

Domestic and regional fragilities



General Information

GDP	USD12.074bn (World ranking 132, World Bank 2014)
Population	15.77mn (World ranking 67, World Bank 2014)
Form of state	Republic
Head of government	Ibrahim Boubacar Keïta
Next elections	2017, legislative



Strengths

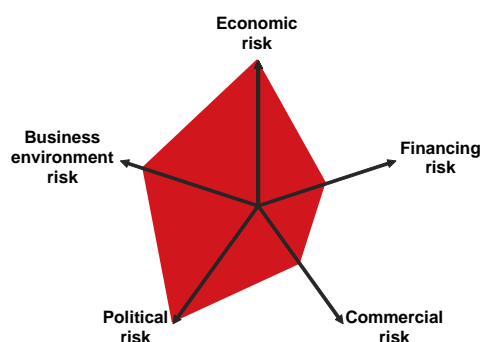
- Natural resource base includes gold and agricultural crops such as cotton.
- Low inflation and limited transfer and exchange rate risks as a result of membership of the CFA franc zone.
- Large-scale debt relief in 2003-06 resulted in a more manageable external debt burden.

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
South Africa	30% 1 18%	Senegal
China	26% 2 14%	France
Malaysia	7% 3 11%	China
Switzerland	7% 4 11%	Côte d'Ivoire
Burkina Faso	4% 5 3%	Germany

By product (% of total)

Exports	Rank	Imports
Gold, non-monetary (excluding gold ores and concentrates)	40% 1 18%	Petroleum, petroleum products and related materials
Textiles fibres and their wastes	38% 2 7%	Road vehicles
Fertilizers	5% 3 6%	Non metallic mineral manufactures
Live animals	3% 4 6%	Medicinal and pharmaceutical products
Oil seeds and oleaginous fruits	3% 5 5%	Specialised machinery

Source: UNCTAD

Economic Overview

General Overview

The economy is weighted towards the agricultural sector (39% of GDP and the major employer) and mining (gold accounts for 40% of total export earnings). Growth and earnings capacity therefore depend to a high degree on climatic conditions (particularly rainfall levels) and internationally-determined commodity prices (cotton, as well as gold). However, the economy is overshadowed by domestic politics and regional risks. Recent events (including insurrection and armed conflict in the north) raise the spectre of the state as now constituted not being in existence in the future.

GDP growth is largely dependent on stability and security issues

Annual average real GDP growth in the ten-year period up to end-2014 was +4%, a rate relatively consistent with the average for Sub-Saharan Africa over that period. However, the economy was adversely affected by security issues in 2012-13 when most activities, including industrial output and agricultural production, were disrupted because of a significant downward spiral in security.

Risks remain high. However, the near-term economic prospects have improved following the presidential and parliamentary elections in 2013. EH expects GDP will increase by +4.5% in 2015 and around +5% in 2016 and 2017 but this represents a rebound from the conflict years of 2011-13 and much depends on securing stability in the north and east of the country and on the outlook for global commodity prices, particularly cotton and gold.

Membership of the CFA franc bloc provides some financial security

Mali is a member of the Economic Community of West African States (ECOWAS), the West African Economic Monetary Union (WAEMU) and other regional organisations. Membership of the CFA franc zone provides low exchange rate and transfer risk. Mali also has relatively good relations with donor countries, in particular with the EU and institutions such as the UN, IMF and World Bank. Indeed, the return of a degree of domestic political stability helped unlock access to aid pledges in May 2013 of USD3.25bn. Aid disbursements are subject to continuation of relative stability.

The business environment is weak

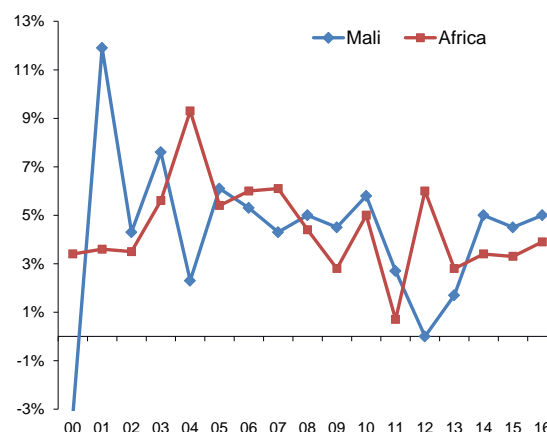
Infrastructure is generally weak and is a major impediment to commercial transactions outside the main urban centres, and thereby to stronger overall economic growth. In the World Bank's Doing Business 2016 survey Mali ranks 143 out of 189 countries assessed, below Tanzania and Malawi.

Key Economic Forecasts

	2014	2015f	2016f	2017f
GDP growth (% change)	5.0	4.5	5.0	5.0
Inflation (% end-year)	1.2	1.7	1.4	1.6
Fiscal balance (% of GDP)	-8.0	-8.0	-8.0	-7.5
Public debt (% of GDP)	32.4	39.5	38.5	37.0
Current account (% of GDP)	-13.8	-8.5	-9.0	-8.0
External debt (% of GDP)	39.2	58.0	64.5	64.0

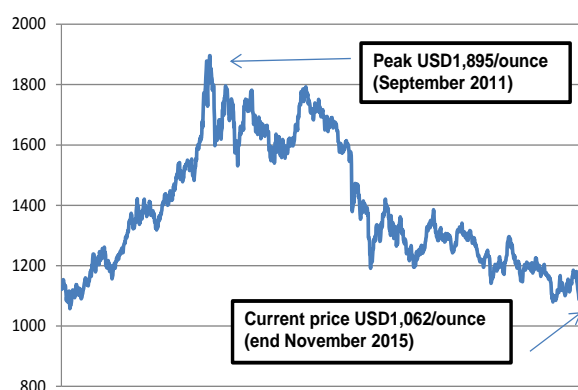
Sources: National Sources, IHS, Euler Hermes

GDP Growth (%)



Sources: National sources, IHS, Euler Hermes

Gold Prices (January 2005-November 2015, USD/ounce)



Sources: FT, Euler Hermes

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