

Landlocked, cotton-based economy

General Information



| | |
|---------------------------|--|
| Form of state | USD10.2bn (World ranking 129, World Bank 2011) |
| Population | 16.97 millions (World ranking 60, World Bank 2011) |
| Form of state | Parliamentary Republic |
| Head of government | Blaise COMPAORE |
| Next elections | 2015, presidential |



Strengths

- International relations are good enough to allow inward financial aid flows.
- Low transfer and exchange rate risk because of membership of the CFA franc zone.
- External debt levels and servicing obligations are comfortable.

Weaknesses

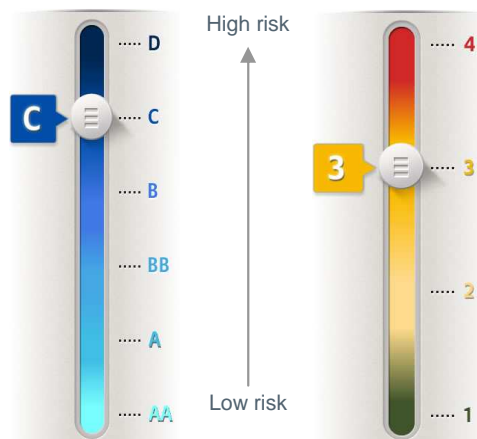
- Regional stability is uncertain, including in neighbouring Mali.
- Landlocked country, limited natural resources, low incomes and high poverty rates.
- Over-dependence on the primary sector, particularly cotton
- Vulnerable to exogenous factors (including climate and global commodity prices).
- Large fiscal and current account deficits.

Country Rating

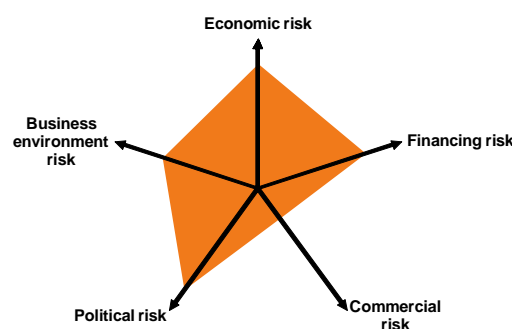
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Country Grade

Country Risk Level

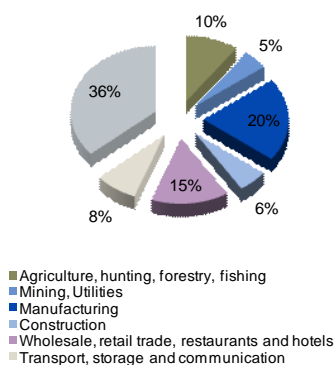


Risk Dimensions



Economic Structure

GDP breakdown (% of total, 2010)



Sources: Chelem, UnctadStat, IHS Global Insight, Euler Hermes

Trade structure (% of total, 2010)

By destination/origin

| Exports | Rank | Imports |
|-------------|-------|-------------------|
| Switzerland | 24% 1 | 17% Côte d'Ivoire |
| China | 12% 2 | 15% France |
| Singapore | 10% 3 | 10% Ghana |
| Belgium | 8% 4 | 4% Belgium |
| Thailand | 4% 5 | 4% Togo |

By product

| Exports (% of total) | Rank | Imports (% of total) |
|--|-------|---|
| Textiles fibres and their wastes | 45% 1 | 18% Petroleum, petroleum products and related materials |
| Gold, non-monetary (excluding gold ores and | 31% 2 | 7% Medicinal and pharmaceutical products |
| Oil seeds and oleaginous fruits | 9% 3 | 6% Cereals and cereal preparations |
| Vegetables and fruits | 2% 4 | 5% Non metallic mineral manufactures, n.e.s. |
| Live animals other than animals of division 03 | 2% 5 | 5% Road vehicles |

Economic Forecasts

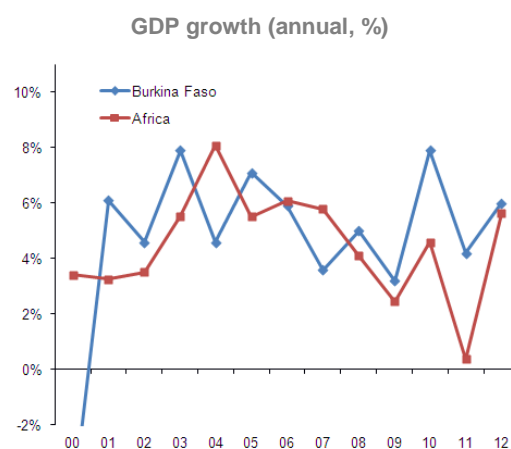
| | Average 2000-08 | 2009 | 2010 | 2011 | 2012f | 2013f | 2014f |
|----------------------------|-----------------|------|------|------|-------|-------|-------|
| GDP growth (% change) | 4.4 | 3.2 | 7.9 | 4.2 | 6.0 | 5.5 | 6.0 |
| Inflation (% end-year) | 3.4 | -0.3 | -0.3 | 5.1 | 2.5 | 2.3 | 2.2 |
| Fiscal balance (% of GDP) | -2.2 | -5.3 | -4.7 | -2.5 | -8.2 | -8.4 | -7.2 |
| Public debt (% of GDP) | n.a. | 26.1 | 27.1 | 29.3 | n.a. | n.a. | n.a. |
| Current account (% of GDP) | -13.8 | -9.4 | -7.8 | -5.2 | -8.0 | -8.8 | -7.9 |
| External debt (% of GDP) | 30.1 | 22.2 | 23.9 | 21.8 | 22.7 | 24.0 | 21.5 |

Sources: IHS Global Insight, National sources, Euler Hermes

Economic Overview

Growth of GDP accelerated in 2012, to +6% (+4.2% in 2011 and compared with a long-term annual average of +4.4%). Gold mining remains a key driver of economic growth (on average, international gold prices were up +6.2% in 2012, compared with 2011) but part of the positive boost in 2012 resulted from a rebound in agricultural output and, in turn, this reflected relatively good weather conditions (and an improved harvest) and also government support for the sector.

Although there is some uncertainty in relation to the course of gold prices, the government has tentative plans to re-open the Poura gold mine, the country's oldest, and to further exploit new mines, including at Houndé. While some of these new developments may not come on-stream until 2015, mining activity will continue to spur overall growth and EH forecasts GDP expansion of +5.5% and +6% in 2013 and 2014, respectively.



Sources: IHS Global Insight, Euler Hermes

Economic Overview (continued)

Burkina Faso will remain a member of the regional economic bloc, which has a single central bank and unified currency system (in effect, backed by the French treasury)—the CFA franc will remain the country's currency. Against that background, external liquidity has a degree of support, although current account deficits are likely to remain large (-8.8% of GDP in 2013, compared with an annual average -13.8% in 2000-08) and this will require action at a national level to manage. However, the external accounts have also improved through foreign debt relief, with significant write-downs in 2002 (Highly Indebted Poor Country initiative) and in 2006 (Multilateral Debt Relief initiative), so that the debt/GDP ratio is now a more comfortable 24% (2013f). FX reserves have increased in recent years and import cover of around five months (2013) compares favourably with an international benchmark of three months.

The government acknowledges some of the problems that businesses have in trading with the country—these include transport and other infrastructure issues, partly relating to the landlocked nature of the country. Accordingly, the government is trying to ease the cost and difficulties of doing business with Burkina Faso and has pledged the introduction of a new investment promotion agency and it also announced that it will launch a revamped Mining Code, probably in 2013.

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