



Senegal¹ is located in West Africa, bordering the North Atlantic Ocean, between Guinea-Bissau and Mauritania. Senegal obtained its Independence on April 04, 1960, from France. Senegal joined with the Gambia to form the nominal confederation of Senegambia in 1982. However, the envisaged integration of the two countries was not successful, and the union was dissolved in 1989.

Though the country is smaller in comparison to its neighbours, economically, Senegal is much stronger with its well-developed physical and social infrastructure, and relatively well-diversified industrial base. Thus, Senegal is the economic hub of the region.

Economy

In January 1994, Senegal undertook a bold and ambitious economic reform programme, with the support of the international donor community. This reform began with a 50 percent devaluation of Senegal's currency, the CFA franc, which was linked at a fixed rate to the French franc. Government price controls and subsidies have been steadily dismantled.

After seeing its economy contract by 2.1 percent in 1993, Senegal made an important turnaround, with real growth in GDP averaging five percent annually, during 1995-2003. Annual inflation had been pushed down to the low single digit figures. As a member of the WAEMU, Senegal is working towards greater regional integration, with a unified external tariff. Senegal also realised full Internet connectivity in 1996, creating a mini boom in information technology-based services. Private activity now accounts for 82 percent of GDP.

Competition Environment and Legislation

Since 1965, Senegal has had competition laws governing most sectors of its economy, which include state-owned business enterprises within their general scope. As part of the SAP in 1994, Senegal embarked upon economic reforms under the World Bank initiative, and these reforms

PROFILE	
Population:	10.0 million ***
GDP (Current US\$):	6.5 billion ***
Per Capita Income: (Current US\$)	550 (Atlas method)*** 1580 (at PPP)**
Surface Area:	196.7 thousand sq. km
Life Expectancy:	52.7 years **
Literacy (%):	39.3 (of ages 15 and above)**
HDI Rank:	157 ***
Sources: - World Development Indicators Database, World Bank, 2004 - Human Development Report Statistics, UNDP, 2004 (**) For the year 2002 (***) For the year 2003	

included the revision of competition law. The rationale behind these reforms was to create a favourable business environment to attract foreign investment and to integrate the country into the world economy. In 1994, Senegal adopted the Prices, Competition and Economic Disputes Act (No. 94-63) within the framework of SAP implementation.

Senegal's competition law revision was aimed primarily at raising awareness, and was based on the independence of the competition authority. The main changes introduced since 1994 concerned the creation of a group of specialised investigators, and measures to enhance the powers of the Competition Commission.

The principal responsibility of the Commission is to monitor anti-competitive practices. In addition to these provisions, the 1994 Act contains a special provision on the regulation of prices and administrative dispute-settlement procedures concerning administered prices. This means that certain products and services are still governed by the administered-price system. These are hydrocarbons;

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1 <http://www.cia.gov/cia/publications/factbook/geos/sg.html>

pharmaceutical products; charcoal; goods transport intermediaries' tariffs; and telephone, water and electricity services. Prices, other than those for these products and services, are determined by the market.

It must be noted that Senegal's competition legislation appears to be modelled on French competition law. Three bodies, namely The National Department of Internal Trade, The National Competition Commission and The Council of State are implementing the revised Act.

Sectoral Regulation and Anticompetitive Business Practices

Financial Sector²

The banking sector in Senegal is regulated by the Central Bank of West African States (BCEAO), which keeps tight control of monetary policy. There are no state-owned commercial banks in Senegal. However, three banks dominate the market with nearly two thirds of all deposits. There are eight commercial banks currently operating in Senegal. Foreign exchange payments are directly executed by Senegal's commercial banks. Exchange controls are administered by the Directorate of Money and Credit, which has delegated some authority for approving transactions to the BCEAO and other authorised banks. All exchange transactions, relating to foreign countries, must be effected through authorised banks, the postal administration or the BCEAO.

As opposed to the banking sector that controls 85 percent of the financial market share; insurance companies hold 11 percent of the total financial systems assets. As a protection measure, the Government requires that all goods and merchandise, directly imported for trade or industrial purpose, must be insured, either through representatives approved by the Minister in charge of Finance, or through brokers established in Senegal.

Telecommunications Sector

The Telecommunications sector in Senegal is regulated by the Regulatory Agency for Telecommunications (RAT), which is in charge of regulating the industry and promoting the development of the New Information and Communication Technologies. In addition, the Consumers Protection Agency (CPA) is in charge of protecting Senegalese consumers against the monopoly of utilities companies. The telecommunications regulatory agency was set up by the Government in early 2002.

On December 14, 2003, Senegal's Parliament passed an updated telecommunications law that should lead to further liberalisation of Senegal's telecommunications sector. The key element of the law is the creation of a quasi-independent regulatory agency under the Presidency. The new Telecommunication Act supersedes the 1996

telecommunication law; further liberalises the market for a number of services; and removes some monopoly benefits held by Sonatel, which retained a monopoly in basic telephone services until the end of 2003. The law could lead to more investment in the sector.

With this development, more competition is likely in the telecom market, with new players entering and more business opportunities arising. It was observed that the prevention of anticompetitive practices in the telecom sector should be realised via appropriate measures, for the purpose of preventing suppliers who, alone or together, engage in or continue participating in anticompetitive practices

Safeguards introduced for the reduction of anticompetitive practices shall include, in particular:

- engaging in anticompetitive cross-subsidisation;
- using information obtained from competitors with anticompetitive results; and
- not making available, to other services suppliers on a timely basis, technical information about essential facilities and commercially relevant information, which are necessary for them in order to provide services.³

Energy Sector

Senegal is one of the leading developing nations with a strong renewable energy policy. Senegal's current renewable energy policy encourages citizens to get involved in the implementation, financing, and management of solar projects.

The liberalisation of the electricity sector in Senegal necessitated the creation of the Electricity Regulation Body by the Government. The responsibility of the Regulation Body is to monitor prices, prepare tenders and approve any influx of investment into the sector.

Consumer Protection

L'Association de Defense des Usagers de l'Eau, l'Electricite, les Telecommunications et les Services (The Association for the Protection of Water, Electricity, Telecommunication and Service Users -ADEETels), and *L'Association pour la Defense de l'environnement et des Consommateurs* (the Senegalese Association for the Protection of the Environment and Consumers-ASDEC) are the two consumer organisations in Senegal. In addition to the two, Consumers International has a sub-regional office in Senegal.

ASDEC endeavours to protect the consumer against the expensive costs of products and services; informs and educates consumers to prevent them from buying bad quality or out-of-date products; works towards a form of long-lasting consumption, protecting the environment.

² http://www.trade.uktradeinvest.gov.uk/text/senegal/doingbusiness/07_regulations/statetrading.shtml

³ http://www.wto.org/english/tratop_e/serv_e/telecom_e/sc75s1.wpf+antiCompetitive+practices+in+Senegal+&hl=en&ie=UTF-8

As a way of protecting consumers against unsafe foods, the Government has enacted rules and regulations that guide importers and food manufacturers, as a requirement for the employment of food handlers. With such laws and regulations in place, the Government requires the labelling of canned and preserved food products applicable to both domestic and imported goods, and for both human and animal consumption. Such foods must carry a label in French, indicating the nature of the product, the duration of its preservation and, where required, prescriptions for its use.

Concluding Observations and Future Scenario

Despite its political stability, Senegal is amongst the world's LDCs and faces numerous challenges such as poverty, and external debt totalling approximately US\$3.7bn. Economic recovery and sustainable growth will be essential in order for Senegal to maintain its stability and to continue its development process. Considering Senegal's comparative

advantages, coupled with strong political will, the country has the potential to be an economic force in Africa. Additionally, it is hoped that the country will recover, economically. However, if Senegal is to attain meaningful economic development, the following areas should be given priority:

- Efforts should be directed towards ensuring better domestic market regulation, organising competition and also consumer protection. Local farmers should be given more access to the market, as opposed to the current situation where cheap foreign produce has flooded the market;
- The Government should provide institutional support to manufacturers, by providing incentives; promoting private sector participation; and creating tax-free zones in manufacturing; and
- The Government should implement appropriate economic policies, which would foster investment. Currently, production costs are too high.

Suggested Readings

<http://www.usaid.gov/pubs/cp98/afr/countries/sn.htm>

<http://www.unctad.org/en/docs/tdrbpcont5d16>

Senegalese competition legislation by government of Senegal

http://www.trade.uktradeinvest.gov.uk/text/senegal/doingbusiness/07_regulations/statetrading.shtml