



TOGETHER
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OCCASION

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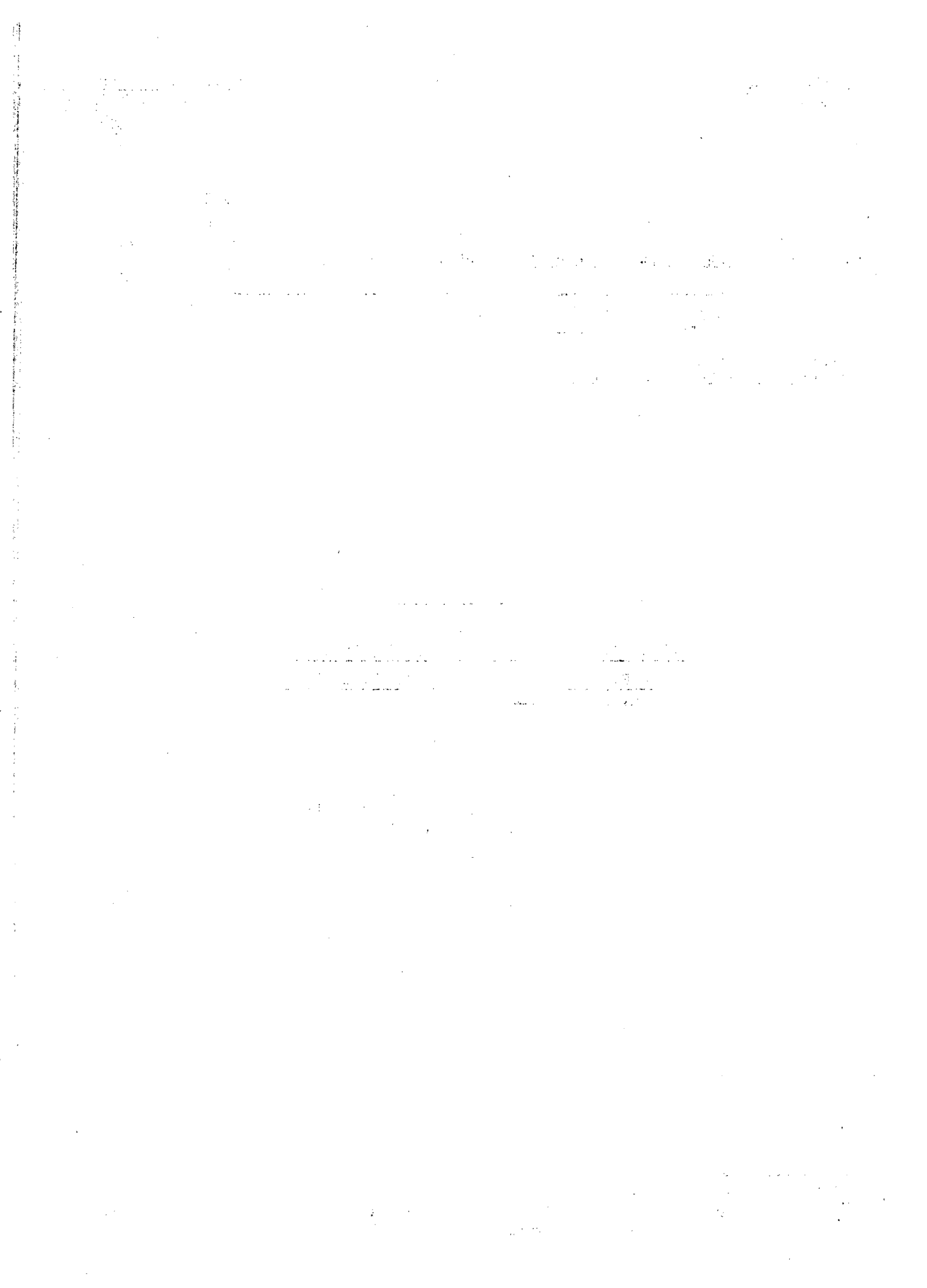
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I. General Considerations about Senegal

1.1 Senegal is situated on the West Coast of Africa facing the Atlantic Ocean. It is bordered by Mauritania on the north, Portuguese Guinea on the south, Guinea on the south-east and Mali on the east. Senegal is a flat country of about 200,000 square km and has a population of 4 million, 50% of which are less than 25 years old. Dakar, with a population of 600,000, is the capital with an international port and airport.

Dakar is far from the main harbours in the world by the following distances:

New York	3,400 miles
Rio de Janeiro	2,000 miles
Bordeaux	2,200 miles
Liverpool	2,500 miles
Cape Town	3,600 miles

It has a pleasant climate all the year long. The average temperature is 25°C, except from July to October during the rainy season where it is 30°C.

1.2 Economy of Senegal is mostly rural (80% of the labour force work in agriculture) and is therefore subject to the variations of the weather.

The principal production is groundnuts but since the independence, a policy of diversifying agriculture has been carried out specially in the cultivation of cotton, vegetables and fruit. Now, this policy can be appreciated by its effect on the whole economy.

The Gross National Product increased from 450 million US dollars in 1959 to 700 million US dollars in 1970.

The industrial sector represents 22% of this GNP and its average annual growth is 5.6% since 1960.

Senegal has a planified programme of economical and social development. Now, it carries out its Third Plan, covering the period 1969-1973 during which an annual progression of the industry of 5.4% is expected.

The main exports of Senegal are: groundnuts (70% of the total), phosphates (8%) and sea food like canned tuna fish, shrimps and lobsters (8%) and other merchandise for the rest.

Besides, Senegal has a well-developed system of education; 25% of the budget resources are affected to this. Dakar has many secondary and technical schools. Its University with many faculties (Science, Medicine, Pharmacy, Economy and Veterinary) has registered 4,000 students this year from different countries.

II. Actual Situation of Industrialization in Senegal

2.1 In 1970, the industrial sector included 300 factories with a turnover of 270 million US dollars, among them 20 had a turnover exceeding 4 million US dollars. Food industries had a turnover representing 51% of the total, chemical industries represented 11%, textile industries 10% and the other industries 6%.

2.2. Industry gives work to 20,100 permanent persons, 76% of which are Senegalese. But most of these industries (80%) are concentrated in the peninsula of Cap Vert where the capital is.

The added value of all these industries represents 90 million US dollars.

2.3 To promote exports of industrial products, the Government grants incentives to industrialists like "draw-back" or "Temporary Admission" allowing them to import raw materials or semi-finished products free of duties and taxes.

This policy has brought us to remark that our exports of manufactured articles have increased from US dollars 40 million in 1966 to US dollars 90 million in 1970. But, we have noted that most of our industries are obsolescent. Therefore, they have to modernize their equipment in view to export in good conditions. Some of them have invested a part of their profits in this way.

2.4 During the Third Plan, the Government Objectives are:

To process locally raw materials from agriculture and fishing.

To pursue the policy of import substitution industries for the home market.

To encourage (by various incentives) local entrepreneurs to insert into the industrial field.

2.5 To promote new industries, there is an Investment Law, granting different incentives to investors for 5 or 8 years according to the region where the investment must be done. The results are the creation of 80 new factories since 1960.

2.6 However, we are conscious of the constraints of this policy. Facing the problem of young men who join the labour market every year, the Government decided to study the ways and means that could solve this problem. Among these, there is the eventual creation of Industrial Free Zone.

The Government position is reinforced by the following considerations:

Senegal has a good reservoir of young and skilled workers and the wages are relatively low (unskilled worker is paid about 2 US dollars per day, semi-skilled worker is paid 3 US dollars per day and skilled worked 4 US dollars per day).

Dakar, the capital, is well situated, at equal distance between Europe and America.

Senegal is a full associate member of the EEEC. This association forecasts an increase of trade exchange especially for manufactured products with preferential tariffs.

Senegal is going to sign soon a Treaty with 7 other African countries (Mali, Mauritania, Ivory Coast, Upper Volta, Niger, Dahomey and Togo) creating a Common Market. This Common Market represents 30 million of consumers. This Common Market is, of course, opened to other African countries if they ask.

III. Project of Industrial Free Zone in Dakar

3.1 For studying this project, the Government has created a National Committee on behalf of the Industrial Development Ministry composed of the representatives of the different departments concerned. This Committee has to conduct and co-ordinate all the studies to be made.

3.2 For this purpose, the Government has already reserved a site along the sea in the port area. This site covers 1,500 acres with a possibility of extension either towards east (300 acres) or towards west (450 acres).

3.3 Technical assistance has been requested by the Government to the Federal Republic of Germany, France and the EEC to undertake these studies.

3.4. The different problems of this Industrial Free Zone have been drawn up to be studied according to the following terms of reference:

The status to give the Zone and the different incentives to grant for attracting foreign investors.

The selection of industries to set up, keeping in mind the exports of goods from these industries and the utilization of local workmen. In this way we thought to investigate the textile industries, mechanical, electric and electronic industries and subcontracting industries.

3.5 All these studies are expected to be finished later in March 1973, so that the Government can take the legislative and other measures to start building up the Zone in the course of the next year, if possible.