

Mali: Brief Profile

July 2009

Domestic Economy

- Real GDP of Mali grew by an estimated 4.2% in 2008, as compared to 2.8% growth recorded in the previous year, mainly due to good agricultural performance.
- GDP in absolute terms amounted to an estimated US\$ 8 bn in 2008 as compared to US\$ 6.8 bn in 2007. Per capita income in 2008 was US\$ 630.
- The consumer price inflation rose sharply in 2008, to an average of 9.2%, compared to 1.4% in the previous year, mainly because of higher international oil prices.
- The highest contribution to the GDP comes from the services sector, which accounted for 45.8% of the GDP in 2007 (as per latest data available), followed by the primary sector with a contribution of 32.9% in the same year, while the secondary sector accounted for 21.3% of the GDP.

Trade and External Sector

- Exports from Mali stood at US\$ 1.8 bn in 2008 recording a growth of 20.0% over US\$ 1.5 bn 2007, due to higher gold exports.
- The main item in the export basket was gold, accounting for 73.3% of total exports in 2007 (as per latest data available). Other major export items in 2007 were cotton (14.9%) and livestock (4.2%).
- Mali's total imports stood at an estimated US\$ 1.8 bn in 2008, which was an increase of 12.5% over US\$ 1.6 bn recorded in the previous year.

- The import basket of Mali mainly consists of capital goods, petroleum products, and food items, which accounted for 33.3%, 31.8% and 21.6% respectively, of total imports in 2007 (as per latest data available).
- Mali's trade deficit narrowed to an estimated US\$ 27.6 mn in 2008 from US\$ 89.6 mn registered in the previous year, primarily as a result of higher export growth.
- The main destinations of Mali's exports in 2007 (as per latest data available) were China (2.9% of total exports), Thailand (1.6%), Bangladesh (1.1%), Vietnam (1.0%) and France (0.7%).
- The main origins of the country's imports in 2007 (as per latest data available) were France (22.7% of the total imports), Senegal (21.5%), Cote d'Ivoire (18.4%), China (8.3%) and Belgium (6.3%).
- The current account deficit narrowed from US\$ 448.2 mn in 2007 to an estimated US\$ 423.5 mn in 2008, mainly due to fall in trade deficit.

Foreign Exchange Reserves and Exchange Rate

- The local currency of Mali is the CFA Franc. It is pegged to the Euro and hence fluctuates against the US dollar in line with the Euro. The average exchange rate in 2008 was CFA fr 447.8: US\$ 1, registering an appreciation over CFA fr 479.3: US\$ 1 in 2007, on account of a stronger Euro vis-à-vis the US dollar.
- Foreign exchange reserves (excluding gold) of Mali decreased from US\$ 1087.1 mn in 2007 to US\$ 859.4 mn in 2008, reflecting an import cover of 5.7 months.

Country Ratings

- *Euromoney*, in its March 2009 risk ranking of 186 countries, placed Mali at 129, which is rise of four places from its previous ranking in September 2008. India was placed 78 in the latest ranking.
- *Institutional Investor*, in its March 2009 ranking of 177 countries, ranked Mali at 126, which is a rise of 13 places from its previous ranking in September 2008. India was placed at 52 in the same ranking.
- *Export Credit Guarantee Corporation of India Ltd. (ECGC)*, which ranks countries in seven categories (A1, A2, B1, B2, C1, C2, and D) in ascending order of risk, has placed Mali in Group B2 in its June 2009 rankings.

Bilateral Trade Relations with India

- India's exports to Mali decreased by 49.4% from US\$ 63.8 mn in 2006-07 to US\$ 32.3 mn in 2007-08. This was due mainly to decrease in exports of machinery & instruments and transport equipments.
- India's imports from Mali increased by 43.9%, from US\$ 2.8 mn in 2006-07 to US\$ 4 mn in 2007-08. This was largely due to increase in imports of raw cotton.
- India's trade surplus with Mali, thus, decreased from US\$ 61 mn in 2006-07 to US\$ 28.3 mn in 2007-08.
- The main items exported by India to Mali in 2007-08 were pharmaceutical products (US\$ 10.2 mn), machinery & instruments (US\$ 6.6 mn), cotton yarn fabric madeups (US\$ 4 mn), transport equipment (US\$ 2.4 mn), and manmade yarn fabric madeups (US\$ 1.4 mn).

- Raw Cotton (US\$ 2.8 mn), iron and steel (US\$ 0.41 mn), oil seeds (US\$ 0.33) transport equipment (US\$ 0.15 mn) and electronic goods (US\$ 0.06 mn) dominated India's import basket from Mali in 2007-08.
- During 2008-09 (April-February), India's exports to Mali increased by 9.8% to US\$ 32.8 mn as compared to US\$ 29.8 mn during the same period in the previous year, reflecting increase in exports of manufactures of metals.
- During 2008-09 (April-February), India's imports from Mali also increased sharply to US\$ 8.8 mn as compared to US\$ 4 mn during the same period in the previous year, mainly due to higher import of raw cotton.

Macroeconomic Outlook

- Real GDP growth of Mali is expected to slow down from an estimated 4.2% in 2008 to 3.3% in 2009, mainly reflecting expected fall in gold production.
- Exports are expected to fall to US\$ 1.56 bn in 2009 and further to US\$ 1.41 bn in 2010, owing to a decline in gold output. Imports are expected to rise to US\$ 1.77 bn in 2010 from US\$ 1.66 bn in 2009, in line with import prices and a small rise in import volumes. The deficit in the services account is expected to fluctuate in line with imports, as it mainly reflects transport costs for imports. As a result of these factors, current-account deficit is expected to widen from an estimated 5.3% of GDP in 2008 to 5.9% of GDP in 2009 and further to 7.3% of GDP in 2010.
- Inflationary pressures are expected to moderate as a result of the decline in food and international oil prices, and inflation is expected to average 3% in 2009 and 3.5% in 2010.
- The CFA franc is pegged to the euro at a fixed rate of CFAfr 655.96: Euro 1. The US dollar appreciated sharply against the euro in the second half of

2008, averaging US\$ 1.47: Euro 1 in 2008. The US currency is expected to average US\$ 1.35: Euro 1 in 2009 and US\$ 1.39: Euro 1 in 2010. Consequently, CFA franc is expected to depreciate from an estimated CFAfr 447.8: US\$ 1 in 2008 to CFAfr 496.0: US\$ 1 in 2009, before strengthening slightly to CFAfr 473.6: US\$ 1 in 2010.

Mali
Economic Indicators

Economic Indicators	2004	2005	2006	2007	2008^b
GDP at market prices (CFA fr bn)	2,575.0	2,798.4	3,132.0	3,275.0	3,580.0
GDP at market prices (US\$ bn)	4.9	5.3	6.0	6.8	8.0
Real GDP growth (%)	2.2	6.1	5.3	2.8	4.2
Consumer price inflation (av;%)	-3.1	6.4	1.5	1.4	9.2
Population (mid-year; mn)	11.3	11.6	12.0	12.3	12.7
Exports fob (US\$ mn)	976.4	1,100.9	1,550.4	1,509.4	1,768.3
Imports fob (US\$ mn)	1,092.9	1,245.5	1,475.4	1,599.0	1,795.9
Current account balance (US\$ mn)	-409.0	-437.6	-230.5	-448.2	-423.5
Foreign exchange reserves excl gold (US\$ mn)	860.7	854.6	969.5	1087.1	859.4
Exchange rate (av.) CFA fr: US\$ The local currency is CFA fr	528.3	527.5	522.9	479.3	447.8

^b Estimates.

Source: EIU Country Report.