Mali: Trade Brief*

Trade Policy

Mali began liberalizing its trade regime in 1986 by eliminating export monopolies and simplifying import licensing. As judged by the latest Trade (MFN) Tariff Restrictiveness Index (TTRI), on which it scores 12.2 percent and ranks 102nd (out of 125), its trade regime is slightly more restrictive than that of an average Sub-Saharan Africa (SSA) or low-income country, both with respect to manufactures and agriculture. However, when including nontariff measures, its score on the latest Overall TRI (16.8, including preferences) reflects a more open environment than its comparators'. A member of the West African Economic and Monetary Union (UEMOA), Mali has adopted the maximum tariff of 20 percent and has been implementing the Common External Tariff (CET) since 2000. Its 2007 MFN applied simple (11.9 percent) and import-weighted (10.8 percent) tariff averages are both below the SSA regional and low-income group means. MFN duty-free imports accounted for 6.6 percent of the country's total imports in 2004. Although state-owned enterprises in the electricity, rail, and transport sectors have gone through some privatization efforts, they have yet to be successful. Mali's score of 1.3 (on a scale of 0 to 2, best) on the International Telecommunication Union (ITU) competition index reflects partial competition in the telecommunications sector.

Market Access

Ranked 121st (out of 125) and scoring 11.5 percent on the latest Market Access TTRI, Mali's access to international markets is highly unfavorable, especially when compared to that of an average SSA (5.4) or low-income country (6.3). Incorporating nontariff measures, however, Mali's access is relatively open (12.5), particularly for its agricultural products (8.5). MFN duty-free exports constituted 48.7 percent of Mali's total exports in 2006, a share higher than that of an average SSA or low-income country. Regionally, Mali is a member of the Economic Community of West African States (ECOWAS) and shares common monetary and exchange rate policies with other UEMOA states. Negotiations to replace the expired trade preferences of the Cotonou Agreement and complete a regional Economic Partnership Agreement (EPA) between West Africa and the EU did not conclude by the end of 2007 as expected. However, the UEMOA is negotiating an EPA with the EU that is expected to be concluded by June 2008. Still, Mali's exports remain eligible for duty-free access to the EU under the "Everything But Arms" initiative for least-developed countries. A Generalized System of Preferences (GSP) beneficiary with a number of industrialized countries, Mali's exports enter the United States duty free under the Africa Growth and Opportunity Act (AGOA). Mali's utilization of EU and U.S. preferences (72.8 percent) has been declining, and the actual value of these preferences is not very high, accounting for only 0.3 percent of its bilateral exports in 2006.

Behind the Border Constraints

Mali's overall Doing Business 2007 rank was 158th (out of 178), with a low rank on the Enforcing Contracts subcategory due to the weakness of its judicial system. Although Mali has built its democracy and fares better than its comparators in the areas of government effectiveness, regulatory quality, rule of law, and control of corruption, more progress is still needed to build effective and accountable government. Trailing slightly behind its comparators, Mali ranks 109th (out of 151) countries on the 2006 Logistics Performance Index, with its weakest logistics indicator being quality of transport and information technology (IT) infrastructures (1.9 on the scale of 1 to 5, best). Given its landlockedness, Mali has been depending on Côte d'Ivoire to export its products. However, recent conflicts in Côte d'Ivoire have prompted the country's authorities to accelerate the development of alternative and cost-effective

*As of April 2008. See the World Trade Indicators 2008 database at http://www.worldbank.org/wti2008.

transportation routes to the coast. Even though some gains were made in road and air transport, Mali's capital is 1,000 kilometers away from regional ports and its internal transport network is in poor shape, leading to high transport and transit costs. Its airport is controlled by a monopoly (prices are 50 percent higher than the world average) and it is poor by international standards, conditions that are not conducive for expansion of tourism flows and air logistics industries. Hurt by its relatively high processing times and per container import costs, Mali was ranked 162nd on the Doing Business 2007—Trading Across Borders subcategory, another proxy for its trade facilitation performance. The 2006 per capita rates for telephones and mobile phones (13.3 percent), personal computers (0.4 percent in 2005), and Internet users (0.6 percent) are below the comparators'. Its secondary (28.3 percent in 2006) and tertiary (3.0 percent in 2005) school enrollment rates are lower than the regional and low-income averages.

Trade Outcomes

Ranked 116th (out of 160) on Trade Outcome, Mali's real growth in total trade of goods and services (5.1 percent in 2007) declined from the early 2000s (6.5 percent) and is lower than the SSA and low-income country means (6.4 percent and 6.6 percent, respectively). This trend is partly due to adverse weather conditions and technical difficulties that affected gold production. Falling several percentage points to 66.6 percent in 2007, landlocked Mali's openness ratio is low relative to the regional (88.4 percent) and low-income (80.1 percent) group averages. Although cotton exports have traditionally been the country's main exports, gold superseded it in recent years. Livestock is Mali's third-largest export, but much of its trade goes unrecorded. Mali's export product concentration index score was 73.9 (in 2006), which points to a strong need for diversification, particularly as its exports are highly vulnerable to adverse weather conditions and price fluctuations. Despite cotton reforms in the 2000s, cotton exports have been suffering, partially due to the appreciation of the euro (to which the CFA franc is pegged) against the U.S. dollar, very high subsidies given to U.S. cotton producers, and the development of new and cheaper cotton-producing technologies in China, the EU, and the United States. Services, particularly tourism (10.8 percent in 2006), have expanded considerably in recent years, accounting for 16.0 percent of total exports in 2007. In 2006, China and Germany were the major importers of Mali's goods, followed by other Asian (mostly textile-producing) countries. More than 50 percent of Mali's imports in 2005–06 were obtained from other African countries. Remittances in Mali constitute an important share of foreign exchange, equivalent to 18.0 percent of its total exports and 3.3 percent of its GDP in 2005–06, many of which come from Malians working in neighboring Côte d'Ivoire.

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