

## I. ECONOMIC ENVIRONMENT

### (1) OVERVIEW

1. Since the first review of its trade policy in 1998, Burkina Faso has modified its development programme and in 2000 adopted a Poverty Reduction Strategy Paper (PRSP), which was first revised in September 2003.<sup>1</sup> It has also continued with its macroeconomic stabilization structural reform programme with the support of a Poverty Reduction and Growth Facility (PRGF) from the IMF, renewed in June 2003. Under the PRSP, the main objectives of the authorities in Burkina Faso are to control government finance, support the common monetary policy of the West African Monetary Union (WAMU), speed up structural reform and implement an ambitious social programme in order to alleviate poverty.<sup>2</sup> Burkina Faso was only able to meet three of the WAEMU's first six economic convergence criteria in 2003.

2. Burkina Faso's economic growth depends above all on trends in the primary sector, which fluctuate considerably on account of climate variation; the manufacturing sector is little developed. Average rates of economic growth of 7 to 8 per cent over the period 2000-2014 would be needed to double the per capita gross domestic product (GDP). The growth forecast for 2003 is 5.5 per cent and the cereal surplus during the 2003-2004 season amounts to over 1 million tonnes. This satisfactory performance has resulted in an inflation rate of 2 per cent. The informal sector remains important, but its extent has not been fully circumscribed.

3. According to the UNDP, Burkina Faso, which is a landlocked country and is one of the poorest of the "least developed countries (LDCs)", is 173<sup>rd</sup> out of 175 countries as far as its human development level is concerned.<sup>3</sup> Under the Heavily Indebted Poor Countries Initiative (HIPC), Burkina Faso was given additional relief from its external debt in April 2002<sup>4</sup>, in addition to the reduction already granted in July 2000.<sup>5</sup> This reduction is the result of sustained efforts to reform and is intended to ensure that the indebtedness criteria do not exceed the thresholds set in the HIPC.

4. The crisis in Côte d'Ivoire has affected trade since it broke out in September 2002. Its impact is felt mainly in the higher cost of transport through channels other than the port of Abidjan, the decrease in transfers by Burkina workers living in Côte d'Ivoire and the unavailability of inputs or consumer goods. There have been few changes since the first review as regards the structure of exports, which are still not very diversified and are mainly composed of unprocessed primary products. The EU remains Burkina Faso's leading trade partner, but the shares of Switzerland and the WAEMU have increased sharply to the detriment of Asia.

### (2) BACKGROUND<sup>6</sup>

5. Burkina Faso covers an area of 274,200 km<sup>2</sup>. It has common borders with Mali to the north, Niger to the east, Benin and Togo to the south and Ghana and Côte d'Ivoire to the west. With the exception of Ghana, all the neighbouring countries belong to the West African Economic and

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<sup>1</sup> Government of Burkina Faso (2000).

<sup>2</sup> IMF (2003a).

<sup>3</sup> UNDP (2003).

<sup>4</sup> IMF Press Release No. 02/21. The nominal value of the reduction is US\$230 million and US\$129 million in current value terms.

<sup>5</sup> IMF Press Release No. 00/42. The nominal value of this reduction is US\$700 million and US\$198 million in current value terms.

<sup>6</sup> The main sources consulted were: UNDP (2003); IMF (2003a); IMF 2003(b).

Monetary Union (WAEMU). Burkina Faso is at the heart of the Sahel and has a Sudan-type tropical climate marked by two seasons: a dry season and a rainy season known as “winter”.

6. In 2002, its population was estimated to be some 11.9 million, of whom 19 per cent lived in urban areas (the capital Ouagadougou and Bobo-Dioulasso). Around 2.7 million Burkina citizens are seasonal or permanent migrants, particularly to countries of the subregion, and 1.4 million live in Côte d’Ivoire. As a result of the high rate of demographic growth (the birth rate is 3 per cent per annum), around 47 per cent of the population is under 15 years of age according to the latest census in 1996. Average life expectancy is 54 years, which is a marked increase since the first review when it was 45.8 years. Around 25 per cent of the adult population is literate.

7. Burkina Faso’s gross domestic product (GDP) was estimated by the IMF to be CFAF 2,179 billion in 2002 and US\$252 per capita in 2000. Burkina Faso’s economy chiefly depends on the primary sector (principally cotton and livestock), which made up some 32 per cent of nominal GDP in 2002 (Table I.1), and whose knock-on effect has an impact on all Burkina Faso’s economic activities. The primary sector is the major source of income and jobs for some 86 per cent of the working population (Chapter IV(2)) and provides over half of export earnings from goods (see below). Mining is expanding, but manufacturing is little developed (Chapter IV(4)). Commercial services account for 30 per cent of nominal GDP (Chapter IV(5)). It should be noted that these data are not considered to be wholly reliable because of the size of the informal sector.<sup>7</sup>

**Table I.1**  
**Basic economic indicators for Burkina Faso, 1998-2002**  
(Share of GDP at current prices)

|                               | 1998        | 1999        | 2000        | 2001        | 2002        |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Primary</b>                | <b>34.5</b> | <b>35.5</b> | <b>33.9</b> | <b>33.3</b> | <b>31.8</b> |
| Agriculture                   | 19.3        | 19.9        | 18.5        | 18.7        | 17.8        |
| Livestock                     | 10.8        | 11.1        | 10.8        | 10.3        | 9.6         |
| Fishing and forestry          | 4.4         | 4.5         | 4.2         | 4.4         | 4.4         |
| <b>Secondary</b>              | <b>17.2</b> | <b>4.0</b>  | <b>4.0</b>  | <b>2.9</b>  | <b>2.5</b>  |
| Mining and manufacturing      | 12.5        | 11.2        | 10.8        | 17.4        | 18.5        |
| Electricity, gas and water    | 1.3         | 1.1         | 1.2         | 1.4         | 1.5         |
| Construction and public works | 3.4         | 4.6         | 4.2         | 4.2         | 4.4         |
| <b>Tertiary</b>               | <b>46.0</b> | <b>45.0</b> | <b>48.4</b> | <b>48.0</b> | <b>48.8</b> |
| Trade                         | 13.6        | 17.7        | 18.1        | 16.9        | 16.3        |
| Transport                     | 3.7         | 3.6         | 3.7         | 3.8         | 3.9         |
| Government                    | 18.5        | 19.9        | 20.8        | 19.8        | 20.0        |
| Other services                | 10.2        | 9.4         | 10.4        | 10.6        | 10.8        |

Source: IMF (2003b).

### (3) RECENT ECONOMIC DEVELOPMENTS<sup>8</sup>

#### (i) Macroeconomic indicators

8. The trend in economic activities in 2003 was chiefly marked by significant progress in agricultural production. This increase enabled the growth rate to remain at 5.5 per cent in real terms

<sup>7</sup> According to a study provided by the authorities, the informal sector employs 74.3 per cent of the working population living in Ouagadougou. It provides 92.3 per cent of jobs in businesses, 80 per cent of those working in industry and 48.5 per cent of jobs in the services sector. It is concentrated in small concerns, including self-employment.

<sup>8</sup> The main sources consulted were: IMF (2003a); IMF (2003b).

and has ensured control of inflation, which is 2 per cent. The rate of economic growth is rising in comparison with 4.6 per cent in 2002 (Table I.2), and is well above that expected at the beginning of 2003 when prospects were bleak because of the crisis in Côte d'Ivoire. As a result of expansion in the rural sector in particular, the average rate of growth of 4.7 per cent during the period 1996-2002 represents an increase of 1.2 per cent in comparison with the 3.5 per cent recorded for the pre-devaluation period 1990-1995.

**Table I.2**  
**Economic indicators for Burkina Faso, 1998-2002**

|                         | 1998   | 1999   | 2000   | 2001   | 2002   |
|-------------------------|--------|--------|--------|--------|--------|
| (Percentage)            |        |        |        |        |        |
| <b>Real economy</b>     |        |        |        |        |        |
| Change in real GDP      | 1.0    | 6.7    | 1.6    | 4.6    | 4.6    |
| - Primary               | 7.1    | 3.7    | -3.7   | 8.3    | 1.2    |
| - Secondary             | -9.7   | 6.0    | 8.3    | 0.7    | 10.4   |
| - Tertiary              | 1.7    | 8.4    | 5.5    | 4.2    | 5.3    |
| (CFAF billions)         |        |        |        |        |        |
| <b>External economy</b> |        |        |        |        |        |
| Current transactions    | -157.6 | -197.5 | -227.0 | -213.3 | -206.1 |
| - Balance in goods      | -183.6 | -201.2 | -222.2 | -209.5 | -210.9 |
| - Exports, f.o.b.       | 190.6  | 156.2  | 146.4  | 163.8  | 170.8  |
| - Imports, f.o.b.       | -374.2 | -357.4 | -368.6 | -373.3 | -381.7 |
| - Services (net)        | -73.5  | -70.8  | -77.3  | -76.7  | -72.5  |
| - Current transfers     | 106.5  | 85.7   | 86.8   | 90.8   | 81.7   |
| Capital account         | 89.5   | 120.4  | 132.6  | 144.6  | 112.6  |
| Financial transactions  | 41.1   | 69.5   | 62.3   | 70.8   | 109.4  |
| - Direct investment     | 2.6    | 5.3    | 16.3   | 6.0    | 9.3    |

Source: IMF (2003b); Ministry of Finance and Budget (2003a).

9. As regards the external economy, Burkina Faso has a deficit in current transactions, as was the case at the time of the first review. This is a structural deficit because unrequited transfers account for around half of export earnings from goods, which remained stable in 2003 despite the crisis in Côte d'Ivoire. The deficit in trade transactions has grown considerably since the first review in 1998 due to the fall in exports because the level of imports remained the same. According to the Burkina authorities, the fall in exports can be explained by the decline in earnings from cotton in CFA franc terms, even though domestic production of cotton has expanded (Chapter IV(2)(ii)(b)). The reason for this is the trend to lower global prices for cotton and the United States dollar/euro exchange rate as the CFA franc is anchored to the euro. According to the WAEMU Commission, the current account deficit reached CFAF 278.9 billion in 2003, a marked increase in comparison with 2002.<sup>9</sup>

<sup>9</sup> WAEMU Commission (2004).

**(ii) Monetary and exchange policy**

**(a) Institutional arrangements**

10. The countries belonging to the West African Economic and Monetary Union (WAEMU), including Burkina Faso, have common monetary and exchange policies.<sup>10</sup> The WAEMU complements the WAMU by an economic integration component (Chapter II(4)(ii)), and incorporates its provisions, including a common currency administered by the Central Bank of West African States (BCEAO), a specialized and autonomous institution of the WAEMU.<sup>11</sup> Burkina Faso, like the other member countries of the WAEMU, accepted Article VIII of the IMF's Articles of Agreement on 1 June 1996.

11. The franc of the African Financial Community (CFA) is the WAMU's currency unit. Until 1 January 1999, when the euro became the currency of countries belonging to the European Monetary Union, including France, the CFA franc had fixed parity with the French franc.<sup>12</sup> The CFA franc now has fixed parity with the euro: CFAF 1,000 = €1.52449017.<sup>13</sup> The introduction of the euro did not lead to any substantive changes as far as the arrangements in the franc zone are concerned.<sup>14</sup>

12. The BCEAO is responsible for issuing CFA francs and ensuring their stability. Its responsibilities are set out in its articles of incorporation as follows: to implement the monetary policy guidelines defined by the WAMU Council of Ministers; to transact exchange operations; to hold and administer member countries' exchange reserves; and to promote the proper functioning of the Union's system of payments. Consequently, no monetary policy is implemented at the national level.

13. The BCEAO defines its monetary policy in such a way as to maintain the rate of external cover for the currency at a satisfactory level and to sustain economic activities in member countries without inflationary pressure. The BCEAO administers monetary policy in each member country by fixing objectives for the money supply and credit on an annual basis. These take into account the general financing needs of each member country's economy and the resources needed to meet them, as determined by each national Credit Committee. The BCEAO's articles of incorporation provide a ceiling for advances to national treasuries, which are subject to an interest rate fixed by the BCEAO with a penalty if the ceiling is exceeded. Advances were frozen in each member State at the 31 December 2002 levels and then consolidated over 10 years at an interest rate of 3 per cent. States are called on to issue public securities on the WAMU's financial market.

14. Maintaining a common monetary policy calls for financial discipline on the part of each member country, which retains its own decentralized economic policy. The WAEMU has established a Convergence, Stability, Growth and Solidarity Pact,<sup>15</sup> subject to multilateral monitoring since 2000. According to the latest data from 2003, Burkina Faso has been able to satisfy three of the first six

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<sup>10</sup> The WAEMU Treaty was signed on 11 January 1994 by Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal and Togo; Guinea-Bissau acceded to the Treaty on 1 January 1997.

<sup>11</sup> Monetary cooperation among member countries of the WAMU, created in 1962 with a new Treaty signed in 1973, and France dates back to the colonial era. The BCEAO is the result of a monetary cooperation agreement signed with France in 1972 and supplemented by the transactions account agreement of 1973.

<sup>12</sup> When the CFA franc was devalued by 50 per cent in 1994, the fixed rate became CFAF 1,000 = F 10.

<sup>13</sup> The same parity applies to the CFA (Central African Financial Cooperation) franc, which is the currency of the member countries of the Central African Economic and Monetary Union (CEMAC), whose structure is similar to that of the WAEMU.

<sup>14</sup> Decision of the Council of the European Union of 23 November 1998 concerning exchange matters relating to the CFA franc and the Comorian franc (98/683/EC).

<sup>15</sup> Additional Act No.4/99.

convergence criteria.<sup>16</sup> The time-limit set for 2000 has been postponed until mid-2005 because of the problems encountered by the WAEMU member States in meeting the principal convergence criteria.

(b) Foreign exchange regulations<sup>17</sup>

15. Foreign exchange transactions in euros between the BCEAO and approved intermediaries are at a fixed rate. Foreign exchange transactions in euros by economic operators may be subject to a commission. In addition, the buying and selling rates for other currencies are determined on the basis of the rate for the euro on the foreign exchange market.

16. Any foreign exchange operation in Burkina Faso must be conducted through intermediaries approved by the Minister for Finance. Banks and post offices levy a commission of 0.25 per cent on transfers outside the WAEMU and this is handed over to the Treasury.

17. Administrative, customs and banking procedures for goods imported into Burkina Faso have not changed since the first review in 1998.<sup>18</sup> Imports whose value exceeds CFAF 5 million must be domiciled with an approved bank.

18. Payments (except for transactions in gold and the issue, advertising and sale of financial instruments) and transfers of capital within the WAEMU are free. The main provisions of the common regulations governing foreign exchange with third countries are the following:

- Sums to cover current transaction operations may be freely transferred subject to the submission of supporting documentation;
- the obligation to repatriate earnings from exports to countries outside the WAEMU and their conversion into CFA francs within 150 days following the shipment of the goods;
- capital may enter freely from any country; and
- outflow of capital to countries outside the WAEMU is subject to verification based on the submission of supporting documentation (attestation and issue of a transfer authorization by the services of the Ministry of the Economy and Finance).<sup>19</sup>

19. Burkina Faso allows foreign investors to repatriate capital invested and the profits from their operations, as well as savings on salaries by expatriate staff (Chapter II(3)(iii)(c)).

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<sup>16</sup> WAEMU Commission (2004).

<sup>17</sup> IMF (2003d).

<sup>18</sup> Decree No. 97-466/PRES/PM/MEF/MCIA of 30 October 1997 and its implementing texts.

<sup>19</sup> According to the provisions of Article 6 of Regulation No. 09/98/CM/UEMOA on financial relations among member States of the WAEMU, investment, loans, deposits and in general all capital movements among member States of the WAEMU are free and are not subject to restrictions, pursuant to Articles 76, paragraph (d), 96 and 97 of the WAEMU Treaty and Article 4 of the WAMU Treaty.

(iii) **Budget policy**<sup>20</sup>

20. Since the first review of its trade policy, Burkina Faso has seen a deterioration in its basic overall deficit: between 1998 and 2002, income and grants decreased from 19.4 per cent to 17.3 per cent of GDP, while spending increased slightly from 22.1 per cent to 22.3 per cent of GDP. Nevertheless, in 2002, Burkina Faso paid off all wage arrears. The basic budgetary deficit (including expenditure related to the HIPC Initiative) amounted to 2.5 per cent of GDP in 2003 in comparison with 3.9 per cent in 2002; despite this improvement, Burkina Faso has still not met the main convergence criterion within the WAEMU within the timetable set, although the WAEMU Commission considers that, in view of the current trend, this could soon be the case.<sup>21</sup>

21. Burkina Faso has seen a decrease in revenue from import duties from CFAF 55.4 billion in 1998 to CFAF 42.4 billion in 2002, which the authorities attribute to the liberalization of trade within the WAEMU. This trade accounted for only 16.3 per cent of revenue in 2002 compared with 25.8 per cent in 1998. The increase in income as the result of direct taxes on products and services (around half of which is levied by the customs), as well as an improvement in payment of taxes by enterprises and individuals, have more than offset this decrease; overall, 28.7 per cent of revenue was levied by the customs in 2002.

22. Revenue from import duties increased in 2003 despite the crisis in Côte d'Ivoire and the closure of the border. This increase can be explained by the substitution of products from Côte d'Ivoire by products originating outside the WAEMU, which are subject to the WAEMU's CET. Foreign trade duties therefore increased by 114.7 per cent to reach CFAF 40.8 billion.

23. In view of the important role in budget revenue played by duties and taxes on international trade, the authorities hope to improve the collection of customs duties and taxes, *inter alia*, by reviewing the exemptions in effect under the Investment Code, the Mining Code and government procurement financed from external funds. They also hope to improve the collection of domestic taxes, by focusing on the informal sector in particular.

24. As regards expenditure, it is Burkina Faso's intention to limit the increase in the payroll, which absorbs 21 per cent of total expenditure, by continuing to reform the civil service.

25. Since the first review, Burkina Faso has also enhanced the institutional framework for drawing up, implementing and monitoring the budget following the State's implementation of the new budgetary nomenclature and the harmonized accounting plan on 1 January 2003, pursuant to the relevant WAEMU regulations.<sup>22</sup> These reforms enhance transparency and good governance in government finance, as well as budgetary management as a whole, by combining operating and investment expenditure in a single budget.

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<sup>20</sup> IMF (2003a), Appendix I.

<sup>21</sup> WAEMU Commission (2004).

<sup>22</sup> Directives Nos. 5/97/CM/UEMOA, 6/97/CM/UEMOA, 4/98/CM/UEMOA, 5/98/CM/UEMOA and 6/98/CM/UEMOA, as amended.

**(4) TRENDS IN TRADE***Breakdown of trade*

26. Burkina Faso is one of the countries in the subregion whose trade has suffered the impact of the crisis in Côte d'Ivoire, which broke out in September 2002. Its flow of trade in 2003 was greatly affected by the closure of the border between Burkina Faso and Côte d'Ivoire following the disturbances on 19 September 2002, because 44.7 per cent of Burkina's foreign trade went through the port of Abidjan. The reopening of the border on 10 September 2003 raises hopes that traditional channels will be restored.<sup>23</sup>

27. According to the statistics available<sup>24</sup>, the structure of Burkina Faso's exports has not changed much since 1998 (Table I.3). Cotton is still the principal export, representing 55.2 per cent of exports in 2001, followed by livestock products (live animals, hides and skins) in second place with a share of 11.5 per cent in 2001. Burkina Faso's earnings from cotton exports fell by 20 per cent between 1998 and 2001, owing to the fall in global prices, which reached their lowest level for 32 years. A World Bank study on this question identified the support policies in developed countries as the cause and found that the fall in prices had had a significant impact on Burkina Faso and on the other countries for which cotton plays an important role in exports.<sup>25</sup> As was the case at the time of the first review, Burkina Faso exports its cotton chiefly to Switzerland and France and its live animals to countries in the West African subregion, namely Côte d'Ivoire and Ghana (Table I.4).

**Table I.3**  
**Structure of Burkina Faso's exports<sup>a</sup>, 1997-2001**  
(Percentage)

|  | 1997 | 1998 | 1999 | 2000 | 2001 |
|--|------|------|------|------|------|
| Primary products   | 78.5 | 83.1 | 83.2 | 80.0 | 79.9 |
| Agriculture  | 76.6 | 81.8 | 82.0 | 76.8 | 77.0 |
| - Live bovine animals and sheep                            | 9.4  | 8.1  | 8.4  | 8.5  | 7.1  |
| - Cotton   | 61.1 | 65.8 | 66.0 | 57.8 | 55.2 |
| Products of the mining and quarrying industry <sup>b</sup> | 2.0  | 1.3  | 1.2  | 3.2  | 3.0  |
| Manufactures   | 17.6 | 13.7 | 14.7 | 18.1 | 19.4 |
| - Hides and skins  | 7.5  | 2.7  | 2.3  | 3.4  | 4.5  |
| - Transport machinery and equipment                        | 5.3  | 4.8  | 5.6  | 4.6  | 6.0  |
| - Textiles   | 0.4  | 0.3  | 0.9  | 2.5  | 3.7  |
| Gold   | 3.9  | 3.2  | 2.2  | 1.9  | 0.7  |

<sup>a</sup> Including re-exports, which made up 10.7 per cent of exports in 1996, the latest year for which data are available.

<sup>b</sup> Excluding gold.

Source: UNSD Comtrade database.

<sup>23</sup> *Agence France Presse*, 10 September 2003.

<sup>24</sup> The composition and geographical structure of trade are difficult to circumscribe because of the size of the informal sector.

<sup>25</sup> Badiane, O., Ghura, D., Goreux, L. and Masson, P.R. (2002).

**Table I.4**  
**Destination of Burkina Faso's exports<sup>a</sup>, 1997-2001**  
(Percentage)

|                 | 1997 | 1998 | 1999 | 2000 | 2001 |
|-----------------|------|------|------|------|------|
| Europe          | 50.2 | 68.5 | 60.0 | 67.7 | 64.2 |
| European Union  | 30.6 | 34.9 | 43.0 | 39.0 | 36.1 |
| - France        | 14.8 | 22.6 | 22.3 | 21.6 | 21.7 |
| EFTA            | 19.4 | 33.4 | 25.7 | 28.5 | 27.9 |
| - Switzerland   | 18.7 | 33.4 | 25.2 | 28.5 | 27.9 |
| Asia            | 19.3 | 7.0  | 5.2  | 6.9  | 9.4  |
| - Singapore     | 4.3  | 5.3  | 3.9  | 5.4  | 6.0  |
| Africa          | 20.5 | 20.2 | 34.0 | 24.4 | 24.6 |
| - WAEMU         | 15.8 | 16.9 | 29.9 | 20.9 | 20.4 |
| - Côte d'Ivoire | 11.4 | 10.6 | 24.7 | 10.9 | 8.5  |
| - Mali          | 1.4  | 2.0  | 3.4  | 4.7  | 4.5  |
| - Niger         | 1.5  | 1.1  | 0.7  | 3.3  | 5.2  |

<sup>a</sup> Including re-exports, which represented 10.7 per cent of exports in 1996, the latest year for which data are available.

Source: UNSD Comtrade database.

28. Although the role played by exports of manufactures of Burkina origin is only modest at present, exports of cotton yarn are developing rapidly and accounted for 2.8 per cent of the total in 2001. In general, the structure of exports of manufactures reflects Burkina Faso's situation as a transit country, especially as regards transport machinery and equipment. On the other hand, manufactures occupy a predominant place in imports, particularly transport machinery and equipment (Table I.5). Burkina Faso also imports fuel and rice.

**Table I.5**  
**Structure of Burkina Faso's imports, 1997-2001**  
(Percentage)

|   | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|------|------|------|------|------|
| Primary products                              | 36.6 | 38.0 | 35.3 | 39.3 | 41.5 |
| Agriculture                                   | 17.5 | 21.3 | 18.4 | 13.2 | 15.6 |
| - Food products                               | 16.5 | 20.6 | 17.7 | 12.6 | 15.0 |
| Products of the mining and quarrying industry | 19.0 | 16.7 | 17.0 | 26.2 | 25.9 |
| - Fuel  | 18.0 | 15.8 | 16.0 | 25.2 | 25.1 |
| Manufactures                                  | 63.4 | 61.9 | 64.6 | 60.6 | 58.4 |
| - Chemicals                                   | 12.8 | 12.7 | 12.2 | 8.4  | 9.2  |
| - Transport machinery and equipment           | 31.3 | 28.6 | 33.9 | 37.1 | 33.3 |

Source: UNSD Comtrade database.

29. According to the official statistics, the EU was Burkina Faso's leading trade partner in 2001, France in particular (Table I.6). Côte d'Ivoire came in second place, but these data date from before the outbreak of the crisis there and are probably no longer relevant.



**Table I.6**  
**Origin of Burkina Faso's imports, 1997-2001**  
 (Percentage)

|                | 1997 | 1998 | 1999 | 2000 | 2001 |
|----------------|------|------|------|------|------|
| America        | 6.6  | 7.3  | 5.9  | 3.6  | 4.3  |
| Europe         | 50.6 | 49.3 | 45.3 | 42.2 | 40.8 |
| European Union | 44.8 | 45.0 | 41.2 | 40.0 | 37.2 |
| France         | 26.3 | 27.8 | 23.1 | 19.7 | 17.2 |
| Germany        | 4.2  | 3.6  | 4.7  | 6.5  | 7.9  |
| Asia           | 16.1 | 17.4 | 19.9 | 21.1 | 25.4 |
| Japan          | 8.8  | 8.0  | 11.2 | 11.6 | 11.8 |
| Africa         | 26.3 | 25.5 | 27.9 | 32.9 | 29.4 |
| WAEMU          | 19.4 | 20.7 | 22.8 | 24.4 | 22.0 |
| Côte d'Ivoire  | 18.2 | 19.2 | 20.0 | 22.3 | 19.8 |

Source: UNSD Comtrade database.

## (5) OUTLOOK<sup>26</sup>

30. According to the authorities, Burkina Faso's overall situation remains fragile, even though notable progress has been made as regards macroeconomic stabilization and structural reform. The economy depends mainly on growing cotton, transfers from Burkina nationals abroad and aid from development partners. The high cost of imports is an obstacle to the country's industrialization. Poverty reigns and the cover afforded by social services is limited. In the context of the PRSP, Burkina Faso is relying on an increase in the rate of economic growth by boosting traditional exports (cotton, gold) and expanding the manufacturing sector through a massive inflow of foreign direct investment attracted by the reform of the regulatory framework, fiscal incentives, the modernization of the financial sector, the impact of structural reforms on the economy's competitiveness, and the extension of the West African electricity network to the capital.

<sup>26</sup> IMF (2003a), Appendix I.