indirect domestic taxes, particularly VAT.

(5) SERVICES

71. Transport, financial services, tourism (including the hotel trade and catering) and telecommunications are the main branches of the service sector in Mali. Mali is traditionally a net importer of services, particularly freight and insurance (Chapter I.3(ii)). Owing to the extent of its territory and its land-locked situation, the development of communication services, including telecommunications, and of transport in Mali is essential. The inadequacy of the transport infrastructure is one of the factors that limit the marketing, including export, of products, particularly agricultural products, and the international competitiveness of Malian goods, especially manufactured goods. The high costs of telecommunications and financial services are other factors which affect not only the competitiveness of goods but also the development of services such as tourism.

72. Under the General Agreement on Trade in Services resulting from the Uruguay Round, Mali has bound, without limitation, the supply of adult education services in the handicraft sector; hotel and catering services have also been bound, with the exception of transfrontier supply (not bound because of technical impracticability).[15] Mali has obtained exemptions from MFN treatment (Article II of the GATS) in the maritime-transport field, namely: cabotage rights granted, on a basis of reciprocity, to trading partners under agreements; sharing of 80 per cent of liner trade with the national shipping company of the state situated at the other end of a particular traffic (implementation of the UNCTAD Code of Conduct for Liner Conferences); and sharing of all cargoes (in bulk and specialized) between State shipping companies situated at the two ends of a particular traffic, in accordance with provisions laid down in agreements.[16] Transport activities accounted for about 3 per cent of GDP in 1997; they have been growing by 4 per cent per annum since 1993.

(i) Transport services

73. Transport services, primarily by land and air, contribute about 4 per cent of GDP. Mali ships goods by sea principally through the ports of Abidjan, Dakar and Lomé (Table IV.6). Transport services are subject to VAT at a rate of 10 per cent or 15 per cent, as the case may be, and the 5 per cent CPS. In addition to the BIC to which these service providers are liable, transport services are also subject to various taxes and charges, including the trader's tax (patente) of CFAF 21,000 to 52,000, vehicle road tax (CFAF 7,000 to 75,000), road transport tax (CFAF 88,000 to 414,000) and other administrative duties and taxes.

(a) Inland transport

74. The road network is 50,000 km. long. It consists of only 5 per cent asphalt roads, 3 per cent modern earth roads, 13 per cent upgraded tracks and 78 per cent seasonal tracks, which are in a generally poor condition. About 1.06 billion tonnes-kilometre and 2.27 billion travellers-kilometre were carried by this network in 1995.

[15] WTO document GATS/SC/53, 30 August 1995.
[16] WTO document GATS/EL/53, 30 August 1995.

Table IV.6
Goods transported (all means of transport), 1993-97
(tonnes)

Corridors	1993	1994	1995	1996	1997
Abidjan	573,534	695,033	634,063	938,737	1,113,883
Dakar	311,085	344,274	404,747	422,555	44,576
Lomé	4,531	6,564	3,340	9,217	8,768
Other	24,596	13,596	22,060	19,893	26,787
Total	**913,746**	**1,059,467**	**1,064,210**	**1,390,402**	**1,194,014**

Source: Malian authorities.

75. A transport card is required in order to operate in the inland-transport sector. In 1994 the price of this card came to CFAF 2,000 for a 5-seater vehicle and CFAF 8,000 for a bus with more than 30 seats. In 1995 the Transport Directorate issued 6,822 transport cards (2,710 for the carriage of passengers, 2,609 for goods and 1,503 for articulated tractors). All commercial road transport vehicles carrying passengers or goods which use a trunk and/or international road are liable to a road-use duty.[17] This duty, which is set at CFAF 190 to 1,175 per 100 km. of transport (depending on the road category and type of transport, with a minimum of CFAF 250, goes to the Road Use Duty Fund, the Fund for the Equipment of Intercity and International Road Hauliers and the Security Fund for the Equipment of, and Granting of Allowances to, Agents of the Security Forces Responsible for Road Control.[18]

76. Road transport is dominated by trade unions, which have set up a rotation system which prevents customers from choosing their hauliers for themselves. Transport costs per kilometre are comparable with those of other countries in the subregion even though fuel is very expensive in Mali. However, total costs are still higher for Mali owing to the country's landlocked situation. Performance in the road-haulage sector is poor; a Malian carrier takes an average of ten days to do the Bamako-Abidjan round trip, which would take only four days if administrative "hassles" were less numerous and if the rolling stock were in a better state.

77. The rail network is composed of a single railway 729 km. long between Koulikoro and the Senegalese frontier. The density of the network is still low (0.59 km./1,000 km.^{2}).[19] The network is managed and operated jointly by Mali Railways (RCFM) and Senegal Railways (RCFS). In 1995 this network carried 254 million tonnes-kilometre and 254 million travellers-kilometre. Traffic has not increased in the past five years.

(b) Air transport

78. Mali has an international airport at Bamako-Sénou, about ten minor airports and 40 airfields.[20] All these airports are managed by Mali Airports (ADM), a wholly State-owned company. Air-transport operations are open to any operator. However, authorization from the Minister for Transport is needed to set up an airline company. The application for authorization must include the company's articles of association, a feasibility study and a guarantee of the applicant's financial and technical standing. Traffic rights are allocated on the basis of bilateral agreements signed between Mali and other countries; the airline company of each State that is a party to an agreement with Mali is informed of the agreed frequency. In 1995 Mali recorded 7,500 aircraft movements of which 5,085 related to the Bamako-Sénou airport.

[17] Law 96-018 establishing the road use duty.
[18] Law 96-019 establishing the road use duty funds.
[19] Average railway density in Africa is 2.7 km/1000 km^2.
[20] Europa (1997).

79. In 1993 Mali acceded to the Treaty of Yaoundé setting up the multinational company Air Afrique, which is responsible for operating part of the international airlines. As in most member countries, air transport is organized in duopolies between Air Afrique and the foreign companies of the countries served. Since 1995 the Malian Government has authorized charter flights for passenger transport and for freight (exports of local products). National traffic is in the hands of Air Mali, a mixed-investment company, and some 12 small private companies (air taxis). The capacity of each air taxi is limited to 10 seats or 1 tonne of freight

80. Companies are free to set their own rates. International rates are set in accordance with the provisions of the International Air Transport Agreement of which Mali is a member. However, owing to the small number of companies serving the country, freight prices are high and place a strain on Malian exports; a tax of CFAF 15 per kg. is levied on freight by the Mali Airports Company. For commercial flights, according to the category of aircraft the handling price per aircraft ranges from US$432 to US$6,445, depending on capacity for passenger aircraft; US$7,150 to US$10,500 for cargo aircraft; and US$3,360 and US$5,615 for combined aircraft. For non-commercial flights, the price ranges from US$216 to US$2,286, according to the category. Landing fees at Bamako airport run from CFAF 2,630 to 10,933, depending on aircraft capacity.[21] International air transport of goods or passengers is exempt from the TPS.

81. Mali is also a member of the International Civil Aviation Organization (ICAO), the Agency for Air Navigation Safety in Africa (ASECNA) and of the African Civil Aviation Commission (ACAC).

(b) River and maritime transport

82. The waterway network is 2,334 km. long but is badly maintained. The Niger river is only navigable for five to six months a year. The contract plan signed between the State and the Malian Navigation Company (COMANAV) (Chapter III(4)(i)) for the period 1996-99 sets three objectives: to contribute to the breaking down of the country's isolation, optimize the operating conditions of COMANAV and improve its performance indicators.

83. Mali has no coast line or sea-going fleet. However, the country possesses warehouses in five African ports.[22] These warehouses were set up following maritime transport and transit agreements concluded between the Malian State and transit countries. The staff of these warehouses provide external services for the transport authorities by facilitating operations relating to the transit of Malian goods and the collection of statistics. They locate goods (identification, nature, weight, origin, destination); they monitor the services provided by the various intertrade groupings with respect to the goods; they collect, process and distribute statistics concerning the transport and transit of Malian goods; and they provide assistance to Malian operators in the event of penalties and/or disputes with intertrade groupings. These services are invoiced at CFAF 500 a tonne.[23] The storage of Malian goods in these warehouses is also subject to payment after an exempt period of 20 days.[24]

[21]The minimum charge is CFAF 7,888 for aircraft of 25 tonnes for which the fee is CFAF 2,630.

[22]Senegal, Côte d'Ivoire, Togo, Mauritania and Guinea.

[23]Decree 93-451/PM-RM fixing the level of remuneration for services connected with Mali warehouses in ports.

[24]Examples of prices in 1993: CFAF 40 per tonne per day for exports; CFAF 80 per tonne per day for all imported products other than cereals, flour, fertilizer, food donations and vehicles.

(ii) Financial services

(a) Banking services

84. The Malian banking system is composed of the Central Bank of West African States (BCEAO), which issues currency for all WAEMU member countries, and of seven banks (operating in Mali in 1996): the Mali Development Bank (BDM-SA), the International Bank for Mali (BIM-SA), the Malian Credit and Deposit Bank (BMCD), the National Agricultural Development Bank (BNDA), the Bank of Africa-Mali (BOA-Mali), the Sahel Commercial Bank (BCS-SA) and the Mali Housing Bank (BHM-SA).[25] The Malian State holds all the capital of the BMCD and has shares in the capital of the other banks at different levels, with the exception of the Bank of Africa, which is wholly private.

85. Banking activity is subject to the approval of the Minister of Finance, with the consent of the WAEMU Banking Commission[26]; a minimum capital of CFAF 1 billion is required. Under current legislation, only citizens of a WAEMU member country may administer or manage a bank, a financial institution or one of their branches, unless an establishment convention exists. Banks established in Mali must obtain the authorization of the Minister of Finance before taking out loans or investing outside the WAEMU.

86. Traditional banks are very thin on the ground in Mali and their structures and the services they provide are ill-adapted to the needs of customers as a whole. The size of the subsistence economy and of the informal sector has encouraged the development of tontines. Tontines are based on trust between their members; the sums involved remain small and their ultimate use ranges from equipment to investment in small-scale activities. Mali also has a properly registered financial institution[27], the Crédit Initiative, 15 per cent of whose capital is held by the State.

87. Apart from the ordinary taxes, banking services are liable to 15 per cent TPS on interest and 9 per cent income tax on debts and deposits.

(b) Insurance services

88. In 1995 five insurance companies were operating on the Malian insurance market. Two of these companies, AGF and Colina-SA, are agencies of foreign companies. The National Insurance and Re-Insurance Fund (CNAR), SABUNYUMAN and LAFIA are companies coming under national law. The CNAR is the only State-owned company and at the end of 1997 was in the process of privatization.

89. From 1990 to 1995 the turnover of insurance companies was increasing annually by an average of 20 per cent; they employed 282 persons in 1996 and accounted for 0.2 per cent of GDP in 1995. Insurance companies are subject to the industrial and commercial profits tax; a tax is also levied on insurance contracts. This tax is 4 per cent for all-risk insurance contracts in respect of

[25] The Postal Cheque and Savings Account Company (SCPE) has become the BHM, whose activities now cover housing loans.

[26] The Commission also monitors banks and financial institutions at WAEMU level.

[27] Law 19-74/AM-RM regulating banking operations in Mali states: "Financial institutions shall be taken to mean natural or legal persons other than banks who state that they habitually carry out credit, credit sale or exchange transactions on their own behalf or who habitually receive funds which they use on their own behalf in investment transactions or who habitually act as intermediaries in the capacity of commercial agents, brokers or other capacities for all or part of those transactions" (Article IV).

maritime, river and air navigation; it is 20 per cent for other insurance contracts (theft, fire, civil liability, motor vehicles).

90. Mali has signed the Treaty Establishing an Intra-African Insurance Market Conference Code (CIMA Code), which came into force on 15 February 1995. The code governs insurance services in the 14 African countries of the franc zone. Only approved companies established under domestic law (whatever the origin of the capital) are authorized to operate in Mali.[28] Approval is granted by the Minister of Finance after consultation with the Regional Insurance Control Commission whose headquarters are in Libreville. The code requires that life and non-life (fire, accident, technical risks and miscellaneous) insurance activities be separated. All enterprises currently present in Mali provide non-life insurance benefits. Only the CNAR and the LAFIA enterprise also provide life-insurance benefits. These two companies transferred their life-insurance activities (including their portfolios) to the newly-established SONA-vie, of which they are shareholders.

91. Insurance premiums are set freely in Mali. However, the CIMA Code urges each country to set ceiling and floor rates for motor vehicles, which are established by the Insurance Company Committee in Mali. Apart from ordinary taxes, insurance services are subject to a tax on insurance policies of 4 per cent for transport risks and 20 per cent for other risks. They are not subject to TPS on insurance premiums.

(iii) Tourism, hotel and restaurant services

92. Mali has numerous tourist attractions, which currently are not being exploited. Mali has two national parks and a nature reserve where wild animals can be observed. Numerous regions are of historical and architectural interest, e.g. the Dogon country and the towns of Ségou, Djenné and Timbuctoo. Some of these sites appear on UNESCO's world heritage list. Between 1993 and 1997 the number of international visitors to the country more than doubled (Table IV.7).

93. In 1997 there were in Mali two four-star hotels in Bamako, one three-star hotel in Bamako and one in Mopti, and 104 two-or one-star hotels in all the country including Bamako. Between 1995 and 1997 the number of hotels rose from 76 to 106, or by 39.5 per cent. The number of rooms rose from 1,582 to 1,724, the number of beds from 2,070 to 2,275, and the number of person-nights from 102,678 to 175,283. The Hôtel de l'Amitié (100 per cent State-owned) and the Grand Hotel (privatized) are the two largest hotels in the country, all of them situated in Bamako. Mali also has 34 travel agencies. Tourism, (including hotel and restaurant services) directly employed 3,000 persons in 1996. Tourism is also an income-generating sector for the State; the new tourist tax produced earnings amounting to CFAF 149 million in 1997.

94. The Malian Tourism and Hotel Office (OMATHO) has been responsible since 1995 for tourism development policy for Mali and its implementation. The authorization needed to open an agency is granted according to professionalism and morality criteria and not nationality. OMATHO is financed by the receipts from the tourist tax of CFAF 500 per unit and per person, the passenger tax on departure from Bamako airport (CFAF 2,500) and State subsidies.

95. Several factors limit the development of tourism. Mali is an expensive destination compared with other countries outside the franc zone. Air-transport costs are very high, as also the cost of staying in the country[29], although devaluation has reduced this drawback. Inadequate infrastructure

[28] It will shortly become compulsory for agencies of already established insurance companies to become companies under Malian law.

[29] OMATHO has estimated that the cost of a stay in Mali is between 25 and 40 per cent too expensive compared with other countries at the same development level.

and transport is also an obstacle to tourism development. Most tourist spots lie several hundred kilometres from Bamako, domestic airline services are poor and many roads are in bad condition. The development of tourism has also been held back by political turbulence in the north of the country.

Table IV.7
Tourist arrivals in hotels and assimilated establishments, 1993-97

Country/Nationality	1993	1994	1995	1996	1997
Total	**27,661**	**30,877**	**42,897**	**53,893**	**65,649**
Africa	10,121	8,660	12,026	11,451	14,321
North America	5,288	3,961	4,689	5,814	6,841
United States	1,828	2,474	3,537	3,823	4,972
Canada	3,460	1,487	1,152	1,991	1,869
Far East/Japan	123	135	728	1,467	1,621
Europe	8,914	13,763	22,155	31,137	38,278
Russia	76	119	129	348	186
Other Eastern Europe	10	28	15	..	50
United Kingdom	160	148	438	1,085	1,760
Scandinavia	192	38	224	581	672
Italy	644	406	1,250	2,544	4,236
Spain	430	341	1,027	2,294	2,442
Austria	42	129	298	276	386
France	4,287	6,023	8,065	14,851	17,512
Germany	1,869	2,348	1,833	3,392	4,119
Benelux	25	148	7,214	1,623	2,711
Switzerland	1,179	4,035	1,662	4,143	4,204
Middle East	71	33	176	171	321
Other	3,144	4,325	3,123	3763	4,267

Source: Malian authorities.

(iv) Telecommunications

96. Telecommunication services have been expanding since the early 1990s. The number of subscribers increased strongly from 12,837 in 1992 to around 21,300 in 1996 (Table IV.8); however, the density of the telephone network (number of telephone lines per 100 inhabitants), which was 0.27 in 1997, is greatly inferior to the average for countries in the subregion (1.5). The authorities estimate that demand in 1997 exceeded supply by 12 per cent and that future demand will grow at a rate of around 15 per cent per annum.

Table IV.8
Indicators of telecommunications services

Year	Number of subscribers = Number of main lines (ML)	Density (ML/100 persons)
1992	12,837	0.16
1993	13,812	0.162
1994	15,209	0.168
1995	17,164	0.18
1996	21,294	0.25
1997	96,411	0.27

.. Not available.

Source: Mali Telecommunications Company.

97. The contribution by the telecommunications sector to GDP is 1.35 per cent. The Mali Telecommunications Company (SOTELMA), which is 100 per cent-owned by the Malian State, has a monopoly on telecommunications, with the exception of the Internet, which has four private providers. SOTELMA employs 1,357 persons; its productivity (54 employees per 1,000 lines) is below that for the subregion (30 employees per 1,000 lines). Telecommunications appliances and equipment may be freely imported and sold. The call-back facility is not authorized but is not prohibited by law; a bill is being prepared in this connection.

98. Telephone charges are among the highest in the subregion (Table IV.9). Charges are proposed by SOTELMA and laid down by Order of the Minister of Communications after adoption by the Council of Ministers. According to the authorities, modifications in charges (increases or reductions) proposed by SOTELMA generally keep pace with international trends; charges are not based on production costs as SOTELMA does not keep itemized accounts. Work is in hand to correct this shortcoming. Charges for trunk calls vary with distance; an equalization system is to be introduced following the current work. A bill to reduce trunk call rates was being adopted at the end of 1997. International charges are set on the basis of the accounting rate (TR) negotiated with partners (States) to cover carrying the communication.[30] Calls to the United States are twice as expensive as calls to France (Table IV.9). International communications benefit from a rate reduction of 25 to 50 per cent according to the time of the call.

99. The Government's telecommunications objectives are to meet the population's potential demand and improve the competitiveness of SOTELMA; serving all localities with more than 5,000 inhabitants is among the priorities. Estimated annual short-term financing needs are assessed at CFAF 26.6 billion per annum, of which 85 per cent will be financed from outside; it is planned to privatize SOTELMA.[31] Investment would represent 97 per cent of total financing and maintenance 3 per cent.[32]

Table IV.9
Telephone charges in Mali and the WAEMU countries
(CFAF)

	Local (3mn)	**Trunk (3 mn)**	**WAEMU (1 mn)**	**USA (1 mn)**	**France (1 mn)**
Mali	**51**	**705**	**716**	**3,000**	**1,345**
Benin	66	642	481	1,705	1,760
Burkina Faso	30	780	924	1,482	2,262
Côte d'Ivoire	29	535	580	870	1,390
Niger	38	529	600	1,285	1,800
Senegal	50	375	250	800	1,330
Togo	25	583	139	857	1,500

Source: CEFTE (1997b), Regional Support Programme for Integration of the WAEMU countries, WAEMU.

[30] The negotiated charges were set by the formula: TP = KTR, where TP = tariff charged; TR = accounting rate; and K = a multiplier coefficient not exceeding 1.5.
[31] La Lettre Afrique Expansion No. 548, 18 May 1998.
[32] Government of Mali (1997).

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