

## Sub-Saharan Report

Sub-Saharan Africa is one of the focal regions of Global Challenge 2015.

These reports are by Mr. Kenshi Tsunemine, an expatriate employee working in Johannesburg with a view across the region.

### Vol. 3: Senegal

September 10, 2014

Hello, everyone. In West Africa, the Ebola virus is spreading like wildfire and has become a tremendous concern. This time, as part of my Sub-Saharan Report series, I am going to introduce Senegal, which is located on the west end of the African continent.

Many people may be more familiar with the name of the capital city Dakar than the name of the country because of the famous international motor sport rally raid (off-road race) which was formally called the Paris-Dakar (now The Dakar).

The west side of Senegal faces the Atlantic Ocean and Dakar is located in Cape Verde, the westernmost point of Africa. Senegal has a diverse climate. The north side faces the Sahara Desert and has a dry climate. The middle of the country has a savanna-type climate with dry periods, while the southern part of the country has a tropical climate.

When I visited Dakar this past July, it was the beginning of the rainy season and so it was not so humid (pictures 1 and 2).



Pictures 1 and 2: The Atlantic Ocean from Cape Verde

French is the official language of Senegal. Presently, about 95% of its citizens profess the Islamic faith, which spread there in the 11th century. From a religious sense, Senegal is not so strict; tourists can drink alcohol in hotels and restaurants, and women dress without necessarily having to be covered. When I visited Senegal it was during month of Ramadan (period of fasting) and I wasn't able eat dinner together with clients, etc. (dinner is served after sunset with special foods eaten together with family or the local community).

Senegalese cuisine, which I tried at a hotel, seemed, if I'm not mistaken, sophisticated and French-like [picture 3].



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In order for the Marubeni Research Institute to acquire live information from the field and contribute to the Company's strategy, young Marubeni staff well-versed in economic and industry analysis have been posted to the region.



**Picture 3:** Senegalese pilaf called Ceebu Yapp



**Picture 4:** In front of the airport at 4:30 a.m.

Historically, Senegal became a colony of France after the signing of the Treaty of Paris in 1783. It attained independence in 1960 from France. The first president was Mr. Senghor of the Socialist Party of Senegal. Mr. Diouf, who was a prime minister in his cabinet, succeeded him in 1981. The Socialist Party ruled Senegal stably for a long period of time following independence (note 1).

However, in the presidential election of 2000, Mr. Wade of the Senegalese Democratic Party was victorious due to growing public frustration with the long-term government and the government changed hands for the first time since independence. In the presidential election of 2012, Mr. Sall, who had left the Democratic Party, was elected over Mr. Wade as complaints of Mr. Wade’s handling of his second administration had heightened and a changeover in government again took place. In this way democratic regime change has been carried out on a fairly regular basis and Senegal has become famous as a country in West Africa where democracy has taken root.

The president’s term runs for 7 years and the next election is planned for 2019. However, due to the dissatisfaction with long ruling governments, Mr. Sall pledged to shorten his term during his campaign for president. If a high support rate for this is confirmed, he will likely shorten the term to 5 years as promised and so there is the possibility of a presidential election taking place in 2017.

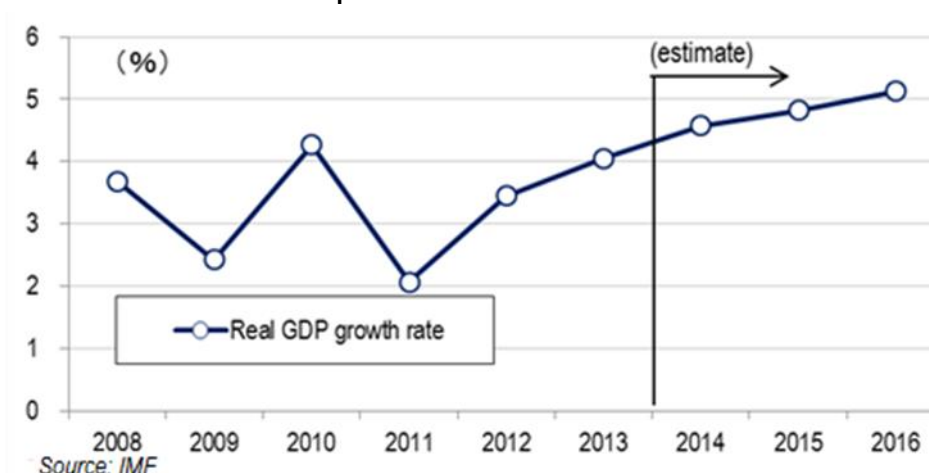
In terms of the economy, Senegal has a population of 14 million people and its nominal gross domestic product was \$15.2 billion in 2013 [table 1]. Since 2000, Senegal has maintained a comparatively stable average annual growth rate in the upper 3% range (graph 1). Senegal also belongs to the West African Economic and Monetary Union (UEMOA). It is the 4th largest economy among the UEMOA’s 15 countries, following Nigeria, Ghana, and Côte d'Ivoire. Senegal is one of the main economies in West Africa and the Central Bank of West African States is located in Dakar (note 2).

**Table 1: Senegal Country Information**

Basic Data (2013)	
Population	14.1 million
Land Area	197 thousand km <sup>2</sup>
Nominal GDP	\$15.2 billion
Per Capital GDP	\$1,073
Official Language	French

Source: IMF

Graph 1: Real GDP Growth Rate



Senegal's main industries are agriculture (peanuts, millet, cotton), fisheries (tuna, bonito, prawn, octopus), and phosphate and related fertilizer production, etc. In particular, domestically produced phosphate and phosphoric acid together make up 12% of all export items. Peanut production is also thriving and Senegal ranks as one of the top 10 peanut producers in the world (tables 2 and 3).

Items	Amount (million CFA)	Share (%)
non-metallic mineral	222,336	17.7
petroleum products	183,987	14.6
phosphoric acid	140,353	11.1
fishery product	134,483	10.7
cement	111,909	8.9
peanuts	20,624	1.6
cotton, cotton products	11,028	0.9
salt	8,745	0.7
phosphate	8,067	0.6
leather product	3,329	0.3
fertilizer	3,114	0.2
other products	411,406	32.7
Total	1,259,381	100.0

Source: Ministry of Economy and Finance

1 CFA = 0.21 JPY (8/31)

Rank	Country	(t)
1	China	16,800,000
2	India	5,779,000
3	Nigeria	3,070,000
4	United States	3,057,850
5	Myanmar	1,371,500
6	Sudan	1,032,000
7	Tanzania	810,000
8	Indonesia	712,874
9	Argentina	685,722
10	Senegal	672,803

Source: FAO

In Senegal, as much as 20% of its GDP comes from such primary industries as agriculture and mining, which means that Senegal's economic development still has a long way to go. Given such a situation, improving efficiency in fertilizer production through the use of phosphate is one of the keys to further industrialization.

Recently, due to the impact of the Ebola virus, countries in the West African region have become more difficult to access. However, while taking into consideration the risks, we shouldn't ignore the chance to explore the abundant new mineral and

other resource development opportunities there. So, one needs to keep an open mind and look at these countries without undue bias, and maintain one's focus on the economic potential and business opportunities in Senegal and West Africa.

### **Ebola Virus Report**

Recently I think that the names of three countries - Guinea, Liberia, and Sierra Leone - have been heard frequently in regard to this. However, in addition to these countries, deaths from Ebola also occurred later in Africa's most populous country, Nigeria. The tightening of borders by neighboring countries against people from infected countries and the banning of direct flights from infected countries show the impact of the spreading virus. At this point (September 8), no infections have yet been reported in South Africa, however the South African government does recognize the high risk that these countries pose from the expansion of the virus and is taking the following precautions on entry into South Africa from these countries:

- 1) South African citizens: Must fill out a comprehensive health questionnaire in advance of re-entry, and if anything unusual (abnormal) is found a detailed examination will be carried out.
- 2) Non-citizens: A full ban on entry to South Africa from these countries, except in the most compelling cases.

Also, many people from West Africa coming to South Africa transit through such countries as Nigeria, Kenya and Ethiopia, which have now been labeled medium risk countries. A medical check-up is now required for entry into South Africa from those countries and there is the possibility of being quarantined for any of those found with a low-grade fever. So, any business trips to these areas should be planned with these points in mind.

In addition, when I visited Senegal this past July there were no entry and exit restrictions in place in each of these countries. However, following my July visit, a person who entered Senegal from Guinea was found to have the Ebola virus (9/1). However, no deaths from Ebola have been confirmed in Senegal yet (as of 9/8).

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**Note 1:** *Note that the country of Gambia, which was at one time British, is almost completely surrounded by Senegal. Senegal intervened in a coup d'état in Gambia in 1981 and soon after the Senegambia Confederation was formed, lasting until 1989 when it was terminated due to deteriorating relations.*

**Note 2:** *Senegal's currency is the CFA franc. The CFA franc consists of the West African CFA franc (XOF) and the Central African CFA franc (XAF) which are guaranteed by the French treasury. 8 countries in the UEMOA, including Senegal, use the CFA franc (XOF).*

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