

EB/CM/Mali, '62/3

December 6, 1962

To: Members of the Committee on Membership - Republic of Mali
From: The Secretary
Subject: Republic of Mali - Calculation of Quota

Attached are the staff's comments on the statement made by the Ambassador of Mali at Committee Meeting 62/3.

Att:(1)

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INTERNATIONAL MONETARY FUND

Calculation of Quota for the Republic of Mali

Prepared by the African Department
(In Consultation with the Legal Department and the
Office of the Treasurer)

Approved by J. V. Mladek

December 5, 1962

On November 7, 1962, Mr. Oumar Sow, Ambassador of the Republic of Mali, who had asked for the opportunity, addressed the Committee on Membership-Mali regarding his government's application for membership in the Fund. In his address, he repeated the desire of the Mali authorities for a quota of \$15 million, and he provided some new figures to support this view. His address has been summarized in the minutes of the meeting of the Committee on Membership-Mali (Meeting 62/3). Subsequently, the staff had a meeting with the Ambassador in order to clarify some of the points raised by him.

The following are some comments of the staff.

Population

In his address to the Membership Committee, the Ambassador stated that the population of Mali in 1960-61 was 4.9 million. The staff has ascertained from the Ambassador that this figure is based on an official census taken during December 1960 to March 1961.

National Income

The Ambassador stated further that according to the most recent study, Mali's national income was estimated at \$406 million. The staff has ascertained from the Ambassador that this figure of \$406 million represents Mali's gross domestic product for the year 1961, and that the method of compilation is roughly comparable to that used for computing Mali's gross domestic product of \$386 million for the year 1959; the latter was submitted in the memorandum of September 19.

Foreign Trade

The Ambassador, after pointing out the many uncertainties in estimating Mali's trade, reiterated the figures for 1961 as contained in the memorandum of September 19. These figures were \$43 million for exports and \$77 million for imports.

A short summary of the various estimates of Mali's foreign trade and a brief comparison of Mali's foreign trade with that of Guinea is contained in this section.

1. As explained in EB/CM/Mali/62/1 and EB/CM/Mali/62/2, Mali does not have comprehensive foreign trade statistics. The trade statistics published jointly for Senegal, Mali and Mauritania until September 1, 1960 essentially refer to trade through the port of Dakar in Senegal. The trade statistics published since January 1, 1961 for Mali separately are essentially data relating to the trade through the port of Abidjan in the Ivory Coast. Since important border trade with neighboring countries is not reflected in either set of trade statistics, these statistics clearly understate Mali's foreign trade.

2. On the basis of some rather arbitrary assumptions, an attempt was made in EB/CM/Mali/62/1 to estimate Mali's share in the total recorded trade of the group Senegal-Mali-Mauritania. For the three-year period 1957-59, Mali's average recorded exports were estimated at \$11.4 million, and Mali's average recorded imports at \$34.4 million. As mentioned above, these figures measure recorded overseas trade only and in particular do not include the substantial inter-trade between the three countries.

3. As far as can be ascertained, there have been only two official attempts to derive comprehensive figures for Mali's total foreign trade and these were made in the context of estimating Mali's national income for 1956 and 1959^{1/}:

	1956	1959	1956 ^{2/}	1959
	(In billions of CFAF)		(In millions of U.S. dollars)	
Exports	9.2	9.8	37.3	39.7
Imports	17.4	12.1	70.5	49.1
Total	26.6	21.9	107.8	88.8

As both estimates were used in the context of estimating Mali's national income, they include, in principle, all of Mali's foreign trade.

^{1/} The 1956 estimate was made by the former French Ministry of Overseas Territories and the results were published in "Outre-Mer 1958". The 1959 estimate was made by the Service du Plan of Mali and was officially communicated to the Fund. Since the methods used in both estimates presumably were different, the 1956 and 1959 trade figures are not strictly comparable.

^{2/} At the present exchange rate \$1.00 = CFAF 246.853.

4. According to a recent article in Note d'Information, Banque Centrale des Etats de l'Afrique de l'Ouest (No. 87, Oct. 1962), Mali's foreign trade in 1961 according to the official customs statistics was as follows:

	Exports	Imports	Exports	Imports
	(In millions of CFAF)		(In millions of U.S. dollars)	
Trade with				
Countries outside U.D.O.A. ^{1/}	2,403	7,816	9.7	31.7
Countries inside U.D.O.A.	1,069	970	4.3	3.9
Total	3,472	8,786	14.1	35.6

These statistics were prepared by the Statistical Office in Abidjan in the Ivory Coast on the basis of customs declarations for goods in transit to and from Mali through the port of Abidjan. As stated above, these official customs figures clearly understate Mali's foreign trade, a fact which is also acknowledged in the article mentioned above.

5. Starting from the official customs statistics, the Chamber of Commerce of Bamako, in its "Annuaire Statistique 1961 de la République du Mali," has tried to arrive at more realistic figures for Mali's foreign trade. On the import side, adjustments were made for an underestimation in the import of flour, sugar, tea and cement, and for the exceptional imports of trucks from Germany (CFAF 1.25 billion) and airplanes from the U.S.S.R. (CFAF 1.15 billion) which were not included in the customs statistics. On the export side, adjustments were made for the under-valuation or omission from the official statistics of exports of groundnuts, rice and fish. With these adjustments, the Chamber of Commerce arrives at the following figures for 1961:

	(In billions of CFAF)	(In millions of U.S. dollars)
Adjusted exports	7.8	31.6
Adjusted imports	11.8	47.8
Total	19.6	79.4

^{1/} Union Douanière Ouest Africaine (West African Customs Union).

In forwarding the "Annuaire Statistique 1961 de la République du Mali" to the Fund, the Mali authorities pointed out that even these adjusted figures were still based in principle on the customs declarations at the port of Abidjan, and did not include Mali's foreign trade through the port of Conakry in Guinea. In addition, as pointed out in the "Annuaire Statistique," illegal imports from neighboring countries were not included in the adjusted figures.

6. In their memorandum to the Fund of September 1962, (attachment to EB/CM/Mali/62/2) the Mali authorities submitted the following foreign trade data for 1961:

(In millions of U.S. dollars)	
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<u>Imports</u>	
Capital goods	28.0
Intermediary goods	9.2
Consumer goods	40.0
 Total	 77.2
 <u>Exports</u>	 42.8
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Total of Imports and Exports	120.0

It was stated in the memorandum that these figures were comparable to the figures for 1959 submitted to the Fund (see Table 2 of EB/CM/Mali/62/1) which were compiled in the context of establishing national income accounts for that year. The figure of \$120 million advanced for Mali's total foreign trade in 1961 should, therefore, also include in principle all of Mali's foreign trade.

As stated above, the adjusted trade figures of the Bamako Chamber of Commerce do not include the illegal imports from neighboring countries, which could account for a larger part of the difference between its figures and the figures advanced by the Mali authorities. Furthermore, trade through the port of Conakry was not included in the adjusted figures, and this might account for a smaller part of the difference. But even with these further adjustments, there would still remain a certain difference between the two sets of figures.

7. It is difficult to reconcile the various trade figures available. However, if the figure of \$108 million for 1956 as given by the former French administration (i.e. the Dakar estimate mentioned by the Ambassador in his statement) and the figure of \$89 million for 1959 as submitted by the Mali authorities are accepted as constituting Mali's total trade in those years (see 3. above), then the figure of \$120 million for Mali's total trade in 1961 would not appear unreasonable. Furthermore,

the figure of \$120 million includes large amounts of unrecorded trade, which seems realistic for Mali because it is a vast landlocked country in West Africa at an average distance of some 650 miles from the nearest port; it is also known as both an important crossroad of the traditional West African trade routes and as a major supplier of foodstuffs of West Africa. In this connection it may be noted that in 1959 72 per cent of Mali's total estimated exports went to neighboring countries, and imports from neighboring countries accounted for 30 per cent of the total imports in that year (see EB/CM/Mali/62/1, p. 5).

8. The following table shows Guinea's foreign trade in the period 1957-61:

	1957	1958	1959	1960	1961
	(In millions of U.S. dollars ^{1/})				
Exports	20.7	21.4	28.8	55.1	61.6
Imports	37.3	61.6	62.0	50.2	72.9
Total	58.0	83.0	90.8	105.3	134.5

Sources: Comité Monétaire de la Zone Franc, La Zone Franc en 1959; trade data for 1960 and 1961 supplied by Guinea authorities as reproduced in EB/CM/Guinea/62/1.

As pointed out in EB/CM/Guinea/62/1, the above figures for Guinea refer to official trade only, which, according to the Guinea authorities, do not include Guinea's unrecorded border trade. On the other hand, it should be noted that the Mali authorities claim that a part (probably small) of Mali's foreign trade is channeled through the port of Conakry in Guinea, and is thus presumably recorded as foreign trade of Guinea. When the relative importance of unrecorded border trade to officially recorded trade is compared for Guinea and Mali, it seems reasonable to assume that the proportion of Mali's unrecorded border trade to total trade is larger than the proportion for Guinea because of Mali's geographical position noted above.

Staff Conclusion

In EB/CM/Mali/62/2, the staff's conclusion was that "from the point of view of foreign trade Mali belongs in the category of countries to which

^{1/} All years at the present exchange rate of \$1.00 = CFAF (or FG) 246.853.

the small quota formula has been applied. However, the new and larger national income figures advanced by the Mali authorities, while remaining below those of all countries with a quota of \$15 million except Libya, exceed those of all countries in the small quota category except El Salvador. The Committee may wish to consider whether these national income comparisons would justify offering Mali a quota up to \$15 million as requested by the Mali authorities."

The Ambassador's statement did not provide any additional trade data to that contained in the written memorandum submitted by the representative of Mali during the Annual Meeting (see Annex 1 of EB/CM/Mali/62/2). The total foreign trade figure of \$120 million for 1961 as given in this memorandum does not appear unreasonable. The new figures on population and national income advanced by the Mali Ambassador appear not incompatible with those of earlier years.

In comparing Mali's foreign trade with that of existing and prospective Fund members, the staff has nothing to add to the comments contained in EB/CM/Mali/62/2; in particular, the staff continues to hold the view that the total (recorded plus unrecorded) foreign trade of Mali is probably smaller than that of Guinea and smaller than that of any member country in the \$15 million category. However, the new figures for population and national income submitted by the Ambassador tend to bring Mali even closer to those of existing and prospective Fund members in the \$15 million quota category. According to these figures the population and national income of Mali exceed those of Guinea by a larger margin than indicated in EB/CM/Mali/62/2.