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As a result of having long delayed the public's preparation for the consecration of his vice president and heir apparent, the next few months will be filled with a taxing schedule, of politicking and consensus building for President Felix Houphouet-Boigny. This will come to a head at the ruling Parti Democratique de Cote d'Ivoire's eighth congress - due to precede the national elections scheduled for October/November. Prior to the congress, historical patterns suggest, there will be a number of new appointments to and departures from the top posts in the party hierarchy.

The "weedin " process in the ruling art -

- will give clues about the succession as elections approach

In addition to this purge of ineffective or insufficiently militant party cadres, and the integration of younger cadres into prestigious party posts, the PDCI's highest body, the Political Bureau, will be busy approving the candidacies of political aspirants for local, national and party offices. The declared purpose of this newly introduced approval process is to safeguard the party's morality, by assuring that of its office holders. Important clues as to the succession of Houphouet-Boigny are expected to emerge from this process. First, the individual chosen to supervise the party's candidate approval system will give a strong indication of where the president invests his confidence. Second, once the identity of Houphouet-Boigny's vice presidential running mate is known, an examination of the newly appointed party officials will give an indication of the president's intentions either to remain in power, delegate authority to his second-in-command or resign.

The strong agricultural recovery -

While the government still uses the language of economic crisis to convince Ivorians of the necessity of its tough austerity and structural adjustment measures, there is mounting evidence of the beginnings of an economic recovery. The principal cause is the breaking of the drought a year ago and the impressive rebound of the agricultural sector in 1984/85 after the setbacks of the previous two seasons. The cocoa crop has hit a record of some 500,000 tons, an all time record and an increase of almost 25 per cent on the previous season's 405,000 tons. The coffee crop is more than three times larger than the disastrous drought hit crop of 80,000 tons harvested in 1983/84 and is expected to total some 270,000 tons. Good results are being recorded for almost all other cash crops as well as food crops, although the sugar industry is still in grave financial difficulties and timber production remains depressed because of the continuing slump in world demand and Ivory Coast's own need to conserve dwindling forest resources. Rubber production is forecast to rise by 17 per cent to 40,000 tons, while the cotton crop is expected to reach 200,000 tons, 23 per cent up on 1983/84.

Combined with increases in producer prices for the current crop year (up 7.1 per cent for cocoa, 8.6 per cent for coffee and 15 per cent for cotton seed) that are slightly ahead of the rate of inflation (estimated at about 6.5 per cent), the much improved harvests are infusing cash into the rural economy. With agriculture accounting for over a quarter of GDP, the increased rural demand for consumer goods and agricultural inputs should have important ripple effects through the rest of the economy. Moreover, good rainfall so far this year gives grounds for optimism that 1985/86 crops will do well too.

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- brings a return to modest real growth -

Other factors are also playing a part in bringing the economy back on to a positive, if still modest, real growth path, after three successive years of real decline in 1982-84. The restoration of water levels in the country's dams has enabled electricity production to return to normal after the power shortages of 1983/84 - which required the emergency installation of expensive thermal generators at Vridi. Electricity production had fallen by 21 per cent to 824 mn kwh in the first half of 1984 compared with the equivalent period in 1983. Another encouraging indicator is the gradual increase in oil production (up 17 per cent to 23,500 b/d in January/February compared with a year earlier), although the country has still not attained self sufficiency (about 30,000 b/d), let alone its former hopes of becoming an oil exporter. In addition, the country may soon be able to start exploiting its offshore gas reserves for power generation, if current talks between the government and Phillips Petroleum prove successful. Finally, the rescheduling of foreign debt payments and the successful negotiation of new credit arrangements with the London Club, France, the World Bank and the IMF are enabling the government to accelerate the repayment of debt arrears totalling some CFAfr60-70 bn to domestic creditors, thereby improving the liquidity position of domestic companies.

Set against all this, of course, is the deflationary impact of the government's attempts to cut back public sector expenditure. For the second year in succession, the recurrent budget has been trimmed even in nominal terms, by 2.5 per cent to CFAfr418.1 bn. Expenditure on personnel has been cut, with one of the most notable steps being a large reduction in the number of expensive French cooerants working in the public sector. Another move has been the politically very bold decision to cut the salaries of parastatal employees (sometimes by up to 60 per cent) to bring them into line with salary levels in the civil service. The investment budget has also been sharply reduced, although direct comparison with last year's investment allocations does not tell the full story, partly because the latter were not fully implemented, but also because this year (for the first time) potential transfers from the commodity board Caistab were not factored into the calculation of resources available for state investment. Now, with new external credits becoming available and Caistab resources boosted by the agricultural recovery, the government has let it be known that the investment budget is to be revised upwards - from CFAfr87.6 bn to CFAfr150 bn, although this is still 38 per cent below the expenditure allocation made for investment in the 1984 budget. On balance, it is anticipated that the deflationary consequences of the continuing cuts in government and parastatal expenditure, which are dampening urban consumer demand and badly hitting the construction industry, will be slightly outweighed by the strong agricultural recovery and the other favourable developments outlined above. A real growth rate of about 1.5 per cent should be achieved, barring a sudden new climatic setback or some other unforeseen exogenous shock.

- while balance of Payments Prospects improve too

On the external payments front, meanwhile, there is every reason to believe that this year's current account deficit will be considerably reduced - perhaps to \$175 mn compared with last year's estimated \$403 mn. The principal reason for this is that the trade surplus will show another large increase. The net outflow of transfers should decline, due to the fall in the number of French cooerants in the country, while the net invisibles deficit may benefit marginally from the rescheduling of some interest payments (in the impending new agreement with the Paris Club) but will otherwise be increased by higher shipping costs and higher interest rates (affecting the 52 per cent of foreign debt subject to variable

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interest rates). The increase in the trade surplus, to a projected \$1,225 mn (compared with an estimated \$980 mn in 1984 and an actual \$638 mn in 1983) on a fob/fob balance of payments basis, will come both from increased exports and from decreased imports (in dollar terms), though the latter will not be true in CFA franc terms. Although import demand will be boosted somewhat by increased rural prosperity, this will be more than offset by the repercussions of government austerity, the falls in both energy and food imports (which the drought had swollen in the early part of 1984) and exchange rate movements, which will reduce the dollar cost of most imports - especially those from France, which still accounts for about one third of all the country's imports. Overall, -in dollar terms, the EIU expects imports to fall from an estimated \$1,400 mn in 1984 to \$1,300 mn in 1985. On the export side, coffee earnings will not rise, despite the recovery in production, because of the constraints of the ICC quota system. The slight fall in coffee prices, now hovering only a little above the \$1.30/lb trigger in the ICO's 15 day indicator price for another 1 mn bag reduction in the global ICO export quota, suggests that export revenue will actually drop slightly, from last year's \$474.6 mn to around \$430 mn. However, this will be more than compensated by the large expected increase in cocoa bean exports (up from an estimated \$565 mn in 1984 to a forecast \$620 mn, and increases in some other exports. The increase in cocoa revenue will be a consequence of the large rise in shipments, outweighing the small fall in unit values due to a return to world surplus this year. Overall, exports are expected to rise in dollar terms to \$2,525 mn, compared with an estimated \$2,380 mn in 1984 and an actual \$2,152 mn in 1983.

On capital account, moreover, the country will benefit from the rescheduling of principal repayments - 90 per cent of the principal that had been due for repayment to London Club creditors this year (about \$250 mn) and probably all the principal owing to Paris Club bilateral creditors - as these governments, which are about to begin negotiations with Abidjan, are conscious of the need not to jeopardise Ivory Coast's recovery efforts and are therefore expected to be at least as forthcoming as they were in 1984. In addition, new credit has been made available by the London Club (CFAfr 0 bn), France's CCCE has promised to increase its credits from their 1984 level of CFAfr 29 bn (\$66 mn), a new \$250 mn structural adjustment loan is about to be approved by the World Bank and a new standby credit of about SDR 66 mn is being prepared by the IMF to follow on from the SDR 82.75 mn standby facility provided for 1984/85. Along with the reduced current account deficit, this will help to ease the country's very tight foreign exchange position, which was graphically illustrated by the fall in international reserves (excluding gold) to a mere \$5.4 mn at the end of last year.