

Senegal

Agricultural products account for 20 percent of Senegal's total merchandise exports, while food imports absorb 29 percent of total foreign exchange earnings. Agricultural exports are dominated (to the extent of over 50 percent) by groundnut products, followed by cotton, fruit and vegetables and hides and skins. Senegal is a net food importer, particularly for rice, which represents almost 75 percent of cereal imports.

Policies related to agriculture

Reform of the agricultural sector began in the 1980s under a structural adjustment programme. It involved principally the elimination of direct government support and the privatization of State holdings in major enterprises along with the dismantling of certain trade privileges which had enlarged the scope of the private sector.

The CFA franc was devalued in January 1994, but exports did not increase as expected. So far, there has been little difficulty in meeting WTO commitments, but a freer environment in the future may adversely affect some agricultural sectors and industries, such as: onions, rice, sugar and tomato paste.

The liberalization policies have brought about new forms of organization in agriculture, such as the Economic Interest Groupings (EIG), national federations, professional associations and national NGOs. They have also resulted in a more diversified supply of products for consumers.

In general, its market access commitments do not seem to impose any real constraint on Senegal's border policy. The bound rates are too high to provide effective protection against import-competing products. Actual border policies seem to be governed more by domestic structural adjustment programmes (SAPs) and regional trading agreements (RTAs) in which Senegal is involved. Under SAPs, the bulk of non-tariff barriers existing before 1995 have been abolished and import tariffs and duties have been considerably lowered.

Changes in trade policy

Senegal is a signatory of a number of RTAs, and has recently implemented a series of changes in trade policy in order to comply with these agreements. The most significant of which was the far-reaching reduction in border tariffs following its application of the Common External Tariff (CET) of the West African Economic and Monetary Union (UEMOA)¹ in January 2000. Under the CET, Senegal lowered its top rate, setting its tariff for four product categories with rates of 0, 5, 10 and 20 percent (Table 1).

¹ UEMOA (Union Economique et Monétaire Ouest Africaine) is the regional trade agreement of West African countries, comprising Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo.

Table 1: Common External Tariff (CET) of UEMOA

Category/products	Tariff
<u>Category I</u> : Essential social products: pharmaceutical products, books, newspapers, etc.	0%
<u>Category II</u> : Basic consumption products: raw materials, equipment and specific inputs, etc.	5%
<u>Category III</u> : Intermediate consumption products and inputs	10%
<u>Category IV</u> : Final consumption products and all other products not listed in I-III	20%

Source: Ministry of Economy, Finance and Planning of Senegal

Most of the agricultural products fall within categories III and IV with CET of 10 and 20 percent, respectively. To conform with the CET, the surtaxes were eliminated, except for millet, onions, potatoes, sorghum, banana, maize, cigarettes, rice, and oil products until the effective implementation of the *Taxe Conjoncturelle à l'Importation* (TCI). Obviously, these commitments are much more restrictive than those made under the AoA. They have provoked a wide-ranging debate on their possible implications for the Senegalese economy. Concerns were expressed on their possible negative effects on fiscal revenue and agricultural producers. The benefits from RTAs were seen to originate mainly from exports of industrial products to regional trading partners.

Senegal has not notified any domestic support measures since 1995.

Rice in food imports

Senegal is a large net agricultural importer.

Food imports accounted for almost 90 percent of total agricultural imports in 1998, averaging 85 percent in 1985-1998. Five product or product groups accounted for around 80 percent of the total: cereals (rice and wheat) (46 percent); dairy products (8 percent); refined sugar, vegetable oils (oil of colza, oil of soybean) (20 percent); and fruit and vegetables (6 percent).

Rice is a staple food, the domestic production covers only one third of consumption requirements.

Liberalization of the rice sector

There has been a progressive liberalization of the sector:

- 1984: Abolition of the stabilization system and the subsidy provided to rice producers;
- January 1992: Abolition of the requirement of prior authorization to import rice;
- Mid-1994: Abolition of the administered price of domestic paddy rice;
- March 1995: liberalization of wholesale and consumer prices of broken rice and application of a surtax of 20 percent on imported intermediate and whole rice.

These measures, along with the devaluation of the CFA franc in 1994, did not favour domestic production, which has not increased substantially since the early 1980s. Imports, on the other hand, have increased in value as well as in quantity since the 1970s and reached 440 000 tonnes in 1995, despite the devaluation.

To limit imports, the Government introduced a surtax of 20 percent on imported rice, as explained in Section II above. This measure has not yet produced the expected effect on the competitiveness of local production. Domestic producers face high costs of production in a very competitive market, and in the long term this sector is unlikely to survive without some protection from imports.

Agriculture and trade issues in next future

Senegal participated actively in the UR, motivated as regards agriculture by the desire to preserve existing preferences, secure special and differential treatment for developing countries and gain compensation for the potentially adverse effects of higher world prices of food. Several developments that have taken place since 1995, including the experience of implementation of the AoA, by both Senegal and its trading partners, together with the deepening of many of the RTAs in West Africa have increased the country's stake in multilateral negotiations on agriculture.

As an exporter of agricultural products, Senegal has expressed its concerns over the need for increased access to the markets of developed countries. Most of its exports, e.g. groundnut oil and tomato paste, compete both domestically and abroad with subsidized products of other countries. On the other hand, as a net food importer, Senegal is against the immediate and complete elimination of export subsidies on cereals.

In common with a number of West African economies, Senegal faces not only the problem of a weak and unstable export base but also that of a growing import burden as consumption shifts away from traditional coarse grains (millet) towards imported commodities such as rice. Accordingly, Senegal is recognized by WTO as a net food-importing developing country (NFIDC) eligible for assistance under the Marrakesh *Decision*.