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ASSESSMENT OF IMPACT OF CFAF DEVALUATION AND OTHER TRADE IMPEDIMENTS ON THE GAMBIA'S RE-EXPORT TRADE

(Final Report)

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None of the above should be held responsible for the opinions here or possible errors that may remain.

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I

BACKGROUND AND PROBLEM

Over the last three years, re-exports accounted for an estimated 80 per-cent of total exports from **The Gambia**. The trade is based on **The Gambia's** geography, its relatively low import duties, efficient port, and minimal administrative procedures. About a third of government tax revenue is directly attributed to the re-export trade, and the trade supports income generating activities, particularly in communications, banking services, and transport. Much of the trade is undocumented and is carried out by traders (and consumers) from neighboring countries who come to **The Gambia**, buy their goods here, and transport the goods back to their own countries. **The Gambia** looks upon itself as the supermarket for the region and has the ambition to be the Singapore of West Africa.

On August 2, 1993, the CFA franc (CFAF) was made non-convertible for holders outside of the West African Monetary Union (WAMU),[1] and on August 16, 1993, the Senegalese authorities took restrictive measures impeding the physical flow of Gambian goods through Senegal. Then on January 12, 1994, the exchange rate of the CFA franc (CFAF) was realigned from CFAF 50 to CFAF 100 per French franc (FFr) 1. In consequence, the re-export trade has been severely hit by these external shocks and some observers estimate that at least 50 per-cent of the reexport trade will be lost.

The purpose of this study is to assess the impact of the external shocks described above on **The Gambia's** economy. In particular, an assessment has been made of the impact on traditional re-export items, like rice, tomato paste, sugar, textiles, and cigarettes, and on trade in commodities produced in the regional countries, like groundnuts, cotton, livestock, and horticulture. Apart from **The Gambia**, the countries surveyed included **Senegal**, **Guinea-Bissau**, **Guinea-Conakry** and **Mali**.

[1]In theory, there has always been limits to the value of the CFA than can be exported, even from cfa state to another, but in practice these limits have very rarely been enforced.

II

METHODOLOGY

Data on the scale and scope of the re-export trade were collected from government and international shipping (sea and air) agencies. These were verified, and additional information gathered, during extensive interviews with traders (importers, wholesalers and retailers) in **The Gambia**, and the four neighboring countries. During the interviews, the consequences of the problems outlined in Section 1 of this report, in terms of the quantitative reduction in re-export trade for each commodity, were investigated, the reaction of traders catalogued, and the measures taken by the traders to stay in business noted.

Specific questions/issues addressed included:

1. What commodities have been affected most by the external shocks? Did the shocks of August 1993 have a different impact than the devaluation?

2. How have traders reacted to the external shocks? Have traders set up new offices in neighboring countries or left The Gambia because of the shocks?

3. An assessment of the future of the re-export trade for The Gambia and the impact of the devaluation on trade in regionally produced goods was also made.

In addition, traders involved in the cross-border trade in traditional commodities were interviewed, with a view also to investigating the impacts of the external shocks on their activities. For them the specific issue addressed was whether the measures have changed the level and direction of trade between The Gambia and Senegal, in particular.

A total of 150 traders, including importers, wholesalers and retailers, in 60 cities, towns and villages in **The Gambia** and the four neighboring countries constitute the sample frame for this study. The group of importers selected for interviews in The Gambia was identified from a list obtained from the Ministry of Trade, Industry and Employment, while those in the neighboring countries was obtained from information provided by persons knowledgeable about the cross-border trade in those countries. The group of wholesalers and retailers selected for the interviews was chosen through a random walk in the market places where they are concentrated.

Transporters (including truck drivers, fishing trawler operators, and canoe owners) and bankers were also interviewed in order to assess the impact of the measures on their operations, while general perceptions of the re-export trade were solicited from Government officials and Chamber of Commerce executives.

III

INTRODUCTION

A. THE GAMBIA'S BASES OF TRADE

The Gambia covers a strip of land 350 kilometers long, from east to west, and about 15 kilometers on either bank of the River Gambia. As of 1993, the population of The Gambia was just over 1 million, and growing at a rate of 4.1 per-cent per annum. The population comprises a finely balanced mix of communities of the three major ethno-linguistic groups in the sub-region, namely, the West Atlantic (including Wollof), Mande (including Mandinka), and Fula; each group is spread in contiguous communities in **Senegal**, **The Gambia**, **Guinea-Bissau** and **Guinea-Conakry**. Only the Mande and Fula groups extend into **Mali**.

In colonial times, Europeans were able to exchange manufactured goods for primary products with traders from each of the ethno-linguistic groups at different trading centers on both banks of the River Gambia. That segmentation of trade was encouraged by the colonialists (both British and French) who considered it the most efficient basis for exchange. In cases where there was a strong economic demand for particular products in their own countries, the colonialists used the country to set about trying to satisfy this demand. Their trading firms took the initiative to seek the supplies, and then went even further and helped organize those supplies. In return, they helped organize the supply of the products that were in demand in the colonies, and they used the same agents and marketing channels (the ethno-linguistic communities) to carry out the transactions.

A well functioning trading network, based on ethno-linguistic affiliations, was thus developed. It made possible the export of domestic products to external markets and the importation and distribution of foreign products in the rural and urban centers of the sub-region. That tradition continued during the post-colonial period as each ethno-linguistic community retained affiliations that were much stronger than the political under-pinnings and jurisdictions of the independent states over which they are spread.

While trade in **The Gambia** has since been liberalized, the importation of merchandise in the neighboring countries remain controlled, particularly for certain protected commodities. Therefore, while government agencies replaced European firms at the head of the supply chain in neighboring countries after independence, private traders have recently become the main force in the trade sector in The Gambia.

Along with the outward looking, low protection policies adopted by the government,[2] the rapid growth in trading activities in **The Gambia** in recent years has been due largely to the normal functioning of social life and stable political conditions. A well-functioning external communications system, transport facilities (including a built up port facility) and marketing organizations have also served to support the development of the trade sector in country.

Senegal, on the other hand, has the basic infrastructure to encourage rapid growth of trade but it, unlike **The Gambia**, adopted Import Substitution Industrialization (ISI) as its Development Strategy. Several industrial units were established (and protected) in order to process raw materials to meet domestic demand and for export to regional markets. Those units became dependent on grants and government subsidies and they ended up producing goods of inferior quality, compared to imports. The Senegalese authorities continued with the ISI strategy in spite of the fact that the units had failed to achieve the development objectives of the ISI. Consistent with the ISI strategy of protecting local industrial units, **Senegal** banned the importation of sugar and increased the import duties for others. The disappointing results of the ISI strategy partly caused the structural problems and resulted in increased demand for cheaper imports into **Senegal**.

The policies under the ISI availed traders in **The Gambia** an opportunity to take advantage of the price differences that had arisen because of the divergent economic policies adopted by the two countries. **The Gambia** responded to that demand and increased re-exports accordingly and **The Gambia's** anachronistic border ensured that the goods flow freely into **Senegal**.

The under-developed banking sector and the single-market linkage with Portugal has limited the scale and scope of imports into **Guinea-Bissau**. Therefore, traders in **Guinea-Bissau** use banks in **The Gambia** as intermediaries for most of their import-related payment transactions; and the port of Banjul, with its comparative advantages over the others in the sub-region, for transshipment to Bissau, Gabu[3] and even Cachau. In addition to that, joint orders are made with traders with registered businesses in The Gambia for the importation of economic quantities of merchandize from Europe. The portion belonging to the Guineans is then re-exported from **The Gambia** to **Guinea-Bissau**. Re-exports feature in the cross-border trade in another way: traders from **Guinea-Bissau** purchase imported goods from traders in **The Gambia**, particularly when goods are in

[2]See Annex 1 for "An Overview of Import Duties by Country"

[3]Gabu is the country's eastern capital, and also the Fula and Muslim capital too, is a commercial center prospering from its triangular trade with nearby Senegal and Guinea.

short supply in their country and orders from Europe are delayed.[4]

Although **Guinea-Conakry** also has a highly under-developed banking industry, like Guinea-Bissau, it has developed a much wider trading relationship with the rest of the world. The cross-border trade with The Gambia rests more on the possibility of exchanging goods (Guinean products for imported goods from The Gambia) between Labe[5], in particular, and The Gambia. This relationship is buttressed by the ethno-cultural affiliations between the Fula communities in Labe and The Gambia.

Similar to **Senegal**, traders in **Mali** have taken advantage of the hitherto over-valued exchange rate of the CFAF, and a protected textile manufacturing industry, to import cheaper merchandise (re-exports) from **The Gambia**. It is also cheaper to import merchandize through **The Gambia**, on transshipment basis, to **Mali** (Kayes and Bamako), than through the other ports in the sub-region. Traders in Mali have therefore taken advantage of that price differential to transit goods through **The Gambia** to **Mali**.

[4]The figures in Annex 1 show that import duties for most commodities are almost the same in The Gambia and Guinea-Conakry two; it remains cheaper for Guineans to buy from The Gambia, even if they have to pay duty on the same commodities twice (i.e. in both The Gambia and Guinea-Bissau) than to purchase from Senegal, where the duties are considerably higher, even if it were possible to then smuggle them into Guinea-Bissau.

[5]Labe is a large and growing center, absorbing people from the regions of Guinea and not a few from other countries.

B. THE GAMBIA'S LEVEL AND PATTERN OF FOREIGN TRADE

For reasons outlined above, **The Gambia** carries on both a large import and export trade, the sum of which is disproportionately high when compared to the figures for the neighboring countries.[6] The figures in Table 1 show that the level of international trade in **The Gambia** is two-and-a-half times that of any of the other 4 countries. This is due to the fact that a substantial portion of the international trade in **The Gambia** represents commodities that are imported from overseas for re-export to the neighboring countries. Most of the cross-border is however un-recorded, and the level of international trade may exceed the figures indicated in the table.

The general pattern of Gambian trade has consisted of a inflow of foodstuffs, such as rice, flour and vegetable oils; industrial raw materials, including fuels; and manufactured goods, such as machinery, textiles and chemicals mainly from Europe, but also from Asia and Africa. The return flow consists of primary (and semi-processed products), such as groundnut products, fish and fish preparations, cotton and horticultural products (mainly to Europe). (See Tables 2 and 3). Included in the outflow are substantial quantities of re-exports, mainly foodstuffs (rice, sugar, flour and tomato paste), beverages (China green tea) and textiles to neighboring countries; but a substantial proportion of that flow is excluded from the figures in the tables because, again, the volume of trade flows between **The Gambia** and its neighbors is largely un-recorded. Estimates of the volume of re-exports, based on field surveys, are discussed in the next section of this report.

Invisible exports, particularly banking charges have also increased as Traders in other countries increased the use of international banks in **The Gambia** to remit monies to overseas bank and for handling transactions related to the importation of goods.

[6]This is even more striking when compared to Guinea-Bissau, whose characteristics in terms of the size of the country, its limited resources, the small numbers of its population and the low standard of living of the people is almost the same as The Gambia's.

Table 1
International Trade as a Proportion of Gross National Product for The Gambia and Selected Neighboring Countries; 1989/90--1992/93

	1989/90	1990/91	1991/92	1992/93
	(figures in millions of U.S. Dollars)			
1. **The Gambia**:				
Value of international trade	224.0	241.7	270.9	333.5
Gross Domestic Product (GDP)	307.0	303.6	325.2	331.7
Value Int. trade/GDP (%)	73	80	83	100
2. **Guinea-Conakry**:				
Value of International Trade	1,309.7	1,512.5	1,496.6	1,390.4
Gross Domestic Product (GDP)	2,571.9	2,999.1	3,179.5	3,236.1
Value Int. trade/GDP (%)	48	50	47	43
3. **Guinea-Bissau**:				
Value of international trade	97.1	97.5	101.9	83.6
Gross Domestic Product (GDP)	233.5	233.7	220.7	233.2
Value Int. trade/GDP (%)	42	42	46	36
4. **Mali**:				
Value of International Trade	765.5	955.0	993.2	1,010.2
Gross Domestic Product (GDP)	2,049.5	2,492.1	2,450.8	2,826.7
Val. Int. trade/GDP (%)	37	38	41	36
5. **Senegal**:				
Value of International Trade	1,916.9	2,038.9	2,097.5	2,052.8
Gross Domestic Product (GDP)		5,658.5	6,016.9	6,284.3
Val. Int. trade/GDP		36	35	33

Note: for Bissau the figures are for the calendar year.
Source:IMF-IFS

Table 2

The Gambia -- Imports by Commodity Section, 1989/90--1992/93; (in Dalasi millions)

Item	1989/90 Value	1989/90 %	1990/91 Value	1990/91 %	1991/92 Value	1991/92 %	1992/93 Value	1992/93 %
Food	497.4	34	535.1	30	615.8	32	689.1	29
Bevg.& tobacco	64.1	4	80.3	5	75.0	4	91.1	4
Crude material	13.2	1	15.6	1	21.6	1	26.2	1
Fuel & lub.	98.3	7	189.1	11	190.0	10	140.0	6
Oils and fats	23.2	2	37.1	2	45.9	2	74.3	3
Chemicals	110.3	7	118.8	7	120.2	6	122.1	5
Oth man. goods	292.4	20	317.8	18	336.9	17	468.6	20
Mach. & equip.	248.2	17	259.1	15	364.8	19	548.3	23
Others	134.9	9	206.3	12	174.8	9	203.7	9
TOTAL	**1,482.1**	**100**	**1,759.4**	**100**	**1,944.9**	**100**	**2,363.5**	**100**

Table 3

The Gambia -- Exports by Commodity, 1989/90--1992/93; (in Dalasi millions)

Item	1989/90 Value	1989/90 %	1990/91 Value	1990/91 %	1991/92 Value	1991/92 %	1992/93 Value	1992/93 %
Groundnut	53.7	22	41.1	12	9.0	2	0	0
Groundnut oil	29.8	12	18.1	5	19.4	4	0	0
Groundnut meal	7.5	3	6.3	2	12.4	2	0	0
Fish & fish prep.	23.7	10	30.2	9	28.4	6	23.9	4
Others	30.6	13	99.3	30	280.4	55	267.3	49
Re-exports	99.4	41	137.2	41	166.9	33	252.6	46
Total	**244.8**	**100**	**332.2**	**100**	**510.5**	**100**	**543.8**	**100**

Source: Ministry of Trade, Industry and Employment; Central Bank of The Gambia

IV

THE RE-EXPORT TRADE

A. THE VOLUME AND STRUCTURE OF THE RE-EXPORT TRADE

Estimates of the volume and value of the re-export trade in The Gambia vary according to the source:

1. Re-exports as a percentage of total imports range from a low of 7 per-cent in 1989/90 to a high of 11 per-cent in 1992/93, according to the Ministry of Trade's figures in Tables 2 and 3. However, these figures understate the value of re-exports, as they include only the merchandise that are formally traded.

2. The Central Bank of The Gambia attempts to correct that shortcoming, and their figures are presented below[7]. The basis of estimation are not known, but the figures appear to be too high: whilst the "Import" figures are similar to those in Table 2, the figures for "Export" are 4 times higher than those in Table 3.

	1989/90	1990/91	1991/92	1992/93
	(figures in millions of Dalasis)			
Exports (fob)	975.2	1,134.5	1,322.5	1,393.6
of which: re-exports	(776.4)	(952.6)	(1,086.3)	(1,222.2)
Imports (fob)	1,291.9	1,514.9	1,756.3	1,876.1
of which: for re-exports	(475.5)	(578.9)	(665.0)	(749.7)
Re-exports/Total Imports (%)	**60**	**63**	**62**	**65**

3. Estimates for the level of re-exports can also be derived from information in the two reports by the Social Dimensions of Adjustment (SDA), Central Statistics Department (CSD). (See Annex 2 for details). However, only homogenous products such as rice, sugar and tomato paste could be adequately covered from those figures; of the other commodities, only flour has been covered. In arriving at the estimates for the volume of re-exports, the differences between the total domestically available quantities (local production plus imports) and domestic consumption, are used as proxies. The result is that, together, almost 60 per-cent of the main re-export items, including rice, sugar, flour and tomato paste, are re-exported (See Table 4).

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[7]Extracted from Table 22 :"The Balance of Payments", Central Bank of The Gambia, Bulletin, Quarter 3, July - September, 1993. These "estimates...reflect in part a more comprehensive coverage of re-exports and imports of re-exports owing to improvements in customs administration.

Table 4
Estimates of Re-exports using SDA's figures, 1992/93

Commodity	Per-capita Consumption (kilograms)	Total Consumption (tonnes)	Total Available (tonnes)	Balance for Re-exports (tonnes)	Per-cent Re-exports to Imports
Rice	72.06	73,928	125,413[a]	51,485	49
Flour	14.70	14,700	28,174	13,474	48
Sugar	16.35	16,777	67,390	50,613	75
Tomato paste	1.98	2,030	9,000	6,970	77
			210,564[b]	122,542	58

[a] includes local production of 19,413 tonnes;
[b] excludes local production of 19,413 tonnes.

4. Interviews with officials of The Gambia Ports Authority (GPA), revealed that an average of 30 per-cent of total imports by value and 39 per-cent by volume were re-exported in 1992/93.[8] A breakdown of that figure is provided in Annex 3. This shows that, taken together, re-exports of the major re-export commodities constitute almost 70 per-cent of the volume of imports of those commodities.

Interviews with the major importers for this study confirm that 30 per-cent of imports are re-exported. Thus, except for the data on re-exports derived from the MoTIE and Central Bank figures, the figures from all of the other (independent and separate) surveys are similar to one other. Since the SDA studies were done on a much more careful survey of consumption and prices, the proportion of re-exports to imports by commodity, derived from those reports, are used instead of the GPA figures, where applicable. The figures constituting the breakdown of the GPA totals are then adjusted, according to the revised total, in order to arrive at the estimates of the volumes of re-exports to each of the four neighboring countries that are used in this report. (See Tables 5 and 6). It will be observed in the figures in those tables that rice remains the most important re-export item, by volume.

[8] It was reported that in order to arrive at those figures, traders were interviewed and the various estimates of the re-exports by commodity and by country of destination (on a percentage basis), before any of the external shocks, were averaged. These were then applied to the import figures for the year, in order to arrive at the estimated for the volumes of re-exports.

Table 5

Estimates of Re-export Volumes and Geographic Distribution; 1992/93[a]
(figures in '000 metric tonnes)

Commodity	Import volume	% re-export	Destination: Senegal	Guinea Bissau	Guinea Conakry	Mali	Total
Rice	106	50	35	8	...	11	54
Flour	28	50	2	8	...	4	14
Sugar	67	75	24	19	5	3	51
Tomato paste	9	80	6	1	...	...	7
Tea	2	75	1	...	...	...	2
Textiles	9	85	2	1	1	3	7
Vegetable oil	8	65	2	3	...	...	5
Sub-total	**232**	**60**	**72**	**40**	**6**	**21**	**140**
General cargo	100	35	18	9	2	5	35
Others[b]	31	50	4	6	1	..	15
Total	**362**	**86**	**94**	**55**	**9**	**26**	**190**

[a] Adjusted, based on GPA base figures; [b] Includes Milk products, Used clothing, Corrugated iron sheets, Garments and rubber footwear.

Table 6

Re-exports by Country of Destination[a]
(figures in tonnes)

Country	Volume of Re-export	Per-centage of Total Re-exports
Senegal	94,000	49
Guinea-Bissau	55,000	29
Guinea-Conakry	9,000	5
Mali	26,000	14
Others	6,000	3
Total	**190,000**	**100**

[a] Adjusted, based on GPA base figures

<u>HOW BIG IS BANJUL'S HINTERLAND</u>?

This question is pertinent to the problem addressed in this report since the impact of the measures, yet to be discussed, will ultimately reflect on consumers living in the area. On the basis of the available data, we believe that question is best answered in terms of the estimated number of persons outside of **The Gambia** whose requirement of the staple food, rice, is supplied by importers in **The Gambia**.

The figures in Tables 7 and 8 have been extracted from F.A.O. Production and Trade data series;[9] estimates have been replaced with firm figures, where available. The figures in Table 7 indicate that of the 5 countries, **The Gambia** has, on average, the highest domestic supply (i.e. domestic production plus imports) of cereals from 'formal' sources. **Senegal**, on the other hand, has the lowest. Since the consumption patterns and levels are similar for the 5 countries, particularly for **The Gambia** and **Senegal**, it is safe to assume that some of the what appears to be the "surplus" supply of cereals in **The Gambia** will be transferred to **Senegal**. This transfer takes place in the form of trade through the 'informal', and therefore unrecorded, channels.

The cereal that is most widely traded in the sub-region is (imported) rice. The figures in Table 8 give the domestic available supply of rice in the 5 countries. They indicate that the per-capita consumption of rice from 'formal' sources is lowest for **Senegal** but relatively high for **The Gambia**, when compared to **Senegal**. Given the possibility of cereal transfer from **The Gambia** to **Senegal**, the proximity of a large number of Senegalese villages to **The Gambia**, and the anachronistic border between the two countries, the apparent rice deficit in **Senegal** is most likely supplied by traders in **The Gambia**. This is particularly so considering that the estimated figure for the 'deficit' in **Senegal** is much greater than the 'surplus' supply of rice in **The Gambia**.[10]

Figures for the year 1993 are only available for the Gambia. The figures for the "Population equivalents" in Table 10 have been arrived at by dividing the figures for the "Surplus available for Exports" (in Tables 8 and 9 plus the 1993 figures for **The Gambia**) by the estimated per capita rice consumption of 78.4 kg per capita per annum in **The Gambia**.[11]

On the basis of the figures in Table 10, one can conclude that over the period 1990 and 1993, between 275,000 and 700,000 persons living outside of **The Gambia** were supplied with their full

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[9]See FAO yearbook, Production, vol. 46, 1992; and FAO yearbook, Trade, vol 46.

[10]Given that the other 3 countries also have 'surpluses' it is quite likely that areas in Senegal much closer to them are being supplied by those countries.

[11]Derived from the SDA per-capita annual consumption figures of the equivalent of D 235.20 for rice at an average cost of D 3.00 per kg, for 1992/93; the figure of 78.4 kg per capita thus derived is close to that of 79 kg which is based on the weighted average per-capita supply of rice, in 1992, for the 5 countries together.

requirements of rice by importers in **The Gambia**. Added to the population of **The Gambia**, the figure for 1993 will be 1,700,000 persons. These figures would be much higher if: (i) the estimates were based on a less-than-full supply of the daily requirement of the staple food; and (ii) the figures for transshipment, which are not available, were included in the computations.

GPA officials give an estimate of the size of Banjul's natural hinterland as 2.2 million people, as of 1993.[12] However, that figure can be regarded as the potential hinterland, rather than the number of persons actually served at the moment.

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[12]This figure is arrived at by adding to The Gambia's own population of approximately 1.1 million the following:
(i) the Senegalese population living relatively close (within a range of 10 miles) to the Gambian border who shop in The Gambia because it is much cheaper, estimated at 250,000 people (assuming a rural population density of around 25 persons per square kilometer and a border length of 600 kilometers);
(ii) the 200,000 tourists that The Gambia receives annually, or the equivalent of some 5,000 persons permanently living in The Gambia; and
(iii) the population of Cassamance, estimated at some 1.1 million persons, some 125,000 of which are already included in "(i)" above.

Table 7
Domestic Supply of Cereals[a] from Formal Sources for The Gambia and Neighboring Countries; 1990--1992

	Gambia			Senegal			Guinea-Bissau			Guinea-Conakry			Mali		
	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992
Production	900	1110	1230	9520	9700	8570	1670	1790	1710	8670	8770	10220	17720	24150	21560
Imports	959	995	1413	7044	6040	5852	473	638	822	2104	2965	3384	745	2290	974
Dom. Supply	1859	2105	2643	16564	15740	14422	2143	2428	2532	10774	11735	13604	18465	26440	22534
Population	861	884	908	7327	7529	7736	964	984	1006	5755	5932	6116	9214	9510	9818
per-Capita	216	238	291	226	209	186	222	247	252	187	198	222	200	278	229

[a] Figures for Production and Imports are in 100 metric tonnes; and Population figures are in 1,000.

Table 8
Domestic Supply of Rice[a] from Formal Sources for The Gambia and the Neighboring Countries; 1990--1992

	Gambia			Senegal			Guinea-Bissau			Guinea-Conakry			Mali		
	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992
Product.	1365	1365	1262	10140	12610	11505	7690	8030	8030	40040	41470	49205	18330	29510	26325
Imports	7506	11000	10375	39151	40900	35600	4327	5965	7572	11218	18216	24649	2000	12840	4000
Supply	8871	12365	11637	49291	53510	47105	12017	13995	15602	51258	59686	73854	20330	42350	30325
Populat.	861	884	908	7327	7529	7736	964	984	1006	5755	5932	6116	9214	9510	9818
per-Cap.	103	140	128	67	71	61	124	142	155	89	101	125	220	445	
309															

[a] Figures for Production and Imports are in 10 metric tonnes; and Population figures are in 1,000.

Table 9
Estimates of volumes of Cereals and Rice available for Export from The Gambia; 1993
(figures are in tonnes)

Commodity	Domestic supply	Domestic consumption	Balance for Export
Cereals	202,325	170,000	32,325
Rice	125,532	78,400	47,132

Table 10
Rice 'Balance Sheet': The Gambia, 1990--1993; and Senegal, 1990--1992
(figures in metric tonnes)

	The Gambia				Senegal		
	1990	1991	1992	1993	1990	1991	1992
Supply	88,710	123,650	116,370	125,532	492,910	535,100	471,050
Requirement	67,502	69,306	71,187	78,400	574,437	590,274	606,502
Surplus/(deficit)	21,608	54,344	45,183	47,132	(81,527)	(55174)	(135,452)
"Population equivalents"	275,600	693,200	576,300	601,000			

B. <u>THE RE-EXPORT TRADE CHANNELS</u>

While goods from the rest of the world are imported into **The Gambia** by sea, a large proportion of the commodity flows to neighboring countries is supported by a network of land routes, mainly covered by road transport; and over the years, there has been a growth of long-distance traffic by heavy lorry, particularly to **Guinea-Bissau** and **Guinea-Conakry**.[13] The road network feeds into a railway system only to **Mali**. Other forms of transportation are used, and they include coastal crafts for shipping heavy, bulky and low value commodities over long distances from point to point along the coast; air transport (only now being increasingly used) for freight that is light and expensive, mainly textiles; and animal, and human portage, for shorter distances, particularly between villages in **The Gambia** and **Senegal**.

The main routes of the cross-border trade between **The Gambia** and the neighboring countries, prior to the external shocks, are outlined below.[14]

1) **<u>Senegal</u>**[15]

For ease of reference, the 6 Divisions in **The Gambia** have been

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[13]This preference for road transport is due to its advantages of flexibility of service, greater speed over short distances and a reduction in the need to handle the goods several times in loading and un-loading. It is also reported to be much easier to avoid or negotiate 'obstacles' along road transport routes, compared to the coastal and other routes, in spite of greater chances of interruptions over longer distances. These 'obstacles' may include the levy of proper tariffs at border posts, particularly for goods that are not on any official manifest. Also, the cheapness in road transport may be secured by having full cargoes in both directions.

[14]One should always bear in mind the following: that whichever way one travels over-land, one would first have to go through Senegal in order to reach a third country; that with the long and rather porous border between the two countries, several other routes lead from The Gambia to Senegal; and that <u>Banjul</u> is always at the head of the supply chain.

[15]Note that villages in between the major centers along the routes indicated above have been omitted. Also, apart from those routes, all of which have customs posts on the Senegalese side of the border, there is a host of village "tracks" that are used by road and animal transport, and even human portage, for cross-border trade with Senegal.

matched with the contiguous regions/sub-regions in **Senegal**.[16]

Sine-Saloum Region--West: there are two main routes linking centers in **The Gambia** to this sub-region: from Barra in **The Gambia**, through Kaolack to Dakar (**Senegal**); and from Farafenni through Kaolack to Dakar.

Sine-Saloum Region--East: two gravel roads link Kaur, Niani Bantang and Karantaba (via Sami), in **The Gambia** to Maleme, Koungueul and Koumpentoum in **Senegal**; all three Senegalese villages/towns are located on the Dakar-Bamako railway line.

The Northeast - Tambacounda Region: the Tambacounda-Kolda-Ziguinchor highway, which runs close to the boundary with The Gambia, links a number of villages in the two countries. The main routes from **The Gambia** to **Senegal** are Fatoto, via Niamanari (**The Gambia**), to Medina Gounas (**Senegal**); and Fatoto, via Bolibanna (**The Gambia**) to Tambacounda (**Senegal**). In addition, there is a major "track" road that links villages in **The Gambia** with those in the Tambacounda sub-region.

The Southeast - Haute Cassamance Region, Welingara: the main route linking Upper River Division-South with Haute Cassamance is a gravel road from Basse via Sabi (**The Gambia**) to Welingara (**Senegal**). Several other tracks link a number of villages in **The Gambia** to those in **Senegal**, given the close proximity of the Tambacounda--Ziguinchor highway to the border.

Kolda and Sedihou Sub-regions: three routes are available from villages in **The Gambia** to the sub-region: from Brikama Ba (**The Gambia**) to Kolda in **Senegal**; from Bansang to Fafakourai in **Senegal**. and from Soma, one can travel along the Dakar--Ziguinchor highway to several villages in Sedihou.

Bignona Sub-region: one main road from Banjul/ Brikama in the **The Gambia** to Ziguinchor through Bignona in **Senegal**.

2) Guinea-Bissau

The main route is from Banjul/Brikama via Ziguinchor, in the Basse Cassamance region of Southern **Senegal**, to Bissau. A second route is the Banjul/Basse via Welingara (**Senegal**) to Pirada and then Gabu (both in **Guinea-Bissau**).

In addition to those two, there is a sea route, used mainly by one 25-ton canoe which transports merchandise, including rice, sugar, flour, China green tea, tomato paste, corrugated iron sheets

[16] For ease of reference Upper River Division has been divided into two parts, North and South.

and textiles from Kartong (in **The Gambia**) to Cachau (**Guinea-Bissau**); this last route is preferred by the smaller traders. Cachau is the transshipment point for goods destined for both Bissau and Labe.

3) **Guinea-Conakry**

The main route is from Basse to Tambacounda (**Senegal**) through Medina Gounas (**Senegal**) and up into the Fouta Djalon to the village of Mali (**Guinea-Conakry**) and on to Labe (**Guinea-Conakry**).

4) **Mali**

From three main points in **The Gambia**, Banjul, Farafenni and Basse, one can travel by road and pick up the train in any one of the major stations in Senegal, including Dakar, Kaolack and Tambacounda. The train is the best means of transport from any one of the three stations to Kayes and Bamako in **Mali**.

Interviews were conducted with traders and transporters in each of the cities, towns and villages underlined above, and in several other villages along each of those routes.

C. THE AGENTS INVOLVED IN THE RE-EXPORT TRADE

The agents at the head of the supply chain in **The Gambia** are the importers, who are also the first "tier" of wholesalers. Supporting their import activities, on the one hand, are the Gambia Port Authority, the international sea freight shipping firms and the commercial banks; and their export activities, on the other hand, are traders from neighboring countries who either purchase merchandise directly from the importers or through small wholesalers/retailers, and households who purchase mainly from retailers. By and large, the small wholesalers/retailers are located in secondary distribution points (i.e. the main urban centers outside of Banjul), while the retailers (mainly shopkeepers) are located in the villages close to border with **Senegal**. The border villages that are on routes to third countries, from **The Gambia**, are even more important stations for exchanging of merchandise.

In addition to purchasing merchandise from **The Gambia**, traders from neighboring countries, and indeed some Gambian-based traders, import to **The Gambia** on a "pass-through" basis, and they also use Banjul as a transit point to third countries (i.e. other than **Senegal**). In the first case, traders use Gambian registered-firms to import merchandise in economic quantities to **The Gambia**, and then re-export part of the consignment to their respective countries;[17] in the second case, the regular transshipment arrangements obtain.

The ethno-linguistic basis of trade is still profound in the sub-region: it gives a base on which joint orders of consignments from overseas can be made; and provides a distribution network for the merchandise once it arrives in the importing country. In **The Gambia**, for example, the dominant source of working capital is supplier credit. Indeed, there is a sense that trade, and re-export trade in particular, would grind to a halt without credit. Transactions involving trade with credit in this "informal" setting require an effective information system that places a premium on an untarnished reputation, personal knowledge of the borrower, and, in the event of default, an effective mechanism to recover the amounts without recourse to the formal jurisdictional system. The ethno-linguistic connections allows for meeting that set of criteria, at the lowest cost.

In **The Gambia**, the major importers of re-exports can be divided into three main groups, known locally as the "Lebanese Cartel", the "Fula Syndicate" and the "Serahule Clan". The last group can really comprise any combination of other Gambian importers. Each group uses a slightly different distribution channel for the merchandise that it imports:-

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[17]This makes it possible for large consignments to be imported jointly by a number of traders.

1. The Lebanese Cartel

This group controls a substantial proportion of the imports of foodstuffs, including rice and sugar, and textiles. In order to ensure that consignments are large enough to be profitable, they place their orders jointly. Their main wholesalers are Mauritanian traders, based in Banjul. Those based in Banjul supply other Mauritanians in the secondary distribution points in **The Gambia**, and they in turn make goods available to Mauritanian shopkeepers in the border villages. It is from the shopkeepers at the border villages that Senegalese villagers close to the border make their purchases. To complete the distribution, counter-part Mauritanian shopkeepers are located in neighboring countries, particularly Guinea-Bissau and, until their most recent border crises, Senegal.[18]

The financial basis of this arrangement, up to but largely excluding the consumer, is that the goods are sold on credit throughout the chain.[19] Collateral, which is virtually absent in the transactions, is substituted by the "informational and reputational" system: The Lebanese at the head of the supply chain sells to the "head" Mauritanian, and he in turn distributes along the supply chain, with each Mauritanian acting as agent for the one immediately preceding, all along the way.

2. The Fula Syndicate

This group consists of the main importers of flour (the individuals own a large proportion of bakeries in **The Gambia**), although other items such as food seasoners ("maggi") are largely in their hands. Their main distributors, from Banjul to the border villages, are other Fula traders (largely settlers from Guinea-Conakry) who are mainly agents of the immediately preceding supplier in the chain. In order to take advantage of scope economies, they sell a wide variety of commodities.

There is a much higher concentration of fula shopkeepers in border villages that are en-route to third countries, compared to those in border villages with **Senegal**, which are dominated by Mauritanians. This is by design, as the cross-border trade with

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[18]An indication of the level of Mauritian involvement in the re-export trade may be inferred from the figures for the volume of air cargo to Nouakchot, since the border closure. This has been the alternative route for high-value commodities, such as textiles, since the border closure, and one could speculate that before, much larger quantities of those commodities plus bulk items might have found their way from **The Gambia** to Mauritania, over-land.

[19]Note: in this system, as noted earlier in the report, retailers cannot pay wholesalers until merchandise is sold; and wholesalers cannot pay importers until they are paid for their merchandise.

Guinea-Bissau and **Guinea-Conakry** is largely controlled by Fula traders. Indeed, it is mainly the Fula traders in **Guinea-Bissau** who, along with traders whose businesses are registered in **The Gambia**, make joint orders of economic quantities of imports and then re-export that portion of the consignments belonging to them to either Bissau or Gabu. From Bissau and, particularly Gabu, the merchandise are then distributed to Fula communities in **Guinea-Bissau** and **Guinea-Conakry**.

3. The Serahule/Other Gambian

This is the weakest of the three groups in terms of making jointly orders from overseas. Although Serahules, for example, use their kin to sell merchandise across **The Gambia**, their involvement in cross-border trade is only marginal as they lack the link with other Serahules in neighboring countries. A large proportion of their customers are therefore Gambians.

However, the major importers/wholesalers from neighboring countries do not necessarily go through any of the channels outlined. Like importers in **The Gambia**, they purchase large quantities of merchandise at a time, and usually from the cheapest source. Their main source of goods is often the Lebanese traders in Banjul.

V

THE IMPACT OF THE EXTERNAL SHOCKS ON THE RE-EXPORT TRADE

Since the country imports much more than it consumes, traders in **The Gambia** try to balance their imports not only against local consumption levels but also against re-exports to the neighboring countries. Therefore, the country is likely to find itself in financial (and economic) difficulties if traders are not able to sell the goods that are imported for re-export. Such a situation could arise out of economic and physical measures adopted by the countries to which it re-exports.

To that extent, the trade with its neighbors is fragile, in spite of the strong markets and marketing channels that have been developed over several decades. It is in this context that the impact of the external shocks are discussed. The shocks include the suspension of repurchase of the CFAF outside of the franc zone (non-convertibility); the introduction of tighter controls at the **Senegal-Gambia** border, which was subsequently closed even to transit trade between **The Gambia** and third countries (the Border Closure); and the realignment of the CFAF to the FFr (Devaluation). General conclusions are then drawn on the severity of each shock on the re-export trade. Later in the report, the impact on the cross-border trade in traditional commodities are summarized.

A. OVERVIEW

The port of Banjul is reputed to be one of the most efficient in the Sub-region. It handles both imports (some of which are re-exported) and trans-shipments for goods destined to the neighboring countries.[19] Several factors give the port of Banjul a comparative advantage over its nearest challenger, Dakar : the natural hinterland of Banjul extends to the Cassamance region of Senegal and beyond; total ex-port charges (including import duties) are much lower;[20] it is not a requirement in Banjul, as it is in Dakar,

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[19] G.P.A. officials estimate that only 1 per-cent of total volume of goods handled are transshipped. We believe that this figure is very much on the low side, and it may include only the goods that are shipped by sea to traders in the third countries. Interviews with traders in Guinea-Bissau, who constitute the major transit traders through Banjul, indicate that a large proportion of their transshipment is handled by road transport. Although the Ports reported only small quantities of transshipment, one agent reported relatively large quantities of sugar 20 per-cent particularly during Ramadan.

[20] Shipping costs to Banjul from overseas are higher than those to the competing ports of Dakar and Conakry; but Banjul is the cheapest of the 4, including Bissau, on a port-gate basis (i.e. including import duties). It is all

to have agents take delivery of goods on importers' behalf; importers are able to take delivery of their goods in a much shorter time, thereby avoiding additional costs. It is also much cheaper, compared to the ports of Conakry and Bissau.[21]

The comparative advantages of the port of Banjul, and of the trade sector in The Gambia, appear to have been severely reduced by the external shocks. The figures in Table 11 indicate an overall decline of 13 per-cent in the level of imports handled by GPA over the period July 1993 to March 1994, compared to July 1992 to March 1993. Other institutions supporting the importation activities have experienced a corresponding reduction in the level of their activities: the volume of letters of credit (for the importation of goods into **The Gambia**) opened by one bank was reported to have contracted by between 15 and 20 per-cent, and between 30 and 40 per-cent for another, between August 1993 and May 1994;[22] and the sea freight firms indicated a reduction of 40 per-cent in the volume of containerized cargo and 30 per-cent in that of bulk items, compared to the same time last year.[23]

The contraction in the volume of goods handled by GPA resulted from a decline of re-exports which in turn caused traders to reduce the volume of imports: interviews with the major importers revealed that the level of sales for the main re-export items contracted by between 40 and 65 per-cent for the 9-month period, July 1993 to March 1994, compared to the same period in 1992/1993. Rice, sugar and textiles are reported to have had the biggest contraction. In order to maintain a small but regular outflow of textiles, one

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the more cheaper if total costs of transportation from the 4 ports to the main centers of the Banjul hinterland, including Tambacounda (**Senegal**), Kayes (**Mali**), Basse (**The Gambia**), Gabu (**Guinea-Bissau**) and Labe (**Guinea-Conakry**) are considered. (See Annex 4)

[21]The traders were well satisfied with the arrangement that containers are delivered to their business sites, as this helps them to reduce the total cost of importing merchandise, considerably.

[22]The number/value of letters of credit may not tell the whole story as an examination of the banks' off balance sheet items shows. It is clear that the banks are now issuing more guarantees for the importation of goods, instead of opening letters of credit, and this gives stretches out the time that importers have to pay for the suppliers for the merchandise.

[23]The volume of containerized cargo remains at about the same level as 2 years ago; the major carrier of rice reported a much smaller reduction of 12 per-cent in rice imports in the 6 months to June (35,000 tons in 1994, compared to 39,700 tons in 1993), effectively the impact of the devaluation.

importer indicated that he had been forced to reduce his profit margin, to about 2 per-cent of turnover[24].

The re-exporters of Gambian imports had hitherto been traders from **Senegal**, **Guinea-Bissau** (mainly Bissau, but also Gabu), **Guinea-Conakry** (mainly Labe, but also Conakry) and **Mali** (mainly Kayes and Bamako). It is estimated that about 50 per-cent of them were **Senegalese**, 25 per-cent were from **Guinea-Bissau,** and 15 and 10 per-cent from **Mali** and **Guinea-Conakry**, respectively. Before any of the external shocks were introduced, both passenger vehicles and trucks had left The Gambia with large quantities of merchandise for each of the countries.[25] (See Tables 5 and 6 for the levels of re-exports). But only the Guineans had brought in merchandise, mainly jeans and "t-shirts", kola-nuts and palm oil, cigarettes (Marlboro and Lucky Strike), fruits, including mangoes, oranges and pineapples, and small quantities of pre-recorded radio cassettes.

It has been difficult for the major importers to size the impact of the three measures separately on the level of their operations. However, a review of the figures in Table 10, which is a proxy for the importers level of activities, indicate that the first two measures, i.e. non-convertibility and the border closure (coming so close to each other, the effect on the volumes of imports cannot be separated) have together had a greater impact than the devaluation: between July 1993 and September 1993, the volume of imports was 36 per-cent higher than the same period in 1992; and following the introduction of the two measures, the volume contracted by almost 36 per-cent, between October 1993 and December 1993 compared to October 1992 to December 1992. Then, following the devaluation of the CFAF, the volume of port traffic (and therefore of traders' activities) contracted again, by just over 15 per-cent, between January and March, 1994 compared to the same period in 1993.

Three of the 4 commercial banks reported that the effects of the shocks on traders' activities fed back into their operations, particularly on their foreign exchange business. The fourth bank reported that only smaller amounts of foreign currencies are now being deposited with them, by both Gambians and traders based in neighboring countries, for onward remittance to foreign banks in

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[24]Textiles have suffered partly because the price of cotton has gone up in the international market. But overall, even with the much reduced levels of imports, a large proportion of the traders interviewed reported that they had a large stock of goods that are moving only very slowly. This is as a result of traders not having had sufficient time, yet, to adjust fully to the effects of the three measures: orders that had already been placed could not be canceled and new imports found a large quantity of goods were already in the local market.

[25]Almost 50% of the passengers were reported to be traders.

connection to the importation of goods--Banjul's development into a financial centre has thus experienced a temporary set-back.

B. IMPACT OF THE SEPARATE SHOCKS

i. NON-CONVERTIBILITY

The withdrawal of the CFAF from free convertibility caught some traders with large holdings of CFAF notes, which they found difficult to convert to other currencies at the time. The CFAF lost 13 per-cent of its value immediately the measure was announced as the mid-market exchange rate dropped from D 163.5 to D 142.5, for every CFAF 5,000. Trading in CFAF cash was temporarily suspended. Later, traders found ways of changing relatively large amounts of CFAF to FFr, through recently-established currency dealers in the informal market, who purchase the currency at a premium of between 5 and 10 per-cent, depending on the size of the transaction and market conditions at the time. Smaller amounts of CFAF continue to be traded in the informal market. This means that the commercial banks and the traditional money changers have lost some of the currency exchange business to the new entrants in the market.[26] With outlets for changing the currency available once again, a large number of traders reported that resumed making cash sales in CFAF, although credit sales[27], which had hitherto been denominated in CFAF are now made in U.S. Dollars.

With a smaller volume of CFAF on the market, the total amount of foreign currencies was reduced. As a consequence, the major trading currencies gained some strength: the British Pound and U.S.Dollar gained 2 per-cent and 3 per-cent against the Dalasi, respectively. The higher cost of foreign currencies, along with the premium for exchanging the CFAF, meant that the cost of making new orders rose slightly so that imported merchandise, and correspondingly re-exports, became more expensive in **The Gambia.**

As the foreign exchange markets stabilized however, the other major currencies gradually replaced that portion of CFAF that had been used to pay for the importation of goods, often through the

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[26]*Traders in The Gambia, other than Banjul, use "friends" to get the CFAF notes changed in Senegal; they reported paying a premium of some 3 per-cent. They also suggested that the practice was risky as friends may not return with their money.*

[27]Mainly by the importers/large wholesalers to smaller (Mauritanian) wholesalers and Senegalese traders; although some of the major traders indicated that they had stopped making credit sales in CFAF long before its devaluation which they had anticipated. However, the shopkeepers, typically in the secondary distribution points and the border villages continue to accept CFAF and use the same currency to pay for the goods received from the wholesalers.

local banks, or directly through banks in Switzerland. The effect of this on the different banks varied: while one bank reported only a small reduction in the volume of foreign currency notes handled, the other 3 banks indicated a marked reduction in the volumes handled. One of them gave a figure of 30--35 per-cent.[28]

Because of the smaller volume of CFAF, the small wholesalers/retailers and shopkeepers in urban centers and border villages in **The Gambia**, where the CFAF used to be in wide circulation, experienced some contraction in sales because of a reduction in the volume of CFAF. They reported that sales contracted by 10 percent, on average. They further reported that, the measure introduced some "uncertainty" in their operations as profits made in original sale transactions could easily be lost to the premium they have to now pay in order to convert the CFAF notes to FFr.

For those traders in **Senegal** and **Mali** involved in the cross-border trade with **The Gambia**, the 13 per-cent drop in the value of the CFAF translated into higher prices for goods purchased in The Gambia, and this was reflected in the cost of the goods on retailers' shops in both countries. The cross-border trade continued nonetheless because the goods bought in The Gambia and sold in the two countries remained cheaper than those imported directly into the two countries.

Traders in **The Gambia** who had been doing business largely with **Guinea-Bissau** and **Guinea-Conakry** (mainly Labe), reported no effect on the level of sales. Some of them had been engaged in a barter trade involving re-exports from **The Gambia** for kola nuts and bitter kola from Labe and palm oil from Bissau, while others were able to purchase goods in foreign currencies other than CFAF. For those in Guinean-Bissau who used banks in **The Gambia** to transfer funds to Europe, the non-convertibility of the CFAF has caused them to substitute other major currencies for the CFAF, and it does not appear that they had much problem doing so.

ii. BORDER CLOSURE

Until the border closure, road transport had been an essential link between the port of Banjul and the hinterland: trucks were used for transportation from the port to warehouses (mainly in Banjul); from the warehouses to the secondary distribution points in **The Gambia**; and then from those points to the border villages

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[28] For the banks, trading in the CFAF notes had been a source of exchange income, and of exchange commissions (via the shipment on "collection" basis to banks in Switzerland for ultimate deposit to traders' accounts in banks overseas).

and through to the neighboring countries[29]. The impact of this measure on traders' activities, and the solutions sought are discussed in the following paragraphs, starting first with Banjul and then the neighboring countries.

The adverse impact of the border closure was felt by traders in Banjul less than a month after the borders were closed. During the first few weeks of its implementation, Senegalese customs officials were reported to be quite active in stopping the flow of goods into **Senegal** from **The Gambia**. Thereafter, only small quantities of goods could be transported across the border, mainly by animal-drawn carts and human portage on land routes and in canoes, mainly carry from Kartong to Basse Cassamance. In some instances, however, much larger consignments of bulk items, including rice and sugar, are reported to have been transported into **Senegal** in trucks by a group of "facilitators".

The inability of the Senegalese and traders from third countries to transport goods from **The Gambia** through **Senegal** resulted in smaller volumes of sales for the small wholesalers/ retailers and shopkeepers; they in turn purchased less from the major wholesalers and importers. The turnover in customers' accounts with the banks was very much reduced, particularly for major importers of bulk commodities, including rice and sugar, and container items, largely textiles. Traders involved in flour and vegetable oil were also affected, but overall it was the Textile traders that appeared to have been hardest hit.[30]

Enforcing the border closure has precluded the use of trucks to transport goods from The Gambia through Senegal and into third countries. This has virtually halted the carriage of goods by road to and from **Guinea-Bissau** and **Guinea-Conakry**, and limited the scope of commodities transported to Mali.

However, new routes and means of transportation, both by sea and by air, have been established and the alternative routes to road transport are being used much more intensively. Prior to the border closure, only Maritime Agency operated a regular coastal shipping service, dating back to 1992. Since the border closure, 10 other ships, including 2 fishing trawlers, and a large number of

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[29]The flow described here is only indicative. For a more detailed illustration of the various routes, please refer to page.... of this report. It should be noted that in many cases, goods are purchased in Banjul and transported directly to neighboring countries, without them having to go through any of the stops indicated here.

[30]Only one textile importer reported that he was not affected by the border closure; the others reported a large contraction in the level of their sales.

canoes have joined Maritime Agency's vessel in transporting goods from **The Gambia** to the neighboring countries by sea.[31]

On the sea route, the coastal freighters are used to transport merchandise to the ports of Bissau, Conakry and Bamako, and in the last instance, via Dakar; Smaller vessels transport rice regularly to Bissau and Conakry and in return bring in kola-nuts from Conakry and Freetown (Sierra Leone) and palm oil from Bissau; the two fishing trawlers are now used to transport goods including rice, vegetable oil, sugar and textiles to **Guinea-Bissau** (Cachau) and **Guinea-Conakry** (Kamsar, Conakry); and canoes transport goods mainly to **Senegal** (Basse Cassamance region) and **Guinea-Bissau** (Kissu and Cachau), also started only after the border closure.[32]

The volume of re-exports transported via the main sea route, i.e. on coastal vessels and the fishing trawlers plying out of the port of Banjul, has increased steadily since the border closure: it expanded by 8 per-cent between the periods October to December, 1993, compared to July to September, 1993; and then by 20 per-cent, over the next quarter. (See Table 11)[33]

The increase in air cargo traffic over the past few months (see Table 12) is also the result of the decline in the use of trucks for transporting merchandise from **The Gambia** to the neighboring countries due to the border closure. Interviews with airline operators indicate that textiles constitute a very high proportion of the merchandise transported by this means.

Even with all of these new developments, the major wholesalers in Banjul estimate a contraction of only 40 per-cent of sales for

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[31]The one coastal vessel that had been in regular service before the border closure was mainly involved in transporting textiles from Banjul to Bamako, via Dakar and sometimes Abidjan (Cote D'Ivoire). At the time, the volume of cargo was around 16 containers, each weighing 17 tons, or thereabout. In return, kola-nuts and vegetable oil would be brought in from Abidjan. Since the border closure, larger volumes (up to 23 containers of 22 tons each) of textiles are being shipped to Bamako at the same frequency of 18-day intervals.

[32]While a number of operators are involved in transporting goods to Senegal, only one operator is known to be doing the Gambia--Guinea-Bissau leg. Interviews with that transporter reveal that the main commodities sent to Cachau (starting at Kartong) are now limited to small quantities of mainly textiles, batteries, tomato paste and soap, unlike in the past when large quantities of rice and sugar were sent to Bissau by road. Total shipment for the month is reported by the transporter to be 25 tons.

[33]The volume of re-exports comprise the sum of the figures for "containers", "re-exports" and "General cargo", under "Exports" in the Table.

some commodities, comprising the bulk items.[34] The small wholesalers/retailers and shopkeepers outside of Banjul experienced a marked change in the composition of their customer base: before the border closure Senegalese, who had come mainly from urban centers, constituted 90 per-cent of the customers, compared to only 10 to 20 per-cent after the border closure, the rest being Gambians. Consequently, the volume of sales in the secondary distribution points was reduced by some 40 to 50 per-cent overall,[35] but up to 60 per-cent for sugar and 75 per-cent each for rice and flour. The outflow of textiles, particularly from the border villages that traded mostly with the third countries, was also reduced, by some 80 per-cent.

Traders in the main centers in **Senegal** reported that the border closure reduced the quantities of merchandise brought in from **The Gambia** by about 25 to 40 per-cent.[36] Whilst this did not affect prices in the cities (Dakar and Kaolack), it did cause prices in the smaller centers to rise by some 5 to 10 per-cent. Nonetheless, the imported items from **The Gambia** remained cheaper than those from Dakar, overall.

Following Border restrictions, traders who had transshipped goods through Banjul to Bissau are now required to obtain transit license out of Dakar before they are allowed passage through Senegal, starting the journey from Dakar. Although the documents are difficult to obtain, the traders reported that they now have little choice but to use the port of Dakar for transshipment, and then continue the journey via the Tambacounda--Welingara--Priada--Bissau.[37] While some of the traders have stopped importing, others

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[34]Although the major importers have continued to reduce the quantities of "re-exportable" goods imported to The Gambia since the border closure, they have managed to maintain some scale economies (and retain some unit-cost advantage) by importing relatively large volumes at a time.

[35]This was confirmed in interviews with currency dealers who indicated a reduction of some 75 per-cent in the volume of CFAF noted traded.

[36]The level of reduction appears to be much lower, 20 to 25 per-cent, for areas where the Senegalese authorities have not been able to enforce the measure strictly. These include the Basse Cassamance region; the northeast of Senegal, where the Muslim Brotherhood is based; and a large number of crossing points between Senegal and The Gambia.

[37]The traders reported not faring any better if they use the sea route from Banjul to Bissau, as on a number of occasions Senegalese coast guards have intercepted the boats and seized goods on transit to Bissau.

are now importing directly from Europe to Bissau, using ports other than Banjul where necessary.[38] One major trading group reported that they had since changed products, from foodstuffs to building materials, such as cement. The transit trade through Banjul to Guinea-Bissau may have been reduced by as much as 40 per-cent and only the small number of ships are maintaining the post-border closure levels.[39]

Gabu, which is in the interior of **Guinea-Bissau**, is no longer serviced by Banjul. Imports to Gabu are now transported either via Bissau, Conakry or Dakar. Conakry is used more often because it avails the traders an opportunity to import larger quantities and pay lower unit costs for the commodities. It also makes it possible for the traders to distribute some of the merchandise in **Guinea-Conakry** (i.e. in the Fula areas) en-route to Gabu.

Guinean traders involved in the re-export trade indicated that they were no longer able to bring in palm oil from **Guinea-Bissau** to Brikama and Banjul and that the variety and quantity of goods that they can transport to Bissau is limited by the nature of the sea route, the small number and size of the vessels that are available to them, and the risk of using fishing trawlers (the goods are 'on deck at shippers' risk) and canoes (that expose the goods to

[38]Rice used to be imported directly to Bissau, although traders based in The Gambia used to bring the commodity via Banjul. The main commodities brought via Banjul used to be sugar and flour. But after the border closure, One trader reported that the last consignment of flour had come from Mauritania, while another indicated that oil had come from Conakry, and a third reported that he had ordered corrugated iron sheets from Europe this time around, rather than buying from The Gambia. Sugar is also imported from Portugal.

[39]Traders from the neighboring countries have, sometimes with the assistance of the shipping companies, continued to transport goods out of The Gambia. Maersk Line is reported to have put in place arrangements whereby rice shipments are made from Banjul to Guinea-Bissau, from where cashew nuts are transported to Spain, and then, from Spain, commodities are shipped to Banjul

A group of major importers reported that they had an on-going contract with the government of Guinea-Bissau to sell 180,00 bags (9,000 tons) of rice every 3 months. They were able to do this before the border closure, as they landed the goods in Banjul and transported over-land to Bissau. After the border closure they have been forced to use coastal vessels which travel to Bissau only infrequently. Consequently, they have been short-delivering on the order, 80,000 bags (4,000 tons) every three months, and this has led to shortages of rice, from time to time in Bissau. Also, the company provided carriage for substantial quantities of goods purchased by Guineans in Banjul, but since the border closure it no longer provides this service.

spoilage by getting soaked).[40] Therefore items such as sugar, flour and textiles are no longer transported in large quantities. The main items are now candles and textiles. Vegetable oil, small quantities of 'Lucky Strike' cigarettes and un-manufactured tobacco. In addition to the spoilage factor, goods are liable to get short-delivered or even not delivered at all as boatmen claim that consignments were confiscated en-route by Senegalese officials.

After the border closure, the cross-border trade between **The Gambia** and **Guinea-Conakry** (Labe) was almost halted. For **Guinea-Conakry**[41], palm oil and kola-nuts used to be brought in by road from Labe to **The Gambia** in large quantities. In return, large quantities of textiles and flour were transported by truck from **The Gambia** to Labe. Rice was also included, as and when the merchandise was in short supply in Labe; natural salt was added to the consignments in order to ensure that the trucks are filled up.

Now only small quantities of palm oil are either smuggled in or brought in from Labe at a very high price: the importers pay customs duty upon entering Senegalese territory, and then again when the enter **The Gambia**. Also, passenger vehicles transport women who purchase only small quantities of textiles at a time. The return trip is made once every 2 to 3 days, but only up to Koundara. The vehicles are allowed only up to the **Senegal** border, from where the passengers join Senegalese vehicles across **Senegal** to the Guinean border.

Bulk items to Conakry are now re-exported by sea mainly in containers to Conakry and kola-nuts are sent from Conakry to

[40]The sea route links Banjul and Kartong (The Gambia) to Cachau and Bissau (Guinea-Bissau). For goods destined to Guinea-Bissau from Kartong, the level of traffic has greatly increased. Before Border Closure, one 25-ton canoe transported goods, mainly rice, sugar, flour, China green tea, tomato paste, corrugated iron sheets and textiles to Cachau (Guinea-Bissau). Now 3 boats are permanently stationed in the area, and each makes one trip to Cachau in the week.

Cachau is essentially a transshipment point, the second port in Guinea-Bissau, used mainly by smaller (coastal) vessels. Almost all of the goods landed there are reported to be for Bissau, and except for a 'lumo' (i.e. traditional 'fair') that is held every eight days, business activities in the port town is reported to be small.

[41]One trader reported that he lost the equivalent of D 25,000 as the vehicle that was transporting kola-nuts and palm oil he had purchased in Guinea-Conakry was refused entry into The Gambia by the Senegalese at the time the commencement of enforcement of the border closure. He had to dispose of the goods back in Guinea-Conakry at less than half the amount he had paid for them.

Banjul.[42] Air transport is being used to transport textiles from Banjul to Labe, and a new airline, Guinea Air Services, has now joined Air Guinee and Gambia Airways to serve the route. It is reported that a large proportion of the passengers stop at Labe. In spite of these arrangements, the level of cross-border trade between **The Gambia** and **Guinea-Conakry** is estimated to have dropped by 65 to 70 per-cent following the border closure. The figure is somewhat lower for Niamanari, the first point of entry from **Guinea-Conakry** into **The Gambia**, where it is estimated that the level of contraction has been in the range 10 to 15 per-cent.

For landlocked **Mali,** the border closure has made it much more expensive to transport goods to Kayes and Bamako from **The Gambia**. The Senegalese authorities now require that all merchandise for the Dakar--Kayes--Bamako must be on-loaded at Dakar, meaning that the goods must first be transported by sea from Banjul to Dakar.[43]

However, the most devastating measure on the cross-border trade with **The Gambia** has been the levy of a 100 per-cent duty on goods entering **Senegal** and originating in **The Gambia**. This measure has spelt an end to the transshipment operations through The Gambia for many importers. Importers of bulk purchases in Kayes and Bamako who had been using Banjul for transshipment have now switched to Dakar and Abidjan and Lome, respectively, and in each instance, they face a much higher total cost for the change. Consequently the level of imports for some commodities have been reduced and this has led to a scarcity of many basic goods on the markets.

In order to satisfy some of the pent up demand for such goods, traders (small) pool their resources and use a "facilitator" to transport relatively large quantities (say a truck load) of merchandise from **The Gambia**, through **Senegal**, to **Mali**. Alternatively, motor cyclists are used to transport much smaller volumes from Basse to Kayes. Activities on these informal networks have increased since the border closure, but not large enough to allow discounts on purchases from traders in **The Gambia**, or to enable them make savings on freight costs.

Comments

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[42]Traders from Guinea-Conakry and Mali continue to purchase merchandise from The Gambia, but only in very small quantities.

[43]One driver reported that he made between 10 and 15 trips every month, and that he was able to transport goods to various point, including Tambacounda, Kaolack and Dakar, for onward shipment to Kayes and Bamako, by rail; and also to the final destinations of Kayes and Bamako. Since the closure of the border, he has not been asked to make a single trip by the Malians. Part of the reason for this is the fact that the Senegalese authorities had stopped loading goods at Kaolack and Tambacounda for Mali.

The banking sector which supports traders in **The Gambia** has been inadvertently affected by the three measures. Apart from those already mentioned in relation to the non-convertibility of the CFAF, the level of utilization of overdraft facilities by customers has been very much reduced since traders are no longer borrowing as heavily as before to finance the importation of merchandise. An overall reduction in the turnover of between 10 per-cent and 20 per-cent was registered in customers' account, and bank income, via commission on turnover and net interest earnings, would ultimately be reduced.

As a corollary to the slower turnover in customers' accounts, the banks reported an increase in the rate of default of between 2 and 5 per-cent on overdraft facilities; they have been obliged to extend a large number of facilities beyond the original maturity dates. At least one bank has reacted to the situation by not extending any new credit facilities or additional borrowing to existing credit customers. It has been estimated the border closure has been responsible for 20--25 per-cent of the contraction in the banks' business.

In response to a request by a Senegalese to re-open the border with **The Gambia**, since its closure has resulted in price hikes for some commodities in **Senegal**, the President of **Senegal**, Abdou Diouf, claimed that it was necessary to maintain the status quo because the cost to the Senegalese ISI strategy of cheap imports from **The Gambia** far outweigh the benefits of the re-export trade to **The Gambia**; and in any case, he continued, the benefits of the re-export trade have been accruing to persons other than Gambians, i.e. Lebanese traders.[44]

iii. DEVALUATION

The major importers in **The Gambia** had for some time anticipated the devaluation of the CFAF. They had regarded the non-convertibility as a first step towards that end, and accordingly they had reduced their cash holdings of CFAF drastically following the introduction of the measure. However, a large number of small wholesalers and retailers outside of Banjul, particularly those who traded in areas where the CFAF continued to be in wide circulation, reported that they lost the equivalent of D 65 on every CFAF 5,000 on relatively large holdings of the currency. Traders now refrain from maintaining large amounts of CFAF cash holdings, and also from selling merchandise on credit in CFAF to Senegalese.

In terms of the cross-border trade, a majority of the interviewees indicated that the devaluation of the CFAF exchange

[44]This was at a political "rally" held in Kaolack, and witnessed by one of the consultants for this study.

rate, by 50 per-cent in foreign currency terms, accompanied by measures taken by the Senegalese authorities to limit the price hikes for essential goods, have had a big impact on their turnover: the devaluation dampened demand in Senegal and Mali; and the price hikes for foodstuffs were limited to a range of 25 per-cent for vegetable oil to 38 per-cent for rice in Senegal, a measure that reduced the price differences in those commodities between The Gambia and Senegal. The few traders that were not affected, mainly wholesalers/retailers in the secondary distribution points, indicated that most of their customers (shopkeepers and consumers) had been Gambians residing within and in the neighboring villages.

While devaluation of the CFAF meant that consumers in **Senegal** could no longer buy as much imported goods as they used to, the accompanying measure to subsidize the price of essential commodities made it much less profitable for Senegalese traders to source imported goods from **The Gambia** (for them the prices in **The Gambia** had increased almost two-fold). Therefore fewer Senegalese, a reduction of between 40 and 80 per-cent, now buy merchandise from **The Gambia**. Although some traders from the major centers in **Senegal** continue to buy much smaller consignments on a regular basis, the majority do so only when there is a shortage of a particular commodity in their own areas. The main means of transportation across the border is now animal-drawn carts, motorcycles and bicycles.[45] Consumers from nearby villages in **Senegal** now constitute the majority of customers, and they purchase the equivalent of their daily requirements of foodstuffs, including rice, sugar and tomato paste, on retail.

The volume of rice re-exported to **Senegal** is reported to have dropped considerably, although large quantities of the product are still being sold in Kaolack. Sugar re-exports are also reported to have been reduced, but on a much smaller scale, since the price difference for the product in the two countries was still relatively substantial. (See Tables 13 to 15). In addition to foodstuffs, the volume of textiles involved in the cross-border trade declined, by as high as 30 per-cent, compared to the same time last year. On account of the decline in sales, stock levels in the shops have been reduced by an average of 75 per-cent overall.

Some retailers in Banjul reported that the level of textile sales have remained the same as small traders (mainly women) pool their resources, buy relatively large quantities and then use men as "facilitators" to transport the merchandise to **Senegal**. Small wholesalers based in the secondary distribution points and shopkeepers in The Gambia reported that they had closed some of their shops in the border villages. The main customers of wholesalers in the secondary distribution centers are now other traders in

[45]except for the Basse Cassamance region where trucks, including Gambian-licensed vehicles still transport goods across the border

the Gambian border villages who used to go to Banjul to make their purchases. The wholesalers reported buying only a fraction (10%--25%) of what they used to (mainly rice, sugar and flour) in order to re-stock for the Senegalese consumers. The relatively small number of Senegalese who buy relatively large consignments are now reported to do so only out of Banjul.[46]

Now that the prices in **Senegal** and **The Gambia** are almost the same, and the border closure still in effect, Dakar has replaced Banjul as the market for a large number of the Senegalese traders operating within the hinterland of Banjul. As a consequence, the flow of goods from **The Gambia** to **Senegal** has been reduced by some 50 to 70 per-cent. Only when there are shortages of specific commodities do they go to the border villages in **The Gambia**, mainly because of the shorter distance.

Coming after the border closure, the devaluation further reduced the level of turnover in traders' accounts with the banks, particularly those whose clients traded mainly with the neighboring CFAF countries. However, for the few customers who sold Senegalese products in **The Gambia**, particularly cooking gas (butane), the devaluation has come as a bonus to them as they are now able to import gas at a cheaper rate. The major trader in the business, who may control as much as 80 per-cent of the market, manages to have un-interrupted supplies from Dakar.

For the importers in **Guinea-Bissau**, the devaluation of the CFAF has made it cheaper to import goods through Dakar and this has put the port of Banjul at a disadvantage. However, they continue to use banks in **The Gambia** to transfer funds overseas as this is not affected by any one currency. For the small traders (wholesalers and retailers), the devaluation, coupled with the additional cost of carriage by sea (and multiple handling of the goods)[47] from Banjul, has now made it cheaper for them to purchase some items (tomato paste, beans and shoes) and 'temporary' stocks of rice from **Senegal**, and even **Guinea-Conakry**, instead of **The Gambia**. Others have even changed commodities: for example, one trader who used to purchase small volumes of flour and textiles from **The Gambia** now

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[46]One could see that a large number of the food commodities sold in Bignona and Ziguinchor, for example, are re-exports from The Gambia, even though only sugar appears to command a much higher price in Senegal than in The Gambia.

[47]Before devaluation, the two fishing trawlers did up to 3 trips in the month, each; now they report doing only 1-to-2 trips per month. Perhaps the Guineans have found other markets in Senegal, because of the changes in relative prices in Senegal, compared to The Gambia.

trades in only galvanized corrugated iron sheets and cement from local wholesalers.

The small traders in **Guinea-Conakry** also purchase stock to overcome temporary shortages from **Senegal** instead of **The Gambia**. Unlike **Guinea-Bissau**, however, textiles continue to be flown into Labe, a remaining consequence of the border closure. On account of the devaluation alone, the cross-border trade with **The Gambia** is reported to have declined by some 10 to 15 per-cent.

Since devaluation, importers in **Mali** have faced much higher costs, over-and-above the relative price hikes of the merchandise: port charges in Dakar and railway charges between Dakar and Kayes--Bamako have both been raised by some 35 per-cent. The requirement to transport goods by sea to Dakar from Banjul has made the situation much worse. Consequently, much smaller volumes are now purchased overall, and of those volumes the proportion of re-exports from **The Gambia** to total imports in Kayes and Bamako have been reduced: from an estimated 80 to 85 per-cent to 65 to 75 per-cent in Kayes; and in Bamako, the share has drastically reduced from 60 to 75 per-cent to between 35 and 45 per-cent.

Of those totals, textiles constitute the bulk of re-exports. The demand for these goods is high because of the high differential of prices in **The Gambia** and **Mali**, and the quality of the re-exported material. The quantities of foodstuffs have been reduced only slightly, as retailers indicated that households increased the share of other imported goods even after the devaluation. The imported rice continue to be favored over locally produced coarse grains, although this situation is likely to change if the price hikes for imported rice continue to make the produce much more expensive than, say, the local variety. The prices of other products, such as China green tea, are now much less competitive, and they would have to be reduced by as much as 25 per-cent (which includes the 'insurance premium' against confiscation by the Senegalese authorities), for the level of trade between **The Gambia** and **Mali** to return to the highest levels attained in the past.

Table 11
Gambia Ports Authority
Import and Export Statistics: Jul '92 -- Mar '93; Jul '93 - Mar '94 (in metric tonnes)[a]

–	July -- Sept			Oct -- Dec			Jan -- Mar			Total for Period		
	1993	1992	% Change	1993	1992	% Change	1994	1993	% Change	1993/94	1992/93	% Change
Imports												
Rice	25,727	11,484	124	18,017	46,416	(61)	23,094	31,310	(26)	66,838	89,210	(25)
Sugar	6,950	9,586	(28)	14,226	16,354	(13)	17,653	19,687	(10)	38,828	45,627	(15)
Flour	6,175	3,207	93	6,347	6,230	2	9,157	9,551	4	21,679	18,988	14
Container	35,400	26,139	35	31,869	35,542	(10)	29,639	35,800	(17)	96,908	97,481	1
Gen. cargo	7,806	9,961	(22)	3,985	11,055	(64)	9,142	8,369	9	20,933	29,385	(29)
Sub-Total	**82,058**	**60,377**	**36**	**74,444**	**115,597**	**(36)**	**88,684**	**104,717**	**(15)**	**245,186**	**280,691**	**(13)**
Others[a]	37,744	47,706	11	52,917	35,796	48	53,653	52,754	2	144,314	136,256	6
Total	**119,802**	**108,083**	**11**	**127,361**	**151,393**	**(16)**	**142,337**	**157,471**	**(9)**	**389,500**	**416,947**	**(7)**
Exports												
Container	6,847	5,395		6,980	6,148		7,346	6,232		21,173	17,775	
Re-export	970	0		0	115		0	0		970	115	
Gen.cargo	180	18		1,670	7		3,056	84		4,906	109	
Sub-total	**7,997**	**5,413**	**48**	**8,650**	**6,270**	**38**	**10,402**	**6,316**	**65**	**27,049**	**17,999**	**50**
Others	804	0		0	177		0	322		804	499	61
Total	**8,801**	**5,423**	**63**	**8,650**	**6,447**	**34**	**10,402**	**6,638**	**65**	**27,853**	**18,498**	**51**
Combined	**128,603**	**113,506**	**13**	**136,011**	**157,840**	**(14)**	**152,739**	**164,109**	**(7)**	**417,353**	**435,445**	**(4)**

[a] i.e. "non-reexportables", inlcuding cement and petroleum products.

Table 12
Gambia Airways: Air Cargo by Volume (kilos) and Destination; July 1993 -- May 1994

Destination	Jul'93	Aug'93	Sep'93	Oct'93	Nov'93	Dec'93	Jan'94	Feb'94	Mar'94	Apr'94	May'94
Dakar	-	-	80	300	-	-	178	330	505	-	129
Bissau	-	-	-	-	-	-	-	-	-	-	-
Conakry	-	1,808	5,780	2,082	2,339	3,832	568	616	110	2,182	1,003
Bamako	-	-	1,200	2,388	1,700	1,150	9,295	13,343	4,974	6,850	1,599
Nouakchot	1,792	32,077	8,292	33,142	33,491	30,295	23,008	6,061	-	17,548	25,696
Priara	-	6,203	2,007	2,272	15,863	9,860	9,722	1,465	12,279	13,306	7,288
Total	**1,792**	**40,088**	**17,359**	**40,184**	**53,393**	**45,137**	**42,771**	**21,815**	**17,868**	**39,886**	**35,715**

Table 13
Commercial Banks Selected Balance Sheet Items:
July '93--March '94; and July '92--March '93
(in thousands of Dalasis)

	July		October		December		March	
	1993	1992	1993	1992	1993	1992	1994	1993
Liabilities								
Deposits	555.5	457.4	576.8	492.5	608.1	532.4	595.7	553.5
Borrowings	55.1	27.1	48.9	2.5	38.6	12.5	47.5	39.4
Assets								
Foreign exchange	**18.8**	**12.8**	**30.3**	**58.2**	**26.9**	**115.6**	**27.8**	**54.0**
- CFAF	1.4	0.4	0.3	0.5	0	1.6	0.2	0.5
Treasury bills	201.4	256.2	181.8	221.1	190.2	159.4	146.1	166.9
Loans & Advances	**330.5**	**162.2**	**351.1**	**194.8**	**365.8**	**225.1**	**399.0**	**284.5**
Provisions	-4.9	-1.9	-12.6	-1.9	-9.7	-3.0	-10.2	-1.2
Contra								
Total[a]	**171.5**	**88.4**	**198.0**	**104.7**	**152.0**	**223.1**	**123.4**	**154.0**
Letters of Credit	20.3	...	78.8	20.2	32.7	46.6	25.6	31.9
Other Letters of Credit	2.1	...	2.9	1.0	46.4	52.4	43.5	18.7
Guarantees & Accptances	68.1	...	116.3	6.7	72.9	44.5	54.4	11.1

Note:
[a] The figures do not add up because not all of the breakdown is available; however, they do illustrate the point that, following the border closure, Guarantees and Acceptances have been favored over Letters of Credit.

Table: 14

Indicative Prices (Dalasi equivalent) of Selected Commodities N B D (The Gambia) and Sine-Saloum--West (Senegal); Before and After Devaluation

		The Gambia		Senegal	
Commodity	**Unit**	**Before**	**After**	**Before**	**After**
Rice	bag (50 kg)	132	138	264	149
Sugar	bag (50 kg)	231	255	480	340
Vegetable oil	drum	1,650	1,700	2,400	1,445

Table: 15

Indicative Prices (Dalasi equivalent) of Selected Commodities M I D--N (The Gambia) and Sine-Saloum East (Senegal); Before and After Devaluation

		The Gambia		Senegal	
Commodity	**Unit**	**Before**	**After**	**Before**	**After**
Rice	bag (50 kg)	125	145	208	153
Sugar	bag (50 kg)	225	270	480	374
Flour	bag (50 kg)	110	145	240	212
Tomato paste	tin (large)	22	25	58	38
Green tea	carton	210	245	400	315

Table: 16

Indicative Prices (Dalasi equivalent) of Selected Commodities M I D--S (The Gambia) and Basse Cassamance (Senegal); Before and After Devaluation

		The Gambia		Senegal	
Commodity	**Unit**	**Before**	**After**	**Before**	**After**
Rice	bags (50 kg)	145	150	230	150
Sugar	bags (50 kg)	230	280	380	298
Flour	bags (50 kg)	130	175	200	190
Tobacco	case	2,400	2,550	2,570	2,232

Table 17

Mali: Prices of Selected Commodities (in CFAF), Before and After Devaluation

Commodity	Unit	Before	After
Rice	50 kg bag		
Sugar	50 kg bag	12,500	19,500
Flour	50 kg bag	7,900	12,500
China green tea	20 kg carton	16,500	17,500
Tomato paste	12 tin carton	1,350	2,000

Note: The difference in the prices for flour between The Gambia and Mali is now so small that traders buy more of the locally produced variety;

The price for China green tea has not changed much, even after devaluation, since the supply of the commodity has been regular;

Re-exports from The Gambia are still favored over tomato paste processed in Senegal, and they constitute 60 to 75 per-cent of the total consumed in Kayes, but a much smaller proportion in Bamako.

C. <u>THE FUTURE PROSPECTS</u>

The post 1991 boom in imports has been attributed largely to the arrival in The Gambia of several traders who had been based in Liberia. This rapid increase in the volume of imports has been dampened recently because the economic, monetary and fiscal, and physical policies (border closure, and devaluation and subsidies) adopted by B.C.E.A.O. and the Senegalese authorities, have had a negative impact on the cross-border trade in re-exports between **The Gambia** and neighboring countries.

The <u>border closure</u> shut off access to the port's natural hinterland and limiting the size of **The Gambia's** market. Some believe that the Senegalese's action was predicated on the consideration that some Gambian behavior had been predatory. For example, the government reduced duties when **Senegal** cut its rice price. The extent to which such measures continue to be effect is unclear, as until the protection levels are reduced in **Senegal**, there will always remain an incentive to trade merchandise across the border.[48]

Although the impact of the CFA franc devaluation has been particularly severe, as consumption levels in **Senegal** and **Mali** have been reduced significantly, importers in The Gambia are optimistic that volumes would pickup by the end of the year, perhaps to the pre-1991 levels, or even to the same levels as last year, as demand from the neighboring countries recover. Concomitantly, prices in **Senegal** for essential foodstuffs are expected to rebound, once the large stocks that the government had bought in advance of the devaluation run out and the Senegalese authorities can no longer maintain the subsidy that has helped to keep the prices hikes for rice and flour relatively low.[49] After that, they conclude, the sufficient price differences between the imported merchandise in **The Gambia** and **Senegal**, would provide enough incentives for traders to resume the cross-border trade of re-exports in large quantities.

Whether the level of trade with the non-CFAF countries rebound

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[48]It has been learnt from one government official that as a pre-condition to the lifting of the border closure measure, the Gambian delegation to the meetings with their Senegalese counterparts, had agreed to close any and all warehouses in Gambian villages close to the border with Senegal. It is unclear how the government in The Gambia (which has since been overthrown in a military coup) would have gone about implementing the agreement, given that there are no laws restricting the establishment of trading stations in The Gambia. In any case, such a move would impede free trade in the country and would go against the very basis of the economic policies of the government.

[49]In addition to that, there are rumors of an impending rice shortage in Asia and if this should become a reality then the price of rice should rise.

Furthermore, it is not expected that the devaluation would cause a big shift from rice consumption to local cereal consumption.

to their pre-border closure levels depends on the availability of cheap transportation. So far, the relatively high cost of sea freight and need for multiple handling of goods using sea transport appears to be a limiting factor on the volume of merchandise re-exported or transshipped to those countries. Already, some progress has been made in developing a network of coastal shipping vessels although the volumes handled are reported to grossly inadequate. But shippers are unhappy with the level of the port charges, which range from D 20,000 to D 25,000 per vessel. For this alternative means of transportation to be developed, however, GPA would have to consider reducing the charges levied on such vessels, and, at the same time, large volumes of goods must be available to guarantee minimum tonnages.

It remains to be seen whether a large number of traders would return to road transport for re-exports if and when the border is re-opened.[50] The Senegalese are believed to have imposed onerous requirements for transit goods across their territory to third countries, including a requirement that traders make a deposit 5 per-cent of the value of goods in transit in Dakar.

The volume of trans-shipment through Banjul has also been adversely affected largely by the border closure. With the border restrictions in place, Dakar has taken over as the main transit point to Guinea-Bissau and Mali. Although business confidence has been severely dented by the border closure, all of the traders interviewed indicated their preference for importing through **The Gambia**, as total charges (not to mention the additional hassles) are much higher to transit through Dakar. Additionally, the total transactions costs for importing directly from Europe to Bissau (freight charges[51] order time, time to clear goods at customs, additional insurance, smaller quantities--higher unit costs) are much higher than through Banjul. It is also much cheaper for traders to buy consignments in large quantities from Banjul during shortages in Bissau. Therefore, although Conakry appears to be an alternative route, most of the importers in **Guinea-Bissau** indicated that they would resume trans-shipments through Banjul should the border restrictions be lifted.[52]

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[50]Traders reported that road transport was the cheapest means of transportation, on a total cost basis.

[51]One importer stated that it cost an equivalent of U.S.D 3,000 more per consignment, to order directly from Europe to Bissau, than from Europe, via Banjul to Bissau.

[52]Guinea-Bissau and Senegal have had a long-standing border conflict with Senegal and the Guineans intimated that they did not trust the Senegalese, and would therefore not want to depend on them for transshipment of our goods. It is note worthy that a number of the traders indicated that before the border restrictions it was much more difficult to move reexports and trans-shipments

Although the lifting of the border restrictions would permit the free flow of palm-oil from **Guinea-Bissau** to **The Gambia**, some retailers in Bissau are not sure they would resume trading with **The Gambia** if the price differences between **The Gambia** and **Senegal** remain small. However, others indicated that they would return to **The Gambia** even though they now trade with Senegalese. Their preference is to trade with Gambians, where they believe they can purchase other commodities much cheaper, and of a much wider variety, than they are now doing in **Senegal**.

In order to boost re-exports to **Guinea-Conakry**, one of the Coastal Shipping Agencies indicated that they plan to start operations from Banjul to Kamsar in **Guinea-Conakry**. In spite of the attraction of the mining-port, which means that goods will be transported by the same vessels in both direction, it is not clear whether this will boost the trade between **The Gambia** and **Guinea-Conakry** any further. The reason for this is that it will still be difficult for merchandise to reach the focus of the re-export trade between **The Gambia** and **Guinea-Conakry**, i.e. Labe.

D. POST SCRIPT

Most of the traders and transporters interviewed in **Guinea-Conakry** and **Guinea-Bissau** indicated that they had had much more problems with the police/gendamaries in **The Gambia** than with the Senegalese, before the introduction of the border restrictions by the Senegalese authorities. This was confirmed with the first group of traders from **Guinea-Conakry** who brought kola-nuts and palm oil to **The Gambia** after the Senegalese had apparently relaxed restrictions at the border. Upon inspection of one of the driver's 'laissez passe', almost 20 stamps by different Gambia government agencies, including the police, gendamaries, immigration, customs etc. were found, compared to only 3 for the Senegalese authorities.

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through The Gambia than Senegal. The traders complained of difficulties with Gambian Traffic Policemen at several points along the route.

VI

IMPACT OF EXTERNAL SHOCKS ON THE CROSS-BORDER TRADE IN TRADITIONAL COMMODITIES

The level of cross-border trade in traditional agricultural products, including coarse grains (maize, millet and sorghum), cotton and groundnuts, and horticultural and fish products, between **The Gambia** and **Senegal** has not been impeded by any of the three measures: coarse grains continue to be traded at 'lumos'; cotton and groundnuts are purchased by the marketing organizations on either side of the **Senegal-Gambia** border; and horticultural and fish products continue to be traded across the border, without restrictions. However, the direction of trade has changed since the devaluation of the CFAF.

It was reported that, unlike the previous seasons during which Gambian farmers took advantage of the higher prices in **Senegal** and sold their produce across the border, most of the Senegalese villagers close to the border with The Gambia may have sold groundnuts and cotton to Gambian traders this year. Following are figures for the Comparative prices of Groundnuts and Cotton in **Senegal** and **The Gambia** for the years 1992/93 and 1993/94, and the purchases (in tonnes) made by Gambia Cotton Company against the Estimated Local Production of Cotton for the same period:

Table 18
Comparative Prices for Groundnuts and Cotton: The Gambia and Senegal; 1992/93--1993/94
(figures in Dalasi equivalent)

	1992/93		1993/94		
Crop	**The Gambia**	**Senegal**	**The Gambia**	**Senegal**[a]	**Senegal**[b]
Groundnuts	1,750	2,310	2,000	1,995	1,700
Cotton	2,900	2,805	2,900	2,425	1,870

[a] After non-convertibility, but before devaluation;
[b] After devaluation.

Table 19
The Gambia: Purchases and Production of Cotton; 1992/93--1993/94
(figures in tonnes)

Year	Purchases	Production	Difference
1992/93	2,245	2,485	(242)
1993/94	3,084	2,358	726

The figures under "difference" in table indicates the approximate volume that was sold to (deficit) or bought from (surplus) Senegalese farmers. Although the prices were almost the same in Senegal in 1992/93, some Gambian farmers were reported to have sold their produce to Senegalese traders largely because the Gambian buying season started later than in **Senegal**; that situation was reversed this year, and Senegalese farmers sold their produce to Gambian traders, principally because of the devaluation of the CFAF. The same applies to the marketing of groundnuts,[53] for which, of the total purchases of 30,000 tonnes by the Gambia Cooperatives Union and the Gambia Groundnut Company, 10,000 tonnes are estimated to have been sold in **The Gambia** by Senegalese farmers this year. A similar quantity is estimated to have been sold by Gambian farmers to Senegalese traders last year.

The devaluation of the CFAF has caused a re-direction of the flow of horticultural and fish products, from Senegal to The Gambia. The impact on the horticulture sector has been mixed: while the proximity of Basse Cassamance to the major horticultural enterprises and Yundum airport makes it possible to re-export some of the imports purchased by Gambian producers, the remainder of the imports competes with Gambian produce in the local market and this causes a glut and, in turn, losses to some of the Gambian producers. The fishing sector has, on the other hand, benefitted from the inflow of fish; this has enhanced the volume of throughput in their processing factories and, in turn, raised their level of exports overseas.

Cross-border trade in livestock has also not been affected by any of the measures: the movement of livestock appears to have been excluded from the border restriction and the herders responded purely to the relative prices of livestock in The Gambia and Senegal. Devaluation of the CFAF made livestock much more expensive in **The Gambia**, compared to **Senegal**, and Senegalese herders responded to the change by selling livestock in **The Gambia**. Before the devaluation, the situation had been the reverse. Some Senegalese livestock herders are reported to use the proceeds of livestock sales to buy foodstuffs and other commodities, including rice and sugar, China green tea and tobacco, and textiles, at 'lumos' in **The Gambia**.

Rhun palms, a traditional building material, from **Senegal** are also sold in **The Gambia**, but only in the east of the country.

On the importation of other commodities from the sub-region, two of the banks reported that, since devaluation, some of their clients have been making arrangements to source more of their vegetable oil from Abidjan than from Europe. In that case, the

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[53]However, in some areas, traders reported that the flow of groundnuts from Senegal to The Gambia was restricted by Senegalese customs officials.

letters of credit for the transactions would be opened with a local bank, rather than with a bank in Europe. This should bring more business to the local banks, and would be beneficial to the development of trade in the sub-region.

VI

SUMMARY AND CONCLUSIONS

1. The results of this study show that of the major traditional re-exports, rice and general cargo have been affected most by the external shocks, starting from the quarter immediately following the first shock in August 1993[55] : imports of rice and general cargo declined by 47 per-cent and 32 per-cent, while container items (mainly textiles) and sugar imports were reduced by 12 per-cent and 14 per-cent, respectively, between October 1993 and March 1994, compared to the same period last year. Flour imports appear to have held steady.

2. Of the three measures, the non-convertibility of the CFAF has had the least impact. The immediate impact was a loss in the value of the CFAF by almost 13 per-cent. Although it reduced the overall volume and range of currencies available to support international trade, the portion of the CFAF that was withdrawn on the market was soon replaced by other the other major currencies at an additional cost of only 2 to 3 per-cent in the exchange rates of the U.S.Dollars and British Pounds. Traders continued to accept CFAF in payment for merchandise as they found ways of changing the currency to FFr, even though they had to pay a premium of between 5 and 10 per-cent in the process. Overall the level of merchandise sold to traders from **Senegal** and **Mali** was reduced by some 10 per-cent, but it did not affect the cross-border trade with either **Guinea-Bissau** or **Guinea-Conakry**.

The border closure has had a much more devastating effect as it reduced the level of cross-border trade in the sub-region considerably, given that road transport was the major means of transporting the merchandise.

While the cross-border trade with **Senegal** was severely hit, and only very much reduced volumes could be transported across the border, the transportation of merchandise to (and from) third countries was almost halted. Although various alternative means of transportation have been put in place since the measure was introduced (see below), it has nonetheless reduced the overall volume of re-exports by some 40 per-cent.

The border closure affected the transit trade as well, as traders in **Guinea-Bissau** are forced to use Dakar, instead of Banjul, for transshipment of imported goods; while traders from **Mali** must load all merchandise on the railway to Kayes and Bamako at Dakar. The transit trade with **Guinea-Conakry** now flows only to

[55] Orders that had already been placed before the introduction of the first measure could not be cancelled, therefore traders needed some time to adjust the level of their imports based on the new circumstances.

Table 20

Estimates of the Quantitative Reduction in Re-export Trade; by Measure; by Commodity

Commodity	Average volume per 1993 quarter before measures	% reduction due to Closure	% reduction due to devaluation	Volume in quarter after (tonnes) Closure	Volume in quarter after (tonnes) devaluation
Rice	13.5	60	25	5.5	4.3
Flour	3.5	15	10	3.0	3.8
Sugar	12.8	15	10	10.8	9.8
Tomato paste	1.8	15	20	1.5	1.3
Tea	0.5	..	..	0.5	0.5
Textiles	1.8	15	20	1.5	1.3
Vegetable oil	1.3	20	25	1.0	0.8
Others	12.5	60	20	4.8	3.8
Total	**47.5**	**40**	**15**	**28.5**	**24.3**

4. The commodities commonly re-exported from **The Gambia** have remained the same, before and after the external shocks, and they are destined to the same places, i.e. the neighboring countries of **Senegal**, **Guinea-Bissau**, **Guinea-Conakry** and **Mali**. But, the volume of re-exports have been severely reduced, see Table 20, while the flow of foodstuffs from neighboring countries to **The Gambia** have almost been halted. The trade with **Senegal** is now mainly out of border villages, where Senegalese consumers purchase their daily requirements from shopkeepers in **The Gambia**, and almost all of the trade with the other countries now starts out of Banjul.

The smaller volumes that can now be transported to **Senegal** has caused the mode of transportation to change from trucks to animal-drawn carts and human portage (this also makes it easier to evade customs officials in Senegalese territory); in other cases, the merchandise are transported by canoes. Trucks are used (by wholesalers and retailers) only in cases where a "facilitator" is available, and also to areas where civil strife, or control by the Muslim brotherhoods, make it difficult for the Senegalese authorities to operate effectively. Those wholesalers and retailers must now re-package the merchandise once they get to their shops in **Senegal** -- rice, for example, is retailed out of wooden cases, and sugar is small polythene bags.

Almost all of the goods to third countries must now use the sea route out of the port of Banjul. This has caused a severe contraction in the volume of the cross-border trade overall, although the volume of re-exports through the port has increased by some 50 per-cent, since the border closure. The decline has come about because traders in **Guinea-Bissau** prefer the land route, and they have therefore transferred most of their transshipment activities to Dakar; while traders in **Guinea-Conakry** (Labe) now use air freight to transport only high value commodities (mainly textiles) in smaller quantities, bulk cargo is excluded. Traders from **Mali** have, on the other hand, been obliged to use the port of Banjul much more intensively, hence the increase in the volume of goods[57]: it is apparently the cheapest option, given that the Senegalese authorities now require that all goods destined for Kayes and Bamako must be loaded on the train at Dakar; even at that, the traders must pack merchandise (i.e re-exports) from **The Gambia** in sealed containers in order for the Senegalese authorities to allow them passage through their territory.

Since the devaluation, prices in **Senegal** for most of the essential food commodities are almost the same as in **The Gambia.** Therefore, only consumers in villages close to the Gambian border continue to make purchases of their daily requirements in **The Gambia**; traders use **The Gambia** as an alternative market only when there are temporary shortages in their respective areas. Small traders in both **Guinea-Bissau** and **Guinea-Conakry** now buy mainly from Senegalese traders, also because the goods are cheaper in **Senegal** than **The Gambia** (if the transportation and other costs are included). Consumers in **Mali**, like those in **Senegal**, experienced a reduction in their purchasing power, but that does not appear to severely affect the level of purchases that their traders make in **The Gambia**, thus far.

The external shocks have affected financing arrangements only to the extent that large credit sales are now denominated in U.S.Dollars, as opposed to CFAF. Some importers/wholesalers indicated that they have also reduced the proportion of credit sales, due to the failure of some traders, who have incurred losses arising out of the external shocks, to make payments on past-due debts. Nonetheless, for the wholesalers/retailers along the distribution chain, credit remains the critical source of working capital.

5. The traders have maintained the volume of re-exports indicated in Table 20 by finding ways to: (i) evade customs' authorities in **Senegal**, and (ii) transport goods using alternative means and routes (as discussed in "4" above). However, a large number of shops particularly those located in the border villages, but also in the main urban centers, have since been closed. Most of the Gambian shopkeepers indicated that they might return to farming (at least on a part-time basis) should the situation persist; while it was reported that the "settler-traders" from the neighboring countries (mainly **Guinea-Conakry** and Mauritania), on the other hand, have been leaving the country.

6. It is not clear what those returning to their respective

[57]Note also that some Gambian-based traders now re-export bulk items to Conakry, through the port of Banjul.

countries have been doing, but those who have stayed (all of the major importers and traders) indicated that it was much too soon for them to determine whether they would leave **The Gambia** for other places, particularly the neighboring countries. Apart from the fact that most of them suggested that the climate for trade is most favorable in **The Gambia**, other considerations, including civil strife and border conflicts (largely between **Senegal** and the neighboring countries) cause non-nationals in those countries to be nervous about doing business in them.

7. Traders are optimistic about the future of the re-export trade in **The Gambia**. They expect demand in the neighboring countries to rise in the near future, and that the cross-border trade will continue as long as the fundamental differential protection levels and policies in neighboring countries, particularly Senegal, are not removed. However, The Gambia's role in meeting the additional demand is limited as long as the <u>border closure</u> remains in force. This acts as a limiting factor to the expansion of cross-border trade, and the volume of freight on the alternative sea route does not now appear to be sufficient to attract, and develop, a viable coastal shipping sub-sector in **The Gambia**.

Negotiations between the governments of **The Gambia** and **Senegal** have been going on over the last several months. But, except from the occasional and repeated pronouncements by the Gambian authorities that the border would "soon be opened", the discussions have been shrouded in secrecy. It is therefore not known exactly what concessions the Gambian side has agreed to make, but indications are that some of them could work against the free enterprise policies of the Gambian government. In the mean time, considerable pressure is being brought to bear on the Senegalese government by the authorities in the neighboring countries, particularly Mali, for them to lift the border restrictions. Already, a small stream of traders from **Guinea-Conakry** has resumed some cross-border trade activity over-land, but so far all of their activities have originated from <u>Labe</u> instead of **The Gambia**. Transportation of much larger volumes of merchandise from The Gambia to the neighboring countries, over-land, has yet to commence.

8. The <u>devaluation</u> has had a positive impact on regionally produced goods, particularly foodstuffs in CFAF zone countries. Already, some Gambian traders are making arrangements to buy vegetable oil from neighboring countries instead of Europe. Cooking (i.e. butane) gas, traditionally imported from **Senegal**, has also become much cheaper, although importers/retailers in **The Gambia** have yet to transfer the benefits of the reduced cost to Gambian consumers.

The <u>devaluation</u> has also caused traditional commodities, including livestock, cotton, groundnuts and horticultural products to flow from **Senegal** to **The Gambia**, the reverse of the situation before the <u>devaluation</u>. Since the <u>border closure</u> does not seem to have applied to those products, although the flow of groundnuts was somewhat restricted, the level of trade has not been impeded by the that measure, or the <u>non-convertibility</u> of the CFAF.

<u>Postscript</u>

It is much too soon to assess the impact of the change in government in **The Gambia**, if any, on the re-export trade with the neighboring countries, as the change came about at a time that large quantities of inventory were reported to be available at importers/wholesalers' warehouses. However, while importers in **The Gambia** are believed to be trying to assess the implications of the change in government before placing new orders, traders in **Senegal** are believed to be establishing and strengthening new markets in the neighboring countries.[58]

[58] It should be borne in mind that the reported uncertainties following the military coup came about at a time that businesses in The Gambia were facing difficult prospects on account of the external shocks, as has been discussed in this report.

ANNEX 1

IMPORT DUTIES (TOTAL) BY COUNTRY[a]
(figures in per-cent)

Commodity	The Gambia	Senegal	Guinea-Bissau	Guinea-Conakry
Rice	10	115	10	30
Sugar	21	Prohibited	32	30
Textiles	21	81--115	30	30
Tomato Paste	21	70	22	30
Vegetable oil	21	70	12	30

Note: [a] Source: GPA; figures for Mali are not available.

ANNEX 2

ESTIMATES OF LOCAL CONSUMPTION OF RE-EXPORTABLES USING SDA DATA

	DIVISION							
	Bjl	KMA	WD	NBD	LRD	MID	URD	TOTAL
1. Expenditure per Person[a]								
Rice	273	253	248	251	254	209	113	
Sugar	129	106	83	67	59	72	71	
Tomato Paste	74	46	33	26	22	29	16	
2. Price per kilogram								
Rice	3.21	3.10	3.17	3.16	3.29	3.04	3.03	
Sugar	4.93	5.00	5.13	5.51	5.41	5.00	4.70	
Tomato paste	15.29	15.56	19.41	18.83	14.26	14.55	18.16	
3. Consumption per Person (kg)								
Rice	85.05	81.61	78.23	79.43	77.21	68.75	37.29	
Sugar	26.17	21.20	16.18	12.16	10.91	14.40	15.11	
Tomato paste	4.84	2.96	1.70	1.38	1.54	1.99	0.88	
4. Population(000)	**42.41**	**228.95**	**233.06**	**154.34**	**64.69**	**154.91**	**147.51**	
5. Total Consumption[b]								
Rice	3,607	18,684	18,233	12,259	4,995	10,650	5,501	73,928
Sugar	1,110	4,854	3,771	1,877	706	2,231	2,229	16,777
Tomato paste	205	678	396	213	100	308	130	2,030

Note:
[a] in Dalasis per year--includes purchases and the Dalasi equivalent of consumption of own produce;
[b] in tonnes;

The Expenditure figures have been extracted from the unpublished 1992-93 SDA Household Economic Survey; the Prices have been extracted from the 1992/93 SDA Price Survey Report--The Gambia; the production figures from the 1993/94 National Agricultural Sample Survey Report, and the import figures were obtained from the Gambia Ports Authority.

ANNEX 3

ESTIMATES OF RE-EXPORT VOLUMES BY GPA

Table A1

GPA: Estimates of Re-export volumes and Geographic Distribution; 1992/93
(figures in '000 metric tonnes)

			Destination				
Commodity	**Import volume**	**% re-export**	**Senegal**	**Guinea Bissau**	**Guinea Conakry**	**Mali**	**Total**
Rice	106	65	45	10	-	14	69
Flour	28	65	3	10	-	5	18
Sugar	67	75	23	18	5	3	51
Tomato paste	9	90	7	1	-		8
Tea	2	75	1	-	-		2
Textiles	9	85	2	1	1	3	7
Vegetable oil	8	65	2	3	-		5
Sub-total	**232**	**70**	**83**	**45**	**6**	**25**	**162**
Milk products	15	55	2	4	1	...	8
Used Clothing	5	60	...	2	...		3
Corrugated iron sheets	5	10		...	...		1
Garments	1	50		...	...	...	1
Rubber footwear	5	65	2	...	...	...	2
General cargo	100	35	18	9	2	5	35
Total	**362**	**86**	**106**	**61**	**10**	**31**	**213**

Table A2

GPA: Re-exports by Country of Destination; 1992/93
(figures in tonnes)

Country	**Volume of Re-export**	**Per-centage of Total Re-exports**
Senegal	106,000	50
Guinea-Bissau	61,000	29
Guinea-Conakry	10,000	5
Mali	31,000	15
Others	5,000	2
Total	**213,000**	**100**

ANNEX 4

COMPARATIVE COST OF TRANSPORTATION TO THE GAMBIA'S NATURAL HINTERLAND FROM THE VARIOUS PORTS[59]

1. Table A3 presents an example of tariffs and charges applicable to a call liner vessel from Rotterdam. Import duties have been based on the equivalent worth of US$ 15,000 worth of rice. Note that the total is for the cost of the container ex-port (gate)

Table A3

Total transport cost Rotterdam -- West African port (gate) [US$/TEU]

Port	Dakar	Banjul	Bissau	Conakry
Pilotage	3	13	3	2
Towage[a]	P.M.	P.M.	P.M.	P.M.
Port dues	120	30	12	24
Quay dues	8	8	0	17
Other charges	0	0	46	0
Stevedoring	140	125	350	115
Total	271	176	411	158
sea freight	1,500	1,680	2,700	1,440
Shorehandling	55	45	150	50
Duties	4,900	1,500	1,500	4,500
TOTAL	6,455	3,255	4,350	5,990

[a] Per move

2. Based on an average of US$ 2 per kilometer per TEU, the following costs of hinterland road transport costs are arrived at. To those the ex-port gate costs are added to arrive at the total indicative costs for different locations in The Gambia's natural hinterland.

Table A4

Distances and costs of hinterland transport [US$/TEU]

Port	Dakar			Banjul			Bissau			Conakry		
Destination	km	cost	Total	km	cost	Total	km	cost	Total	km	cost	Total
Tambacounda	440	880	7,335	500	1,000	4,225	520	1,040	5,390	760	1,520	7,510
Kayes	700	1,400	7,855	760	1,520	4,745	800	1,600	5,950	1040	2,080	8,070
Basse	440	880	7,335	380	760	3,985	350	700	5,050	640	1,280	7,270
Gabu	550	1,100	7,555	520	1,040	4,265	200	400	4,750	660	1,320	7,310
Labe	850	1,700	8,155	780	1,560	4,785	520	1,040	5,390	340	680	6,670

[59]The figures have been provided by GPA