

SENEGAL

Dakar, the capital of the Republic of Senegal, is strategically located. It is situated 8 miles south of the westernmost point of the African Continent. It became the terminus of the first transatlantic air route and its airport still forms the traffic connection for Europe-South Africa and Europe-North and South America aid routes. It has a well-developed harbor and serves as a shipping station between South America, South Africa, and Europe. Dakar played an important role during World War II and in the Suez crisis in 1956.

The study mission met with President Senghor in Dakar and had discussions concerning Senegal's need for economic assistance.

ECONOMY

France's aid to Senegal is about \$50 million, which is not sufficient to carry out the program for economic development. The French are terminating Senegalese price support on peanuts, which is the country's main crop. As a result of this action, Senegal's foreign reserve fund is depleted. The withdrawal of two-thirds of French military personnel also has affected the economy.

While its economy is still predominantly agricultural, Senegal is the most highly industrialized of all the former French African countries. Much of the industry consists of processing raw materials into export commodities. Important industrial commodities include peanut oil, canned fish, and cement. The principal mineral products are calcium phosphate, aluminum phosphate, and titanium ore.

Senegal's external trade is in a deficit position because of the decline in sales of peanuts and peanut byproducts which are its main exports. The deficit in trade has produced a drastic decline in fiscal reserves. This, the growth of the operating budget, and general inflation, which is considerably in evidence, constitute formidable obstacles to development.

Also an influencing factor in the economic picture is the fact that port facilities in Dakar, developed during World War II, are deplorably under-used. In operation at but 60 percent of capacity, it is obvious that more effective utilization of these port facilities could improve the economic interests of the country. Here, again, the United States could be helpful in an advisory capacity.

Ways and means of encouraging private investment in Senegal are required for the development of the economy.

U.S. ASSISTANCE

While U.S. assistance to Senegal in fiscal year 1965 was comparatively low, the previous 5 years totaled approximately \$16 million. The Senegalese expressed their displeasure concerning the small amount of aid the nation received last year. Senegal has border