

Burkina Faso

Rising international prices for cotton and gold should consolidate the country's external position and maintain a sustained economic growth dynamic in 2011 and 2012. However, the strong dependence of the export sector on these two products and the dominance of oil products in imports makes external trade highly vulnerable. This is particularly so in the case of shocks associated with adverse fluctuations in world cotton, gold and oil prices and poor climatic conditions.

In terms of economic policy, the authorities should focus on promoting public and private investment in order to strengthen infrastructure and improve economic competitiveness. The political situation is relatively stable in Burkina Faso.

The largest emerging partners are China, India, Chinese Taipei, Thailand and Brazil. The primary focus of interest with these partners are trade (exports and imports), foreign direct investment (FDI) and diplomatic relations.

In 2010, economic growth accelerated over 2009, with real gross domestic product (GDP) growth increasing from 3.2% to 5.7%. The outlook for the economy in 2011 and 2012 is for higher growth, with respective rates of 6.5% and 6.2%.

The macroeconomic policy pursued by the authorities in 2010 was more expansionist than in 2009 and the budget deficit came in at 4.5% of GDP in 2010, against 3.5% in 2009. It was mainly covered by external aid, despite the high risk of over-indebtedness in the medium to long term. This expansionist policy aims at supporting domestic demand, reinforcing the social security net and responding to humanitarian needs for housing and reconstruction caused by the 2009 and 2010 floods. Growth in 2010 was thus led more by consumption than investment. This led to an increase in imports, particularly petroleum products, the effect of which was largely offset by a strong rise in exports, particularly gold. The current account deficit was thus partially absorbed in 2010 to around 2.7% of GDP.

On the social front, indicators have improved but poverty remains a concern. Further, the ongoing crisis in Côte d'Ivoire poses a threat to regional stability.

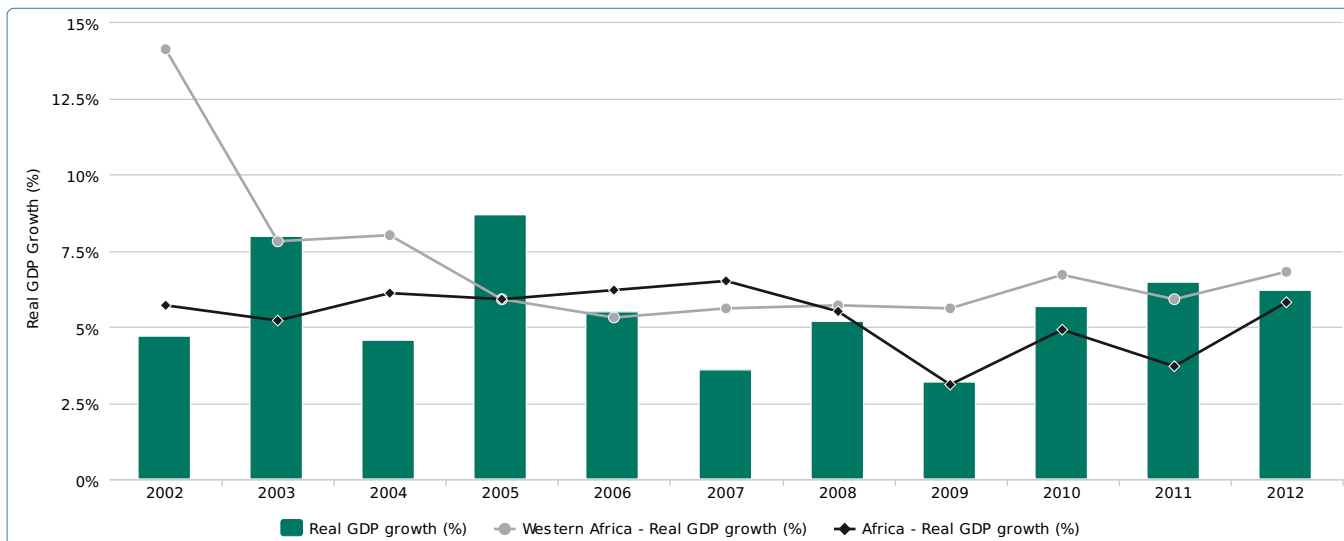
Table 1: Macroeconomic indicators

	2009	2010	2011	2012
Real GDP growth	3.2	5.7	6.5	6.2
CPI inflation	2.6	0.9	2.5	2.6
Budget balance % GDP	-3.5	-4.5	-4.4	-5.1
Current account % GDP	-4.6	-2.7	-1.3	-0.4

Source: National authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

Figure 1: Real GDP growth (W)



Source: IMF and local authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.