

## In a good momentum, but still vulnerable



### General Information

<b>GDP</b>	USD 14.05bn (World ranking 118, World Bank 2016)
<b>Population</b>	17.99 million (World ranking 62, World Bank 2016)
<b>Form of state</b>	Republic
<b>Head of government</b>	Ibrahim Boubacar Keita
<b>Next elections</b>	2018, presidential and legislative



### Strengths

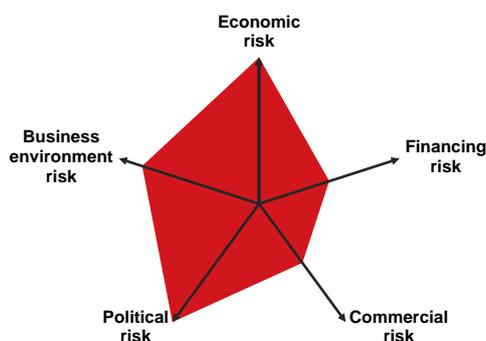
- Natural resource base includes gold and agricultural crops such as cotton.
- Low inflation and limited transfer and exchange rate risks as a result of membership in the CFA franc zone.
- Large-scale debt relief in 2003-06 resulted in a more manageable external debt burden.
- Access to IMF financing.

### Weaknesses

- Significant domestic and regional security and stability risks. Existential threat to the current sovereign state.
- High levels of poverty.
- Poor infrastructure and a landlocked position limit economic development and impose additional trading costs.
- Lack of significant economic diversification.
- Narrow fiscal base and inefficient tax administration partly explain large and recurrent fiscal deficits.
- Large current account deficits, only partly covered by FDI.
- Weak business environment.

### Country Rating

**D4**



Source: Euler Hermes

### Trade Structure

By destination/origin (% of total)

Exports	Rank	Imports
United Arab Emirates	33% 1	16% Senegal
Switzerland	19% 2	13% China
South Africa	19% 3	11% Côte d'Ivoire
India	5% 4	10% France
China	3% 5	5% Ghana

By product (% of total)

Exports	Rank	Imports
Gold, non-monetary (excluding gold ores and concentrates)	68% 1	20% Petroleum, petroleum products and related materials
Textiles fibres and their wastes	13% 2	8% Road vehicles
Fertilizers other than group 272	6% 3	6% Non metallic mineral manufactures, n.e.s.
Oil seeds and oleaginous fruits	2% 4	5% Specialised machinery
Live animals other than animals of division 03	2% 5	5% Medicinal and pharmaceutical products

Source: UNCTAD

# Economic Overview

## General Overview

The Malian economy relies on agriculture and mining. It is the second biggest cotton producer in Africa after Burkina Faso. Gold accounted for 60% of total exports in 2016.

## Overall positive economic outlook

Over the past two years, Malian GDP growth was quite robust at around 6%. This trend is set to continue in 2017 and 2018, but at a slightly lower pace of 5.5%. Overall, the economy benefited from good harvests and efficient public spending. Lower food and energy prices pushed inflation into negative territories in 2016. Energy price recovery should push inflation rates above zero in the coming years, but the peg to the Euro within the CFA Franc is a powerful anti-inflationary medicine.

In 2016/2017, Malian cotton production rose by 25.7%, pushed by further government subsidies. While the guaranteed price to producers was FCFA 237.5 per kg, the government decided to incentivize production by raising it to 250. This comes along with fertilizer and tractors purchases subsidies. As a result, according to the US Department of Agriculture, the country's production will increase by +11.8% in 2017/2018.

From a public finance point of view, Mali's fiscal deficit rose to -4% of GDP in 2016, due to a higher level of government expenditures, which is close to the West African Monetary Union target level of ~3% of GDP. Fiscal deficit is expected to decline to -3.5% of GDP in 2017, and remain so in 2018. The government's 2018 fiscal plan is in line with the target and continues to finance security and peace initiatives, along with the agriculture sector. Access to IMF Financing is crucial as foreign exchange reserves cover imports for barely a month.

## Security issues to be addressed

Security issues remain the main risk. Back in 2012, the economy was paralysed by the conflict between northern and southern Mali. This resulted in a recession. This kind of uncertainty and the threat of terrorism could harm recovery, and further destabilize the entire Sahel region.

## Weak business environment

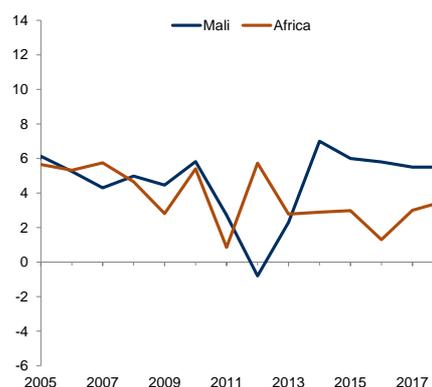
Besides security issues, Mali is weakened by a poor business environment. In the World Bank's Doing Business 2018 survey it ranks 143 out of 190 countries. Reforms are thus necessary to increase Mali's attractiveness in the long-run.

## Key Economic Forecasts

	2015	2016	2017f	2018f
GDP Growth (% change)	6	5.8	5.5	5.5
Inflation (%. yearly average)	1.4	-1.8	2	3.5
Fiscal Balance (% of GDP)	-1.8	-4	-3.5	-3.5
Public Debt (% of GDP)	30.7	35.9	35	37
Current Account (% of GDP)	-5.3	-7.1	-7	-6
External Debt (% of GDP)	28.5	29	31	33

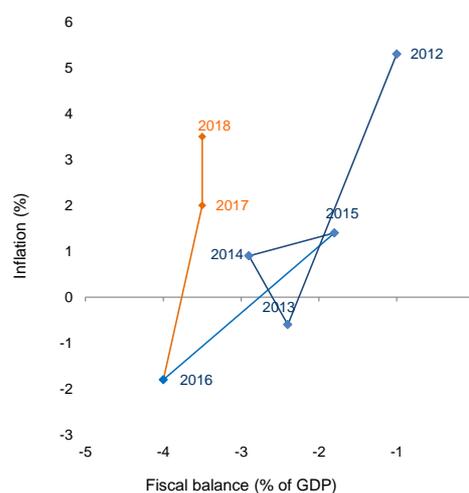
Sources: National Sources, IHS, Euler Hermes

## GDP Growth (%)



Sources: National sources, IHS, Euler Hermes

## Inflation vs. fiscal balance



Sources: National sources, IHS, Euler Hermes

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