

COMMITTEE ON MEMBERSHIP - MALI

Meeting 62/3
November 7, 1962

Present: Mr. Caranicas, Acting Chairman
Mr. Dale
Mr. Hanemann

Mr. Hooker
Mr. Waitzenegger
Mr. Habermeier
Mr. Bonham Carter
Mr. Mansour
Mr. Nikoi

Also

Present: His Excellency Oumar Sow, Ambassador of Mali
Mr. van der Valk
Mr. Bornemann
Mr. Gerstein
Mr. Hilken, IBRD
Mr. Kroc
Mr. Mladek
Mr. Oanh
Mr. Tun Wai
Mr. Wright
Mr. Frost, Secretary
Mr. Lang, Assistant

The meeting was attended by the Ambassador of Mali in Washington, His Excellency Oumar Sow, who had asked to speak to the Committee in support of the request of his Government for a quota in the Fund of \$15 million.

The Ambassador expressed his appreciation at being granted the opportunity of addressing the Committee. Despite the fact that adequate statistics on the economy of Mali were lacking, he hoped that the views and figures which he would present would be of assistance in resolving the problem of fixing the quota. It was clear that present statistics were inadequate. As noted in "Notes et Etudes Documentaires" (Documentation Francaise, Republique du Mali, July 13, 1961) and Notes d'Information de la Banque Centrale des Etats de l'Afrique de l'Ouest, No. 84 of July 1962, the landlocked position of Mali and the extent of its frontiers created a situation in which a very active border trade existed which was not statistically recordable and, moreover, a situation in which only estimates could be made of Mali imports and exports moving through Dakar and other ports outside the country.

Mali led in West African territory with an area of 1,200,000 square kilometers and held, after Nigeria and Ghana, the third position for population with nearly 5 million inhabitants. It was a landlocked country situated at an average distance of about 1,000 kilometers from the three nearest ports, Conakry, Abidjan, and Dakar. As to the extent of Mali's communications to the north, the stretch from Gao to Colomb Bechar consisted of a dirt road of 2,134 kilometers, of which 2,000 were in the Republic of Mali; this served for the movement of goods to nomad populations.

S/M/ Mali Legal Dept. Files

While Mali had suffered from being so far removed from the ocean, on the other hand it deserved its name of the granary of ex-French West Africa owing to its agricultural production. For its virtual surplus of output in the agricultural sector (food crops, fishery products, fruit, etc., and livestock and animal products) put it far ahead of the other countries.

In support of this argument, the Ambassador quoted from the previously stated document of the Banque Centrale: "the most remarkable phenomenon is certainly the surplus of the balance of traditional trade, which largely offsets the deficit in respect of modern trade .

The Ambassador then referred to the figures for Mali's foreign trade in 1959.

	<u>Imports</u>	<u>Exports</u>	<u>Balance</u>
	(In millions of CFA francs)		
Traditional trade	2,331	6,621	+4,290
Modern trade	<u>9,780</u>	<u>3,169</u>	<u>-6,611</u>
Total	<u>12,111</u>	<u>9,790</u>	<u>-2,321</u>

Even these 1959 figures, he stated, do not include the complete picture of the intense border trade carried on between Mali and its neighbors.

The Ambassador then turned to the figures previously submitted to the Fund. First of all, as regards population the demographic survey by sampling made in 1960 (results not final) showed that the population of Mali in 1959 could be estimated at 4,300,000 instead of 4,100,000. Recently, as a result of the census, the population of Mali had been put at 4,900,000 for the period 1960-61, and the figure of 5 million would certainly not be an overestimate for the period 1962-63, i.e., the period in which Mali was applying for admission to the International Monetary Fund and the International Bank for Reconstruction and Development.

The national income figure originally submitted to the Fund was \$235 million. This national income figure was very debatable. It did not take appropriate account of the inexact nature of the previous estimates made and Mali's indisputable capacity for agricultural production. Furthermore, a study made for the former French Ministry for Overseas Territories indicated that Mali's national income as far back as 1956 was \$280 million. Subsequently, Mali's national product in 1959 was a little more accurately estimated at \$386 million (gross national product), giving a national income for Mali of \$355 million. The most recent study, which still lagged far behind reality in view of the new factors which have come into play, gave an over-all figure of \$406 million.

Turning to foreign trade, the Ambassador stated that as early as 1956 the Dakar estimates showed imports at \$73.2 million and exports at \$36.8 million, giving a total of \$110 million. Bearing in mind the uncertainties regarding Mali's foreign trade statistics and the development of foreign trade since then (especially that of traditional trade, which was almost unrecordable at that time), the nearest figure for 1959 would be \$132 million. This statement in the Dakar study supported the opinion of the Mali Government that owing to the uncertainties an inadequate impression was given of Mali's real economic potential.

It was also pointed out that the use of the year 1959 as a reference year was itself not appropriate, inasmuch as the Republic of Mali did not become independent until September 22, 1960. Throughout this period and the following year, Mali was in a phase of reorganization of its economic and social structure. Experience had shown that many concrete factors and data was previously unrecorded. Mali's foreign trade in 1961 had now been estimated at \$120 million, with imports at \$77.2 million and exports at \$42.8 million. This apparent deficit was completely covered by a long-term credit granted to the Government. This latter data seemed to the Government of Mali to be the proper reference figures for the consideration of the Committee.

The Mali Government was endeavoring to improve every year the means of supervision at its disposal in order to be able to provide the proper data for the assessment of an economy which was wrongly judged abroad. It was with this object in view that the Mali franc was put into circulation in July 1, 1962 and it could henceforth be stated with more certainty that in the very near future the Mali Government would be able to present verified statistics based on concrete data.

No additional effort would be spared to enable Mali to be seen as it really was, for Mali had suffered only too much from this discrimination. The Government of Mali, convinced as it is of its ability to meet all its commitments vis-a-vis the IMF and the IBRD, could, for other reasons, have asked for a quota of \$20 million or \$25 million, but instead of that it did insist on \$15 million pending the complete bringing up to date of Mali's statistical data in the coming years, because, as was stated by the President of the Chamber of Commerce: "The documentation provided, we must say straightaway, is incomplete, and only experience and time will enable us to increase and supplement it in the coming years" (1961).

The Ambassador concluded, in view of all the uncertainties presented by the economic statistics of Mali, that the Committee study sympathetically the formal request of his Government for a quota of \$15 million.

The Acting Chairman thanked the Ambassador for his statement and indicated that the Committee would study the figures he had presented.

Mr. Mansour then inquired if there had been any development with respect to the allocation to Mali of a share in the assets and liabilities of the Banque Centrale des Etats de l'Afrique de l'Ouest. The Ambassador replied that a Mali delegation was presently in Paris discussing this question. It was hoped that the negotiations would be completed shortly.

Mr. Bonham Carter asked if the figures submitted by the Mali Government on foreign trade, such as the 1961 estimate of \$120 million (EB/CM/Mali/62/2, Annex I, p. 3), included border trade. The Ambassador said that the 1961 estimate was provisional in nature because of the impossibility of gathering all the figures relating to the border trade, but that it did include some of this trade.

Mr. Waitzenegger pointed out that the import figure included as a part of the 1961 foreign trade estimate to which Mr. Bonham Carter had just referred was some \$77 million, whereas the import figure contained in Table 3 of EB/CM/Mali/62/1 which related to the first half of 1961 only came to

almost \$12 million. This appeared to indicate that imports rose to the order of some \$65 million in the second half of 1961. He then inquired how there could be such a wide change from one semester to another.

In the following discussion the Ambassador indicated that the import figure for the second half of 1961 was high because some exceptional imports such as airplanes and trucks had then taken place. The Acting Director of the African Department said that the two sets of figures were apparently compiled on different bases. The low import figure for the first half of 1961 was apparently based on recorded trade only whereas the import estimate submitted to the Fund for the entire year 1961 was undoubtedly compiled in a much broader way.

The discussion with the Ambassador was concluded by the Acting Chairman on the understanding that if there were further questions with respect to the figures given the Committee the staff would contact the Ambassador or his representative.

Following the departure of the Ambassador of Mali, Mr. Hanemann and Mr. Dale requested that the staff study the bases for the various compilations of trade figures which had been presented to the Committee in order that it might have some indication as to which would be the more realistic. Mr. Waitzenegger shared this view and also suggested that the Committee would find it useful if the staff could provide figures which would allow a comparison of the external trade of Guinea and Mali, perhaps on a yearly basis from 1959. In this connection, Mr. Bonham Carter inquired if the Guinea figures excluded estimates of border trade. The Acting Director of the African Department stated that this was, in fact, the case and that this represented the chief difference in the bases of the figures of the two countries.

Mr. Mansour observed that the matter of deciding on an appropriate quota for Mali was complicated not only by the lack of adequate statistics, but by the relationship of Mali's quota to those of other Fund members. This latter element, of course, involved for some countries questions of national prestige. Accordingly, although he generally would be inclined to go along with the applicant's view of an appropriate quota when statistics were so doubtful, he would also be guided by the effect which the Mali quota would have in relation to the larger question of small quotas which the Executive Board was now discussing informally.

Approved: December 4, 1962